MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Further Advice on Government Led Fuel Supply Options

Date:	31 March 2026	**Priority:**	Urgent
Security classification:	Restricted	**Tracking number:**	BRIEFING-REQ-0030308

Action sought		
	Action sought	**Deadline**
Hon Nicola Willis **Minister of Finance**	Note the contents of this briefing for discussion with officials at 5pm on Wednesday 1 April.	1 April 2026
Hon Shane Jones **Associate Minister for Energy**	Note the contents of this briefing for discussion with officials at 5pm on Wednesday 1 April.	1 April 2026

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Nic Blakeley	Chief Executive MBIE	Privacy of natural persons	✓
Peter Bartlett	Director, Innovation and International, Energy Markets		

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- ☐ Withdrawn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

Further Advice on Government Led Fuel Supply Options

Date:	31 March 2026	**Priority:**	Urgent
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Purpose

1. The purpose of this briefing is to provide a package of further advice on how the Government might support fuel supply.

2. Included in this package is:

- This cover note, describing the different options and linkages between them
- Draft RFP to the fuel industry to seek proposals for Government support and associated Evaluation Plan (Annex One)
- List of unsolicited current "offers" by fuel companies, including Shell's proposal on tickets (Annex Two)
- Further advice on Marsden Point (BRIEFING-REQ-0030336)
- Further advice on the Minimum Stockholding Obligation (MSO) (BRIEFING-REQ-0030316)

Recommended action

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

a **Note** the contents of this briefing for discussion with officials at 5pm on Wednesday 1 April.

Noted

Privacy of natural persons

James Hartley
Deputy Secretary, Building Resources and Markets
MBIE

31 / 03 / 2026

Hon Nicola Willis
Minister of Finance

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

Background

3. On Monday 30 March 2026 Cabinet agreed to urgently progress assessment of commercial proposals with fuel suppliers that could support the procurement of additional fuel supply for New Zealand to manage the risk of a material reduction in imports of fuel supply.

4. Cabinet agreed the framing for this is that Government effectively takes 'insurance' out against any future fuel supply chain disruptions. Cabinet also agreed that the Government should be looking for additional fuel security over and above that which would be provided by commercial fuel importers, including in respect of their MSO. In assessing options, we recommend the Government aim to avoid owning or holding physical supply, and maintain incentives on the fuel industry to meet New Zealand's supply needs from the global market, rather than rely on Government financial support.

5. This brief provides a package of further information to support you having a conversation with officials at 5pm on Wednesday 1 April.

Options and linkages

6. The options Ministers will need to consider sit in two groups – options to secure additional supply, and options to secure additional storage.

7. We will need both additional supply and a place to store it. This means the final approach will likely need to include both a supply and a storage option. Depending on the options chosen, these could be done with one party or separately.

8. For example, if the Government is to increase the minimum stockholding requirement, importers will likely say they cannot physically comply with the additional MSO unless the Government supports them with relevant storage.

9. Set out below are the main options available to the Government in relation to the supply and storage. As we have previously advised, a combination of both supply and storage options could be used.

Supply Options	**Storage Options**
Government de-risks the purchase and delivery of additional supply (for example through a contract for difference on fuel price over time, loan or other underwrite/guarantee).	Government contracts with a supplier to store fuel offshore (e.g. in Singapore). Government pays additional storage costs, but does not own the fuel.
Government exercises its options under existing oil tickets, then enters into a commercial arrangement for delivery of an equivalent volume of NZ spec fuels to New Zealand.	Government contracts with a supplier to store fuel in a ship in NZ waters / ports. Government pays for the additional storage costs (demurrage costs of housing at a port), but does not own the fuel.
Increase the MSO (BRIEFING-REQ-0030316)	Marsden point storage proposal (BRIEFING-REQ-0030336)

10. As a next step, MBIE could release a Request for Proposals (RFP) to seek formal proposals. We have attached a draft of what this could look like as **Annex One.** Running a brief process would make the current set of unsolicited proposals more concrete, and will also allow comparison of different proposals against each other to ensure that the Government is achieving the best fuel security and fiscal outcome. We have also attached a draft

evaluation plan which sets out an initial view of how proposals would be assessed if we were to issue an RFP and would need further refinement.

Strategic priority of different options

11. Depending on the proposals we receive from industry, we will need to consider which is the most favourable to pursue over different time horizons, is most consistent with a market led approach, and retains the most optionality for New Zealand in respect of Government held tickets.

12. For example, while we may be approached by fuel companies to convert our oil ticket supply into products New Zealand can use for near immediate delivery Commercial Information there is no current indication that New Zealand importers are lacking supply, and at present there is insufficient storage in New Zealand for additional supply. Using tickets now would likely disincentivise importers to find market solutions, whereas a Government underwrite for supply might support a market led solution.

