

Briefing for the Incoming Minister for Energy

02 April 2026



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1. Portfolio overview and responsibilities

1. As Minister for Energy you are responsible for the energy markets regulatory system, which includes institutions and markets involved in the production, supply and consumption of energy and related services. It includes regulatory and non-regulatory measures to support reliability and security, competition, efficiency, access and affordability of energy.
2. The regulatory system includes the policy, legislation, regulations and rules governing:
 - **Electricity:** generation, storage, transmission, distribution and retailing
 - **Gas:** storage, transmission, distribution, and retailing of natural gas and LPG
 - **Energy use and efficiency:** supporting the efficient use of energy, the provision of energy efficiency product standards and information for energy consumers
 - **Liquid fuel markets:** importation, production and export, storage, distribution and retailing of refined oil products and other liquid fuels. Aspects of fuels policy are currently delegated to the Associate Minister for Energy (outlined later).
3. The petroleum and minerals regulatory system, which is the responsibility for the Minister of Resources, is intrinsically linked with the energy system.

2. Fuel Response

4. MBIE is the lead agency for the Fuel Response. The information below provides an update on this work.
5. The Minister for Energy is a member of the Ministerial Oversight Group. Meetings are at 8-9pm on Wednesdays. The Minister of Finance also hosts a small daily stand up every morning. You may wish to discuss your attendance at this meeting with Minister Willis.

Middle East conflict

6. Before the Middle East conflict began, around 20 per cent of the world's oil supply passed through the Strait of Hormuz. The Strait's closure has had a significant impact on the global oil market. New Zealand is highly exposed as we import almost all of our refined fuels, predominately from Asian refineries that rely on Middle Eastern crude.
7. The immediate impact for New Zealand has been sharp price increases, particularly for diesel and jet fuel. While there have been localised stockouts, these have been caused by increased fuel demand rather than supply issues. For the moment, our fuel stocks remain adequate. However, the situation is volatile, and supply could tighten if the disruption is prolonged.

New Zealand fuel stocks

8. A key pillar of New Zealand's fuel resilience policy is the minimum stockholding obligation (**MSO**), in place since 1 January 2025. The MSO requires fuel importer to hold minimum levels – effectively reserves – of petrol (28 days' cover), jet fuel (24 days') and diesel (21 days, increasing to 28 days in 2028).
9. Since the conflict commenced, MBIE has published information on our fuel stocks. This information includes:
 - fuel on land and within New Zealand's EEZ (this is what is counted under our MSO regime)
 - fuel on ships that are on their way but may be outside our EEZ.
10. This information is being voluntarily disclosed by fuel importers twice weekly.
11. As at midnight Sunday 29 March, New Zealand had 58.7 days' petrol, 52.2 days' diesel and 46.2 days' jet fuel.

Government response

12. The National Fuel Plan is a readiness and response framework for the fuel sector developed by MBIE and NEMA. It sets out agreed roles and responsibilities, and outlines tools that are available in a supply disruption. It established the *Fuel Sector Coordinating Entity (FSCE)* so government and industry can work together during disruptions. MBIE is chair and has convened the FSCE.
13. Because the National Fuel Plan was a generic document to cover a wide range of potential fuel disruptions, the Government has developed the Fuel Response Plan 2026 specifically for the Middle East conflict. It outlines 4 phases that respond proportionately to the risks to New Zealand's fuel security and are assessed separately for petrol, diesel and jet fuel to reflect their different functions and challenges. These phases are:
 - *Phase 1: Watchful*. This phase is about supporting the market and ensuring New Zealanders have good information.

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- *Phase 2: Precautionary.* This phase is about shoring up supply, closer coordination between Government and industry, and managing demand.
- *Phase 3: Managed.* This phase uses Government powers, implemented by industry, to protect critical services.
- *Phase 4: Protected.* This phase is about protecting critical services and making sure everyone else gets a share.

14. We are currently in Phase 1

15. The Government's focus to date is on increasing optionality for fuel importers, working with international partners, exploring options to increase supply and preparatory work in case there are significant supply disruptions.

