



BRIEFING

Final Letter of Intent with Z Energy for providing reserve fuel supply

Date:	28 April 2026	Priority:	Urgent
Security classification:	Restricted	Tracking number:	BRIEFING-REQ-0032037

Action sought		
	Action sought	Deadline
Hon Nicola Willis Minister of Finance	Note negotiations have concluded on the final Letter of Intent with Z Energy Agree that MBIE enter into the non-binding Letter of Intent with Z Energy	23 April 2026
Hon Shane Jones Associate Minister of Energy	Note negotiations have concluded on the final Letter of Intent with Z Energy Agree that MBIE enter into the non-binding Letter of Intent with Z Energy	23 April 2026

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Ray Smith	Chief Executive, Fuel Response	Privacy of natural persons	✓
Robert Pigou	Deputy Chief Executive, MBIE		
Iain Cossar	Chief Operating Officer, Fuel Response		
Alistair Dixon	Policy Director		

The following departments/agencies have been consulted: N/A

Minister's office to complete:

☐ Noted

☐ Overtaken by Events

☐ Approved

☐ Needs change

☐ See Minister's Notes

☐ Declined

☐ Seen

☐ Withdrawn

Comments



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Purpose

To brief you on the final commercial terms with Z Energy for the Letter of Intent with Z Energy for supporting fuel supply.

Recommended action

The Ministry of Business, Innovation and Employment (the Ministry) recommends that you:

- a **Note**, that following the 2 April 2026 request for proposals from New Zealand fuel importers to provide additional fuel stockholdings, and following commercial negotiations on proposals Commercial Information Commercial Information Z Energy, on 22 April 2026 the Ministerial Oversight Group:
- (i) agreed that terms of a final binding agreement be finalised with Z Energy only; and
 - (ii) approved the proposed key terms of a Letter of Intent with Z Energy, subject to any further revisions resulting from ongoing negotiations
- Noted*
- b **Note** that negotiations have concluded on a Letter of Intent with Z Energy for provision of additional fuel supply and that the substantive terms are the same as consider by the Ministerial Oversight Group on Fuel Supply on 22 April 2026
- Noted*
- c **Note** negotiations stretched Z Energy's willingness to support Government, with some concessions required to accommodate and secure the volume sought and, as a result, the Letter of Intent includes the following terms:
- MBIE has agreed Commercial Information
 - MBIE has Commercial Information
- Noted*
- d **Agree** that, as negotiations have been concluded, MBIE signs and enters into the non-binding Letter of Intent with Z Energy
- Agree / Disagree*
- e **Note** Negotiations will commence on a fully termed binding agreement with the aim of having this finalised by 5 May 2026
- Noted*

Robert Pigou
Deputy Chief Executive
MBIE

___ / ___ / 2026

Hon Nicola Willis
Minister of Finance

___ / ___ / 2026

Hon Shane Jones
Associate Minister of Energy

___ / ___ / 2026

Background

1. On 31 March 2026, Cabinet agreed an urgent strategy to strengthen fuel supply resilience, including seeking additional fuel supply and additional diesel storage at Marsden Point.
2. On 13 April 2026, Cabinet (CAB-26-MIN-0121) directed officials to negotiate with Z Energy and continue discussions with other suppliers, and authorised the Minister of Finance and Associate Minister of Energy to enter a supply agreement (including funding decisions) once satisfied with terms.
3. Following the 2 April 2026 request for proposals from New Zealand fuel importers to provide additional fuel stockholdings, and following commercial negotiations on proposals Commercial Information Z Energy, on 22 April 2026, the MOG:
 - a. agreed that terms of a final binding agreement be finalised with Z Energy
 - b. approved the proposed key terms set out in the draft Letter of Intent with Z Energy (Annex 1, BRIEFING-REQ-0031537 refers), subject to any further revisions resulting from ongoing negotiations
4. To meet the Crown's requirements, best and final offers were requested from Commercial Information Z Energy on 21 April. Commercial Information Z Energy provided an option that was considered suitable to reach terms of a non-binding letter of intent before proceeding to final commercial negotiations. Ministers were briefed on the substantive terms of the agreement on 22 April.
5. The Letter of Intent with Z Energy has now been signed by Z Energy. This briefing provides an overview of the terms in the Letter of Intent
6. As we briefed you previously on 24 April, there were two matters that were a focus in the final stages of the negotiations with Z Energy:
 - a. Commercial Information
 - b. Commercial Information
7. This briefing provides detail on how these matters were addressed.

Letter of Intent for supply of diesel to be stored at Marsden Point

Overview of Letter of Intent with Z Energy

8. The final Letter of Intent with Z Energy is attached at Annex 1. An overview of the Letter of Intent is set out in the following table:

	Non-binding terms agreed with Z Energy (Z) (22 April)
Duration	Date of execution to 31 December 2026.
Volume	Approximately 90 million litres (or 550,000 barrels) of NZ specification diesel over one or two shipments.
Ownership and control	Z will procure, own and manage volumes acquired under this arrangement. The Crown will control release of the fuel to importers up to late October, if needed. If the Crown wants to release fuel from November onwards, this will be subject to mutual agreement with Z. If

	not released, Z progressively takes the fuel into its business as usual stocks from November through to January.
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Commercial Information

Storage	Crown-commissioned Channel tanks will be used to store the diesel with Z entering into standard operating agreements with Channel to operate the tanks on Crown's behalf. The Crown will cover the cost of the lease as already agreed with Channel. Z passes on any additional operating costs to Crown.
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Commercial Information

Negotiations and key variations from previous terms presented

Negotiation process

9. Discussions with Z Energy occurred until late 24 April 2026 to finalise and ensure a fair balance was reached between possible cost and delivering the option.

Commercial Information

Next steps

15. Negotiations will commence on a fully termed agreement with the aim of having this finalised by 5 May 2026.
16. Once the fully termed agreement had been approved by Ministers and executed, the cargoes of diesel can be ordered, with an expected first delivery date of late June/early July.

Annexes

Annex 1: Final Letter of Intent with Z Energy

Annex 1: Final Letter of Intent with Z Energy