13. Tickets may be best considered as a reserve option if the market can't deliver or there are physical supply constraints. In particular, unlike other options New Zealand has prior rights to the fuel or crude subject to tickets, so it is likely to make more sense to exercise those tickets when fuel companies are struggling to obtain product. However, exercising tickets must still take into account the lead times involved between their exercise and product arriving in New Zealand.

Summary of main unsolicited offers

[COMMERCIAL IN CONFIDENCE]:

14. A more detailed table is attached at **Annex Two.** The most concrete proposals we have now are:

Commercial Information

Next steps

15. We intend to discuss this package of briefings with you at your meeting at 5pm on 1 April.

16. In the interim we will keep working through unsolicited offers coming to us to determine which options Government should pursue.

Annexes

Annex One: Draft RFP and Evaluation Plan

Annex Two: Table of Unsolicited Offers

Annex One: Draft RFP and Evaluation Plan

Request for Proposals (RFP)

NZ Distillate Market – Supply, Resilience and Commercial Options

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1. Purpose

The purpose of this RFP is to identify potential solutions for supply options which support resilience in the New Zealand distillate supply market given the pressure the conflict in the Middle East has created in global fuel markets.

The New Zealand government intends to use this RFP to test market capability and inform any subsequent procurement or policy decisions. These decisions may result in prompt action to move forward to contract with suitable opportunities within the market.

This process does not constitute a commitment to procure any potential solution.

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2. Background and Context

Distillate fuels are system-critical inputs to New Zealand's economy, supporting transport, primary industries, construction, electricity back-up generation, and essential public services. The domestic market is characterised by import dependency, limited storage buffers, and exposure to international refining, shipping, and logistics constraints.

New Zealand has a robust Minimum Stockholding Obligation regime for its importers, however the strong signals that the global market is struggling with critical fuels mean the government is open to supporting suppliers to provide further 'insurance' against future supply chain issues, primarily by seeking to increase the volume of stock held within the country, counted in days of use.

The government is open to considering two primary scenarios:

1. The New Zealand Government provides additional security to suppliers by way of financial support instruments (for example, cover for overhead costs or risk of losses) in order to extend the coverage of New Zealand's domestic fuel supplies.

2. The New Zealand Government engages one (or more) suppliers to act as an agent to extend New Zealand's domestic fuel supplies.

A wide range of physical and financial options may be available to support suppliers that have the capability to provide New Zealand with additional insurance against further supply disruption.

Storage of product is an important consideration and any offer will be considered alongside the proposed storage location, cost and volume and the ability of the product to be released to the New Zealand market.

3. Scope of Information Requested

There are two primary mechanisms the New Zealand Government sees as options to support the market on time-bound basis. When submitting a response please consider the following:

a. Support to provide further stockholdings

We are interested in hearing what options you are able to provide in increasing New Zealand's resilience to fuel supply chain disruptions. This may include:

A. Supply Capability

- Sources of distillate supply (domestic, regional, international)
- Typical and surge supply volumes available to the NZ market
- Supply lead times under normal and stressed conditions
- Product specifications and grades supplied

B. Logistics and Infrastructure

- Shipping arrangements and flexibility (vessel size, routing, frequency)
- Storage capacity accessible to NZ supply (onshore, floating, regional)
- Key infrastructure dependencies and constraints
- Redundancy and contingency arrangements

C. Market Resilience Measures

- Existing mechanisms to manage supply disruption or price volatility
- Ability to scale supply or reallocate volumes during disruption
- Information-sharing arrangements during market stress
- Experience supporting government or critical-infrastructure customers during disruptions

D. Commercial and Contracting Models

- Contract structures currently used in NZ or comparable markets
- Approaches to pricing, indexation, and risk allocation
- Flexibility provisions (volume, term, optionality)
- Models that support resilience outcomes (e.g. options, reserves, priority supply)
- Cost to the New Zealand government

E. Policy and Regulatory Considerations

- Regulatory or policy settings that materially affect supply decisions

- Barriers to entry or expansion in the NZ market
- International comparators or best practice relevant to NZ

b. Use of New Zealand's "tickets"

New Zealand holds "tickets" (purchase options) as part of its participation in the International Energy Agency stockholding.

The New Zealand Government is open to consider how these tickets may be used to support resilience in the New Zealand distillate supply market.