Increasing optionality

16. Our fuel specifications have been amended to allow Australian-spec fuel to be sold in New Zealand, increasing options for fuel importers. Further work is underway to explore what other changes could be made. Cabinet has authorised the Minister of Finance and Associate Ministers of Finance can make further changes.

Working with international partners

17. New Zealand is a member country of the International Energy Agency (IEA). Membership of the IEA acts as "insurance" against disruption to international energy supplies. Already, the IEA agreed to a collective action releasing 400 million barrels of oil to help stabilise global supply.

18. Our diplomatic posts have been engaging with key countries, focusing on Australia, Singapore, South Korea and Japan to coordinate our response and to ensure they do not implement policies that would restrict the flow of fuel to New Zealand (for example, limitations or restrictions on the export of fuel).

Exploring options to increase supply

19. Cabinet has agreed to urgently progress assessment of commercial proposals with fuel importers that could procure additional fuel supply. Confidential advice to Government

Preparatory work in case of significant supply disruptions

20. Work is underway to prepare for a significant supply disruption, which could involve rationing fuel. The *Petroleum Demand Restraint Act 1981* allows Government to restrain demand or manage distribution if supplies become insufficient. Rationing or prioritisation would be considered only as a last resort (under Phases 3 and 4) but could be needed to protect essential services and critical users. We are working up detail with industry and key frontline services to determine how this would be implemented. Measures would be lifted as soon as conditions allow.

3. Strategic issues in the Energy portfolio

Increasing the resilience and reliability of our energy system is a priority

The most pressing problem for our energy system is steeply declining gas supply

21. Supply is declining due to aging fields that are underperforming and poor drilling results. Estimates of New Zealand's gas reserves and forecasts of future production have been steadily declining since 2019, with supply falling faster than expected. Gas supply in 2025 was half what it was forecast to be just three years ago.
22. As a result, there has been constrained gas supply and a loss of market confidence in future supply. This has been reflected in shorter gas contracts being offered and higher prices as future risk is increasingly priced into current contracts. Some large industrial gas users are struggling to obtain supply, and may shut down.

Declining gas supply is exacerbating dry-year risk

23. As New Zealand's electricity generation is around 60% hydropower, total supply varies with climatic conditions. In a dry-year the gap between renewable energy supply and demand has traditionally been provided by coal and gas fired generation. While there is enough gas-fired generation plant to cover a dry year, declining gas supply means that there is not enough gas to fuel it.
24. You will recall the 'dry winter' event of 2024, when energy spot electricity prices peaked at record levels (around \$820/MWh, compared with a historical winter average of about \$180/MWh), large industrial electricity users reduced or halted production and some businesses (particularly pulp and paper) closed permanently.
25. This event was not a one-off 'perfect storm'. It came about because New Zealand has a shortage of firm fuel that can fill the gap in a dry year. This has been exacerbated by the decline in gas supply. During the 2024 dry winter event hydro inflows were low, but far from the lowest on record. Normally thermal generation would kick in to slow the decline in our hydro lakes. But our gas plant lacked the fuel to run at capacity.

Dry year risk is affecting energy security and energy affordability

26. Our energy market design is driving strong investment in wind, solar, and geothermal but is not delivering firm fuel supply or long-duration firming needed to underpin a largely renewable energy system.
27. Because there is no clear back-up supply or plan for a dry year, the market is pricing in the risk of shortages or the risk of needing to do very expensive deals to secure. This is reflected in forward electricity contract prices, which include an estimated \$30–\$50/MWh risk premium. As a result, the risk of high spot prices in a dry-year flows through into electricity bills every year, putting pressure on the cost of living and slowing the economy.

Renewables alone will not deliver energy security and affordability in the short term

28. Renewables are central to New Zealand's electricity system, but on their own they cannot fully manage dry-year risk. The intermittency of wind and solar and limitations in geothermal (most plants already run close to full capacity and output cannot ramp quickly or increase in dry years) means that the market will continue to price in dry-year risk, until there is a solution that can provide an extra 1.5 TWh of generation, regardless of the weather.

