



BRIEFING

Approach to Calculating Daily Fuel Demand for the Fuel Response Supply Chain View

Date:	13 April 2026	Priority:	High
Security classification:	Restricted	Tracking number:	REQ-0030875

Action sought		
	Action sought	Deadline
Hon Nicola Willis Minister of Finance	a Agree to unfreeze the daily demand figure used in the bi-weekly supply chain view.	17 April 2026
Hon Shane Jones Associate Minister for Energy	b Agree that the daily demand figure should be based on the most recent available 12-month average demand data.	17 April 2026

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Jacqui Ellis	General Manager, Data Insights and Intelligence	Privacy of natural persons	✓
Eric Chapman	Deputy Lead, Data Cell, Fuel Response		

The following departments/agencies have been consulted

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



BRIEFING

Approach to Calculating Daily Fuel Demand for the Fuel Response Supply Chain View

Date:	13 April 2026	Priority:	High
Security classification:	Restricted	Tracking number:	REQ-0030875

Purpose

This briefing provides background on how daily fuel demand has been calculated to date for the bi-weekly reporting used to support the fuel response. It seeks decisions on the future approach to the calculation for the daily demand. The paper also confirms that Minimum Stockholding Obligation (MSO) reporting for January and February 2026 shows no material change in fuel demand.

Executive summary

1. MSO reporting is a statutory requirement under the Fuel Industry Act 2020 and is used for compliance purposes. Separately, bi-weekly reporting has been voluntarily provided by fuel companies to support the fuel response and is used to provide Ministers with a supply chain view of fuel stocks. The term supply chain view is used in this paper to clearly distinguish the bi-weekly fuel response reporting from statutory MSO reporting.
2. No changes to the MSO, MSO calculation methods, or compliance requirements under the Fuel Industry Act 2020 are being proposed. The changes described in this paper apply only to the voluntary bi-weekly fuel response reporting used to support a supply chain view for Ministers and do not affect statutory MSO reporting or fuel companies' compliance obligations.
3. To date, the supply chain view has frozen the daily demand figure, calculated using the MSO methodology at the time bi-weekly reporting commenced. Stakeholder feedback, including from **Confidentiali**, has highlighted that the daily demand figure used in the supply chain view was becoming aged, and potentially out of date.
4. Applying the revised demand calculation to the 8 April bi-weekly data results in only minor changes to reported days of cover: a small increase for petrol, no change for diesel, and a modest decrease for jet fuel, reflecting methodological updates rather than changes in physical stocks.
5. We are proposing a change to the daily demand calculation used in the supply chain view to use the most recent available 12-month average demand reported through MSO returns. Moving to a more current 12-month average daily demand figure continues to smooth out variations due to seasonal fluctuations in fuel demand and provides a supply chain view that better reflects recent demand conditions.
6. This paper explains the proposed change to the daily demand calculation used in the supply chain view, moving to the most recent available 12-month average demand reported through MSO returns. It does not reflect an error in earlier reporting and does not materially change recent demand estimates.

Recommended action

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

- a **Note** the calculation that has been used for the daily demand has been frozen since bi-weekly reporting commenced. *Noted*
- b **Note** that no changes to Minimum Stockholding Obligations or MSO compliance requirements are being proposed as a result of these changes. *Noted*
- c **Agree** to unfreeze the daily demand figure used in the bi-weekly supply chain view. *Agree / Disagree*
- d **Agree** that the daily demand figure should be based on the most recent available 12-month average demand data. *Agree / Disagree*

Privacy of natural persons



Jacqui Ellis
General Manager, Data Insights and Intelligence
Corporate and Digital Shared Services, MBIE
..... / /

Hon Nicola Willis
Minister of Finance
..... / /

Hon Shane Jones
Associate Minister for Energy
..... / /

Legislative context and reporting framework

Minimum Stockholding Obligations (MSO)

7. The Fuel Industry Act 2020 (section 57) sets minimum days of fuel cover for the initial stockholding obligation period:
 - 21 days for diesel
 - 28 days for petrol
 - 24 days for aviation kerosene
8. The Act specifies that average daily demand is calculated as the average demand over the 12-month period ending four months before the compliance period begins. Obligated parties report MSO information monthly, with returns provided to MBIE on the 21st of each month for the previous month.

Fuel Response Reporting – Supply Chain View

9. In addition to statutory MSO reporting, fuel companies have voluntarily agreed to provide bi-weekly reporting during the fuel response. This reporting is not used for compliance purposes and is intended to support Ministers with a timely supply-chain perspective on fuel availability.
10. To clearly differentiate this reporting from MSO reporting, this paper refers to the bi-weekly reporting as the supply chain view.
11. The supply chain view provides broader coverage than MSO reporting by including:
 - a. fuel held in New Zealand
 - b. fuel within New Zealand's Exclusive Economic Zone (up to two days from docking) and
 - c. fuel outside the EEZ that is three weeks or less from docking in New Zealand.
12. Fuel outside the EEZ is not included in MSO reporting requirements and does not count toward statutory minimum stockholding obligations.

MBIE's approach to date

13. When bi-weekly supply chain reporting commenced as part of the fuel response, a daily demand figure was required to express fuel stocks in days of cover.
14. To align with the legislative framework, MBIE applied the MSO calculation approach to derive a baseline daily demand at that time. The most recent MSO data available for this purpose was provided to MBIE on 21 February 2026.