In responding please provide the following information:

- Organisation name and NZ presence
- Relevant experience in distillate supply and logistics
- Geographic markets served
- Proposed solution/s to support resilience in the New Zealand distillate market
- Proposed contractual and commercial models for the solution/s
- Contact details for follow-up discussions

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4. Considerations for Potential Solutions

Pre-conditions

To be considered for further engagement the following pre-conditions must be met:

- Respondent must have Financial Capability to manage large transactions exceeding $10m per transaction, unless acting as a broker.
- Respondent must have presence in which they are proposing a solution.
- Respondent must be a legally registered entity
- Respondent must have the capability to deliver the solution proposed.

Assessment criteria

The New Zealand Government will use the following factors in deciding whether to proceed with an offer:

- **Additionality:** The proposal delivers additional fuel security over and above that which would be provided by commercial fuel importers, including in respect of their minimum stockholding obligations, including:
    - How much additional volume will be provided to the market?
    - What timeframes will the product be available to the New Zealand market?

- **Public Value:** the proposal reflects the Government's fiscal strategy and responsible management of New Zealand's economy, including:
    - What is the level of financial exposure to the Government?
    - How are risks being shared between the parties?
    - How well does the proposal act as insurance against the economic impact of future supply chain disruption?
    - Why does the solution require government intervention?
    - How does the solution demonstrate a temporary or time-bound solution to disruption?

- **Practicality –** the proposal provides a practical and workable solution to support New Zealand's fuel supply chain, including:
    - How would the proposal integrate with existing domestic supply chains?
    - What is the lead time on the proposal?
    - What are timeframes for the delivery of a solution?

- **Feasibility –** the proposed solution provides a real opportunity that the Government can support, including:
    - the ongoing risks of force majeure affecting supply

In addition, evaluators may consider

Due diligence

For shortlisted Respondents, we may:

- reference check the Respondent and any named personnel
- make other checks against the Respondent e.g. a search of the Companies Office, NZBN, Sanctions lists
- interview Respondents
- request Respondents provide further information or details or make a presentation
- arrange site-visits
- test products
- inspect audited accounts for the last [number] financial years
- undertake a credit check
- undertake a Police check for all named personnel

5. Use of Information

Information may be shared for analysis to anyone who is directly involved in the process. No individual response will be treated as binding.

Based on the considerations outlined in Section 4, the New Zealand Government may enter into further discussions with suppliers on potential solutions

6. Confidentiality

Respondents should clearly identify any information considered commercially sensitive. Reasonable efforts will be made to protect such information, subject to requirements imposed by the Official Information Act 1982 (OIA), the Privacy Act 2020, parliamentary and constitutional convention, and any other obligations imposed by law.

New Zealand Government may disclose the respondent's Confidential Information to anyone who is directly involved in the process on that party's behalf, but only for the purpose of participating in this process. This could include (but is not limited to) officers, employees, consultants, contractors, professional advisors, evaluation panel members, partners, principals or directors.

7. Next Steps

Submission responses by Close of Business xxx April

If you have any questions, please contact xxx

Following review of responses, government may:

- Engage further with respondents for clarification
- Refine problem statements or policy options
- Consider whether proceeding with a procurement or other intervention is warranted

8. Key Assumptions and Limitations

- This RFP is non-binding

- Pricing and commercial offers are requested at this stage
- Standard RFP Terms [Request for Proposal (RFP) terms] apply to this process excluding 6.3, 6.8

New Zealand Distillate Fuel Supply RFP Plan

Background

What we are looking for

- This RFP plan is to engage the market as it relates to the support of solutions for NZ distillate fuel supply.
- The New Zealand Government is not currently seeking to purchase fuel cargoes.
- The key objective of this process is to support the maintenance of NZ's fuel supply at current levels subject to cost and the Government’s assessment of the acceptable level of risk of non-supply.
- The key suppliers are the following:

Commercial Information

Tendering process

Type of tender

- The recommended approach to market is an RFP process.
- The purpose of this RFP is to identify potential solutions for supply options which support resilience in the New Zealand distillate supply market.
- Responses will be used to test market capability and inform any subsequent procurement or policy decisions.
- Based on responses the New Zealand Government/MBIE may make a decision to enter into further discussions on a potential solution
- This RFP will be a non-binding process and does not constitute a commitment to procure any potential solution.