The gas system lacks flexibility and storage

29. The largest gas user, Methanex¹ has historically flexed its demand to manage changes in gas supply, and to provide additional gas for electricity generation in dry-years. Free and frank opinions

[Redacted]

The Government is progressing an energy package to secure energy supply and build stronger markets

30. Following the 2024 winter power crisis, the Government began a review into whether current regulations and market design support economic growth and access to reliable and affordable electricity. Frontier Economics carried out the review and reported to Ministers and MBIE in May 2025 with its findings and recommendations.²

31. In response the Government released a package of ten actions in October 2025 to drive investment in energy security and build stronger markets.³

32. All ten actions under the energy package are progressing. Annex one provides an overview of current progress and next steps across the package. We provide updates on key actions below.

Key actions in the Energy Package

Procure an LNG import facility – Action 1.1

33. In December 2025, the Government agreed to progress a procurement process for the supply of an LNG import facility. The primary purpose is to provide sufficient flexible fuel to enable our electricity system to get through in a dry year. It is increasingly clear that LNG may also be needed by other gas users more broadly as soon as 2028 given our rapidly declining gas production.

34. The plan to procure an LNG import facility was announced in February 2026 and the intention is to sign a contract with a preferred provider by mid-2026. This will be supported by enabling legislation, [Redacted]
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35. Commercial Information

[Redacted]

¹ Methanex uses natural gas to turn into methanol for export.

² Review of Electricity Market Performance. Frontier Economics. May 2025.

<https://www.mbie.govt.nz/dmsdocument/31228-review-of-electricity-market-performance-by-frontier-economics>

³ *At a glance: New Zealand's Energy Package* October 2025.

<https://www.beehive.govt.nz/sites/default/files/2025-10/At%20a%20Glance%20-%20New%20Zealand%27s%20Energy%20Package.pdf>

Strengthen the current regulatory framework to ensure that dry year risk will not re-emerge in the future – Action 2.5

46. The 2025 Review of Electricity Market Performance found that current market settings do not deliver adequate long-duration firming to complement a highly renewable energy system to address dry year risk. As New Zealand’s energy demand increases, and renewable build accelerates to support it, the risk of energy shortages during extended dry years and wind droughts will grow unless investment in long duration firming keeps pace.
47. This action will establish a regulatory framework to address dry year risk. Confidential advice to Government
[REDACTED]
[REDACTED] We will provide you with advice on next steps to progress this framework.

Additional actions to improve energy security outside the energy package

Improvements to gas supply

\$200m gas security fund

48. In May 2025, the Government announced it was setting aside \$200m to co-invest in new gas fields. The overall purpose of the Gas Security Fund is to ensure secure, affordable gas supply in the near term while supporting the strategic development of future gas resources.
49. In November 2025, the scope of the fund was widened to enable diverse investments that could accelerate gas supply in the short, medium and long-term. The scope now also includes additional drilling in existing fields, production facility upgrades and developing gas storage. Kānoa administers the Gas Security Fund because it is MBIE’s specialist regional economic development and investment unit with established capability to manage commercial co-investment programmes.
50. The fund opened for expressions of interest on 12 January 2026. Kānoa has now received eight expressions of interest, which represent a wide range of projects across the system. An expert panel is in place to provide sector advice on proposals. MBIE and the expert panel will provide advice on applications to the Minister for Resources and the Associate Minister of Finance (Chris Bishop) who will make decisions on funding allocations.

Work to encourage additional gas storage

51. MBIE is also reviewing the current regulatory regime for developing underground gas storage (UGS) facilities.
52. The Crown Minerals (Royalties for Petroleum) Regulations 2013 require a five per cent royalty on original gas in an underground gas storage facility to be paid upfront as a lump sum at the time a petroleum mining permit for a UGS facility is granted. MBIE is reviewing this requirement as it may act as a disincentive to establishing new gas storage facilities. We have provided the Minister for Resources with advice about this issue and he is considering next steps.

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[REDACTED]

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Liquid fuels

54. The Energy portfolio also includes responsibility for liquid fuels – principally petrol, diesel and liquid petroleum gas (LPG). The next section details the Government’s response on the security of supply of liquid fuels and the current conflict in the Middle East.