Daily demand formula used to date

15. Average daily demand was calculated as the average over the 12-month period ending four months before the relevant compliance period: *1 September 2024 to 31 August 2025*.
16. The daily demand calculation has been frozen and not changed since bi-weekly reporting commenced.

Why are we reviewing the calculation methodology

17. Stakeholder feedback received during the fuel response, including from Confidential, noted that the daily demand figure used in the supply chain view was based on historic data that was becoming aged, and potentially no longer fully reflected current demand conditions.
18. This feedback highlighted the need to:
 - a. clarify how daily demand is calculated for the supply chain view, and
 - b. ensure the information provided to Ministers continues to be based on the most up-to-date demand data.
19. Updating the approach to the daily demand calculation responds to stakeholder feedback and the operational needs of the fuel response. While statutory MSO compliance calculations are deliberately lagged and fixed for each compliance period, the supply chain view will instead apply the most recent available rolling 12-month demand data, drawn from MSO disclosures. This change does not affect MSO compliance settings or reporting requirements.

Proposed changes to the calculation

20. We are proposing the daily demand calculation is changed in the supply chain view to reflect the most recent available 12-month average demand reported through MSO returns.
21. In practice, this means:
 - a. daily demand will be calculated using the most recent 12 months of MSO demand data, rather than a fixed baseline; and
 - b. the effective data lag will on average be approximately one to two months, rather than the four to five-month lag applied for MSO compliance purposes.
22. Continuing to use a rolling 12-month average daily demand figure continues to smooth out variations due to seasonal fluctuations in fuel demand, recognising that demand is typically higher in summer months and lower in winter months. It also better reflects current fuel response conditions.
23. Where fuel demand falls, a lower physical stock volume is required to maintain the same number of days of cover. Aligning the daily demand calculation more closely with recent demand improves the reliability of the supply chain view provided to Ministers.

Recent demand trends

24. The table below compares the baseline demand used in the supply chain view with demand calculated from the most recent MSO returns. There is no material change in demand between January and February 2026.

Daily Demand Calculation	12-month average	Fuel Stock Reporting – bi-weekly		
Fuel Type		Petrol (ML/Day)	Diesel ML/Day	Jet fuel ML/Day
Jan-26 MSO Baseline (MSO return 21 February 2026)	1 Sep 24 to 31 Aug 25	8.1	10.7	4.8
Feb-26 MSO Monthly Update (MSO return 21 March 2026)	1 March 25 to 28 Feb 26	8.0	10.7	5.0

25. Current fuel stock as reported for 11.59pm Wednesday 8 April bi-weekly update would result in the following changes if days cover if the new calculation was used:
- Increase from 59.7 days cover to 60.4 days cover for petrol
 - No change to diesel
 - Decrease from 50.7 days cover to 48.6 days cover for jet fuel
26. Annex 1 provides graphical trends by fuel type for the previous 12 months, showing MSO national fuel stocks (held in facilities and on vessels within New Zealand’s EEZ) alongside national demand. The annex supports the analysis in this paper by illustrating the stability of fuel demand over time, seasonal patterns, and the relationship between demand and stock holdings used to inform the supply chain view.

Interpretation of Days of Fuel Stock

27. Reporting fuel stocks in days of cover provides a simplified indicator of fuel availability across the supply chain. Other measures, including actual stock volumes, also inform overall fuel resilience.
28. Fuel companies have historically maintained relatively stable storage levels and adjust ordering patterns to respond to seasonal demand, with higher volumes generally ordered during summer months and lower volumes during winter months.

Risks and mitigations

29. Changes to the daily demand assumption can affect the reported number of days of cover, potentially leading to apparent changes even where physical stock levels are unchanged. MBIE will clearly explain any changes to the daily demand assumption in bi-weekly reporting and highlight where changes in days of cover reflect methodology updates rather than changes in physical fuel stocks.
30. Using a lower daily demand assumption could reduce the volume of fuel required to maintain a given number of days of cover in the supply chain view. This does not alter MSO obligations, which continue to be enforced. MBIE will continue to monitor actual physical fuel stock volumes held in New Zealand and on near-shore vessels and will report any material changes to Ministers.
31. MSO reporting and the supply chain view serve different purposes. Clear differentiation between statutory MSO requirements and fuel response reporting is necessary to avoid

misinterpretation of compliance status or fuel adequacy. We will support your office with talking points on this.

Next steps

32. Should you agree to make this change, MBIE will apply the revised daily demand calculation for bi-weekly supply chain view reporting. To effectively mitigate risks in using this new calculation MBIE requires 7 working days to mitigate risk.
33. Further analysis can be provided, if required, on the implications of alternative approaches, including:
 - a. ongoing alignment with the MSO calculation following monthly returns on the 21st of each month; or
 - b. further refinement of rolling demand measures to support the fuel response.
34. We would support your offices with communications material to support the revised calculation methodology for public messaging.

Annex

Annex One: Monthly national average stock and monthly demand (by fuel type)

Annex One: Monthly national average stock and monthly demand (by fuel type)

Note on interpretation of graphs

The charts in this annex use different scales on the x and y axes for each fuel type. The axes are not uniform across the graphs and are tailored to the demand and stock ranges of each fuel. Care should therefore be taken when visually comparing trends or levels between fuel types.

Confidentiality