Scope of Request

Respondents will be invited to provide the following information:

- Organisation name and NZ presence
- Relevant experience in distillate supply and logistics
- Geographic markets served
- Proposed solution/s to support resilience in the New Zealand Distillate market
- Proposed contractual and commercial models for the solution/s
- Contact details for follow-up discussions

The respondents will be asked to consider the following two primary areas the New Zealand Government sees as options to support the market on a time-bound basis:

1. **Support to provide further stockholdings**

   We are interested in hearing what options you are able to provide in increasing New Zealand's resilience to fuel supply chain disruptions. This may include:

   A. Supply Capability

   - Sources of distillate supply (domestic, regional, international)
   - Typical and surge supply volumes available to the NZ market

- Supply lead times under normal and stressed conditions
- Product specifications and grades supplied

B. Logistics and Infrastructure

- Shipping arrangements and flexibility (vessel size, routing, frequency)
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C. Market Resilience Measures

- Existing mechanisms to manage supply disruption or price volatility
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- Information-sharing arrangements during market stress
- Experience supporting government or critical-infrastructure customers during disruptions

D. Commercial and Contracting Models

- Contract structures currently used in NZ or comparable markets
- Approaches to pricing, indexation, and risk allocation
- Flexibility provisions (volume, term, optionality)
- Models that support resilience outcomes (e.g. options, reserves, priority supply)

E. Policy and Regulatory Considerations

- Regulatory or policy settings that materially affect supply decisions
- Barriers to entry or expansion in the NZ market
- International comparators or best practice relevant to NZ

2. Use of New Zealand's "tickets"

New Zealand holds "tickets" (purchase options) as part of its participation in the International Energy Agency stockholding.

The New Zealand Government is open to consider how these tickets may be used to support resilience in the New Zealand distillate supply market.

Proposed timeline

The proposed timeline for the process is as follows.

Indicative timeline

Action	Indicative date
Tender	
RFP released	Wednesday 1 April
Last date for supplier questions	Friday 3 April 0900 (New Zealand time)
Last date for agency to answer questions	Friday 1700 (New Zealand Time)
Tender closing date	Tuesday 7 April 0700 (New Zealand time)
Evaluation	
Assessment of Considerations	Tuesday 7 April
Panel minutes and recommendation	Tuesday 7 April
Recommendation accepted/denied	Tuesday 7 April
Post-evaluation	
Advise bidders of outcome	Wednesday 8 April
Contract negotiation	
Contract start date	Friday 10 April

Evaluation team

A multi-agency team will be used to evaluate potential options for further engagement and consideration.

Role	Agency	Commercial Information
Evaluation Chair	MBIE	
Evaluator	The Treasury	
Evaluator	MFAT	
Evaluator	MBIE	

Evaluator	MBIE	Commercial Information
Evaluator	MBIE	
External Evaluator	Envisory	

Considerations for potential Solutions

Pre-conditions

To be considered for further engagement the following pre-conditions must be met:

- Respondent must have Financial Capability to manage large transactions exceeding $10m per transaction, unless acting as a broker.
- Respondent must have presence in which they are proposing a solution.
- Respondent must be a legally registered entity

Respondent must have the capability to deliver the solution proposed

Factors for Consideration

In making a decision to enter into further discussions on a potential solution or to move ahead with a subsequent procurement the following will be considered:

Assessment criteria

The New Zealand Government will use the following factors in deciding whether to proceed with an offer:

- **Additionality:** The proposal delivers additional fuel security over and above that which would be provided by commercial fuel importers, including in respect of their minimum stockholding obligations, including:
    - How much additional volume will be provided to the market?
    - What timeframes will the product be available to the New Zealand market?
- **Public Value:** the proposal reflects the Government's fiscal strategy and responsible management of New Zealand's economy, including:
    - What is the level of financial exposure to the Government?
    - How are risks being shared between the parties?
    - How well does the proposal act as insurance against the economic impact of future supply chain disruption?
    - Why does the solution require government intervention?

    - How does the solution demonstrate a temporary or time-bound solution to disruption?

- **Practicality –** provides a practical and workable solution to support New Zealand's fuel supply chain, including:
    - How would the proposal integrate with existing domestic supply chains?
    - What is the lead time on the proposal?
    - What are timeframes for the delivery of a solution?

- **Feasibility –** the proposed solution provides a real opportunity that the Government can support, including:
    - the ongoing risks of force majeure affecting supply

An draft evaluation plan has been developed to support the evaluation of offers.

Due Diligence

For shortlisted Respondents, we may:

- reference check the Respondent and any named personnel
- make other checks against the Respondent e.g. a search of the Companies Office, NZBN, Sanctions lists
- interview Respondents
- request Respondents provide further information or details or make a presentation
- arrange site-visits
- test products
- inspect audited accounts for the last [number] financial years
- undertake a credit check
- undertake a Police check for all named personnel

Probity

Probity in this procurement will be managed by:
- ensuring everyone involved in the process signs a confidentiality agreement and declares any actual, potential or perceived conflict of interest
- identifying and effectively managing all conflicts of interest

Annex Two: Table of unsolicited offers

Annex 2

Emergency Fuel Reserves:

Commercial Information