The Associate Minister for Energy has been delegated certain matters related to fuel

55. Hon Shane Jones is Associate Energy Minister and is currently delegated responsibility for all matters related to engine fuel security, specifications, and infrastructure. This includes:

- leadership on policy, legislation, regulations and rules governing the import, refining, storage and distribution of engine fuels
- responsibility for engine fuel security related appropriations and budget initiatives
- lead Minister in a fuel emergency response
- responsibility for International Energy Agency obligations (including meeting oil stockholding obligations and participation in any IEA collective response to an oil supply disruption).

56. Minister Jones is also delegated responsibility for diversification of transport fuels (jointly with you).

Key upcoming decisions

57. The table below sets out key decisions to be made in the next two weeks.

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4. Portfolio responsibilities

Legislation within your portfolio responsibilities

58. The key legislation you are responsible for is listed below with a description of your functions, duties and powers under each.

Electricity Industry Act 2010

59. The Electricity Industry Act 2010 provides a framework for the regulation and governance of the electricity industry. It sets out the Electricity Authority's functions, objectives and monitoring and enforcement powers, and provides for the Electricity Industry Participation Code, which are the industry "rules", created as secondary legislation.

60. The Act also sets out requirements relating to the separation of distribution and certain generation and retail activities, places an obligation on distributors to maintain supply in certain circumstances, and contains a range of regulation-making powers. The Act provides for the industry consumer dispute resolution scheme, but the Minister of Commerce and Consumer Affairs is responsible for these provisions.

61. Your key responsibilities under the Act are:

- recommending regulations on enforcement of the Code, the industry levy, and the fair treatment of domestic and small business consumers, and
- recommending appointments to the Electricity Authority and the Electricity Rulings Panel.

62. You may also directly amend the Code in specific predefined areas concerning market operations where you believe the current Code provisions are not satisfactory and the amendment will further the Authority's objectives.

Electricity Act 1992

63. The Electricity Act 1992 deals with operational matters, setting out the regulatory framework for the supply and use of electricity. Wide-ranging regulation-making powers for electrical safety (including for the purposes of public health and safety and prevention of property damage) are contained in the Act. The Act:

- confers powers and duties on electricity operators and other owners of electricity works
- provides for the registration and licensing of electrical workers and the administration of the Electrical Workers Registration Board, and
- sets out the functions of WorkSafe New Zealand as regulator of the safe supply and use of electricity.

64. Your key responsibilities under this Act are:

- recommending regulations on electrical safety
- granting electricity operator status to electricity distributors or generators, which confers land access powers in relation to roads and rail crossings, as well as placing responsibilities on them, and
- approving Electrical Codes of Practice which are developed by WorkSafe New Zealand.

65. This Act intersects with the following portfolios:

- Workplace Relations and Safety, which covers the administration of the work health, and safety and WorkSafe New Zealand.

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- Building and Construction, in relation to the occupational regulation of electrical workers. Under the previous government the Minister of Building and Construction was formally assigned responsibility for parts relating to registration of electrical workers.

Energy Efficiency and Conservation Act 2000

66. The Energy Efficiency and Conservation Act 2000 established the Energy Efficiency and Conservation Authority (EECA), and forms the legislative basis for promoting energy efficiency, energy conservation and renewable energy.
67. It includes regulation-making powers for product energy efficiency standards and labelling, as well as the disclosure of information allowing for the compilation of statistics on energy efficiency, energy conservation and renewable energy.
68. Your key responsibilities under this Act are:
 - ensuring that there is a National Energy Efficiency Strategy that is developed according to the requirements in the Act, currently the New Zealand Energy Efficiency and Conservation Strategy 2017-2022
 - recommending regulations on minimum energy performance standards and labelling for energy-using products and services (including vehicles) and on data collection, and
 - appointing the EECA Board.

Fuel Industry Act 2020

69. The Fuel Industry Act 2020 establishes:
 - a terminal gate pricing regime to improve competition in the wholesale market by making it easier for a fuel reseller to access fuel that is priced more competitively
 - rules to ensure contracts between wholesale fuel suppliers and their wholesale customers are fair and support competition
 - a dispute resolution scheme for the regime
 - improvements to the monitoring of the fuel market by requiring fuel companies to collect and disclose certain information, and
 - requirements for retail fuel sites to display prices on forecourt price boards
 - a minimum stockholding obligation on fuel importers.
70. The Act gives you and the Commerce Commission and the power to initiate an inquiry into terminal gate prices. If prices are found to be inconsistent with what would be expected in a competitive market, you can recommend regulations to set prices at the terminal gate with the recommendation of the Commerce Commission.
71. The Act places a minimum stockholding obligation on fuel importers. From 1 January 2025, fuel importers must hold 28 days' cover for petrol, 24 days' cover for jet fuel and 21 days' cover for diesel. The Associate Minister of Energy is currently delegated responsibility for the minimum stockholding obligation.

Gas Act 1992

72. The Gas Act 1992 sets out the regulatory framework for the supply and use of gas. It:

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- confers powers and duties on gas operators and other owners of gas fittings
 - provides for the governance of the gas industry, including providing for co-regulation with a gas industry body, currently the Gas Industry Company
 - sets out the functions of WorkSafe New Zealand as regulator of the safe supply and use of gas.
73. The Gas Act contains wide-ranging regulation-making powers for gas safety (including for the purposes of public health and safety and prevention of property damage), quality and measurement, as well as industry governance.
74. The relevant Minister's key responsibilities under Gas Act are:
- recommending gas safety regulations, market governance and operation, enforcement, the industry levy, and certain consumer issues
 - recommending approval of the industry co-regulator, currently the Gas Industry Company, and appointing the Gas Rulings Panel
 - accepting or rejecting Gas Industry Company recommendations to change industry rules
 - granting gas operator status to gas distributors by Gazette notice, which confers land access powers in relation to roads and rail crossings, as well as imposing responsibilities on them and
 - approving Gas Codes of Practice which are developed by WorkSafe New Zealand.
75. The Gas (Safety and Measurement) Regulations 2010 are made under the Gas Act and incorporate numerous standards.
76. The Gas Act also intersects with the Workplace Relations and Safety portfolio, which covers the administration of work health and safety and WorkSafe New Zealand.

Other legislation

77. Legislation administered by other portfolios is also relevant, including the Commerce Act 1986 which prohibits certain conduct and business arrangements that restrict competition. Part 4 of that Act regulates electricity lines businesses and gas pipeline businesses. Other relevant statutes are the Fair Trading Act 1986, Consumer Guarantees Act 1993 and Resource Management Act 1991.

Crown Entities and Statutory Bodies

78. You have a role to oversee and manage the Crown's interests in and relationship with the two Crown entities and three statutory bodies described in this section. This includes ensuring an effective board is in place, participating in setting the entities' strategic direction and funding, and reviewing the entities' performance and management of risk.
79. The expectation is that all parties will adhere to the "no surprises" convention. While these entities are managed at arms-length from government, as Minister you have a number of levers to ensure you can get the performance you want.
80. You are responsible for one Independent Crown entity, the Electricity Authority (EA), and one Crown agent, the Energy Efficiency and Conservation Authority (EECA). The key difference between the two is your ability to provide direction to EECA, and its obligation to give effect to Government policy relating to its functions and objectives if directed by you.

Electricity Authority

81. The EA is an independent Crown entity responsible for regulating the electricity market. As an independent Crown entity it is generally independent of government policy, however you have the ability to engage in the process of setting strategic direction and performance expectations.
82. The statutory objective of the EA is to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers. The additional objective of the Authority is to protect the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers.
83. The EA's main functions include:
 - making and administering the rules governing the electricity industry through an Electricity Industry Participation Code
 - monitoring compliance with the Code and other provisions in the Electricity Industry Act 2010 and regulations, and investigating and taking enforcement action
 - undertaking market facilitation measures such as education and providing guidelines, information and model arrangements
 - industry and market monitoring, and carrying out and make publicly available reviews, studies and inquiries into matters relating to the industry
 - contracting for market operation services and system operator services, and
 - undertaking measures aimed at protecting the interests of domestic consumers and small business consumers in relation to the supply of electricity to those consumers.

Energy Efficiency and Conservation Authority

84. EECA is a Crown Entity that is required to encourage, promote and support energy efficiency, energy conservation and the use of renewable sources of energy.
85. EECA's work programme is guided by the New Zealand Energy Efficiency and Conservation Strategy 2017-2022. EECA also works closely with other government agencies to help them design, implement and monitor policies to promote energy efficiency and make better use of New Zealand's abundant renewable energy resources. As a Crown agent, EECA must give effect to government policy when directed by you as responsible Minister.

Gas Industry Company

86. The GIC is the private industry body that co-regulates the gas industry with the Government under the Gas Act 1992. Under the Gas Act, the GIC has the power to recommend certain gas governance regulations to the relevant Minister who has the power to accept or reject those recommendations.

Electricity Rulings Panel

87. The Electricity Rulings Panel is a specialist dispute resolution and disciplinary body that determines complaints of breaches of the Electricity Industry Participation Code 2010 by industry participants, as referred to it by the EA. It also determines certain disputes between participants and hears appeals on specific decisions by the System Operator (Transpower).

88. The panel is appointed by the Governor-General on your recommendation. Before making a recommendation, you must first consult with the Minister of Justice and the EA.

Gas Rulings Panel

89. The Gas Rulings Panel is the final arbiter of disputes arising from activities under gas governance rules and regulations. The Panel will approve or reject settlements recommended following investigation, determine unresolved matters and make orders, including remedies and penalties. The Panel is appointed by the relevant Minister following nomination by the Gas Industry Company. The current panel is Miriam Dean CNZM KC.

Related Crown entities and state-owned enterprises

WorkSafe New Zealand – Energy safety

90. Energy safety falls within the energy and resource portfolio. WorkSafe New Zealand is the regulator of energy safety and has the function of monitoring and enforcing compliance with safety and other elements of electricity and gas legislation. This means electricity and gas safety issues are regulated slightly differently from other electricity and gas issues.
91. As the Minister for Workplace Relations and Safety has oversight of WorkSafe, this is an area of intersection between the Energy and Workplace Relations and Safety portfolios.





Transpower

92. Transpower serves as the National Grid owner (looking after the assets that keep the electricity flowing) and System Operator (managing how electricity gets from the point of generation to homes and businesses in real-time and in the future). Transpower is designated as the System Operator under the Electricity Industry Act 2010.
93. Transpower is a state-owned enterprise and is monitored by The Treasury.

5. Organisational leadership and structure

Key MBIE officials

94. The table below sets out the key MBIE officials who will support you in this portfolio.

Contact	Role	Contact details
<p>Nic Blakeley</p> 	<p><i>Chief Executive, Ministry of Business, Innovation and Employment</i></p>	<p>Privacy of natural persons</p>
<p>James Hartley</p> 	<p><i>Acting Deputy Secretary, Building Resources and Markets Group (BRM)</i></p> <p>BRM is responsible for policy settings and stewardship across many of the regulatory systems that govern Aotearoa New Zealand's markets. This includes commerce and consumer affairs; energy markets; minerals and petroleum; energy efficiency; communications; and building performance.</p>	<p>Privacy of natural persons</p>
<p>Andrew Hume</p> 	<p><i>Acting General Manager, Energy Markets, BRM</i></p> <p>The Energy Markets branch sits within the BRM group. It monitors and advises on energy market performance and works to ensure that New Zealanders have access to secure, affordable and sustainable energy to support people and the economy.</p> <p>Justine Cannon is managing the fuel response work.</p>	<p>Privacy of natural persons</p>
<p>Maureena van der Lem</p> 	<p><i>General Manager, Entity Performance, Labour, Science and Enterprise Group</i></p> <p>The Entity Performance branch is responsible for leading board appointment processes for Crown entities and statutory boards. Within the energy sector, this includes the Electricity Authority and the Energy Efficiency and Conservation Authority.</p>	<p>Privacy of natural persons</p>

