MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Phase 2 of Diesel and Petrol Fuel Response Plan – Implementation Plan

Date:	4 May 2026	**Priority:**	High
Security classification:	Restricted	**Tracking number:**	0032249

	Action sought	Deadline
Hon Nicola Willis **Minister of Finance**	**Note** the attached Phase 2 Implementation plan	4 May 2026
Hon Shane Jones **Associate Minister for Energy**		
Hon David Seymour **Associate Minister of Finance**		
Hon Simeon Brown **Minister for Energy**		
Hon Chris Bishop **Associate Minister of Finance**		

Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Jivan Grewal	Lead, Fuel Response Policy	Privacy of natural persons	✓

The following departments/agencies have been consulted

Public Service Commission, Ministry for Primary Industries, Ministry of Transport, and Energy Efficiency & Conservation Authority have been consulted.

Minister's office to complete:

- ☐ Approved
- ☐ Declined
- ☐ Noted
- ☐ Needs change
- ☐ Seen
- ☐ Overtaken by Events
- ☐ See Minister's Notes
- ☐ Withdrawn

Comments

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BRIEFING

Phase 2 of Diesel and Petrol Fuel Response Plan – implementation plan

Date:	4 May 2026	**Priority:**	High
Security classification:	Sensitive	**Tracking number:**	0032249

Purpose

To provide you with a detailed implementation plan for phase 2 of the Diesel and Petrol Fuel Response Plan (the Plan).

Recommended action

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

a **Note** the Phase 2 Implementation Plan, which outlines key activities, decision points, leads and timeframes for actioning Phase of the Fuel Response Plan.

Noted

b **Note** that we are ready to move to Phase 2 at any point, but there is a lead time for some regulatory relief measures and the public awareness campaign.

Noted

c **Note** that, as at the beginning of May 2026:

- the MSO exemption assessment process and communications to support an announcement are ready to go at any time
- the Public Sector Implementation Plan is ready, subject to Ministerial agreement of the public-facing version of the plan, with individual agencies due to complete fuel management plans by 15 May
- the public awareness campaign will require 3 to 14 days to go live, depending on timing for Ministerial decisions on scale and approach
- regulatory relief measures relating to land-transport and heavy vehicles could be made via Order in Council in May, subject to Ministerial decisions
- timing for other regulatory relief measures Confidential advice to Government [redacted] are being finalised and will depend on the specific regulatory system and changes required.

Noted

d **Note** that a separate A3 on options for regulatory relief was provided to Ministers on 4 May and that:

- the Phase 2 Implementation Plan will be updated following Ministerial agreement to any of these regulatory relief measures
- preparatory work, including drafting regulations and operational readiness, will be completed so that these measures can be activated at any point onward that they are needed.

Noted

Privacy of natural persons

Jivan Grewal
Lead, Fuel Supply Policy
Fuel Response, MBIE
04 / 05 / 2026

Hon Nicola Willis
Minister for Finance
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Hon Shane Jones
Associate Minister for Energy

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Hon David Seymour
Associate Minister of Finance

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Minister for Energy
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Hon Chris Bishop
Associate Minister of Finance
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Background

1. On 13 April, Cabinet agreed to the policy objectives and approach to Phase 2 of the Fuel Response Plan (the Plan). Cabinet also invited Ministers to undertake further work and report back to the Ministerial Economic Security and Supply Chains Group (the Oversight Group) on a range of regulatory relief measures relating to heavy road vehicles, Confidential Confidential advice to

2. On 29 April, the Oversight Group discussed an updated approach to the Plan for petrol and diesel. Officials intend to provide the Oversight Group with detailed implementation plans for each phase over coming weeks, with the Phase 2 Implementation plan proposed to be considered on 6 May.

Phase 2 Implementation Plan Overview

3. Attached at **Annex One** is an A3 summary of the Phase 2 implementation plan. MBIE has completed a detailed implementation plan that is undergoing consultation.

4. This implementation plan is provided to the Oversight Group for your visibility and feedback. It is a living document that can be amended based on evolving information on fuel supply and further policy decisions.

Phase 2 may be required if there is a medium-to-large, but short-term, fuel supply disruption

5. As previously advised, fuel experts Envisory advised that a major fuel supply disruption is unlikely. The most likely near-term outcome is continued price pressure.

6. Phase 2 of the Plan can be activated if there is a medium to large-scale, but short-term, disruption in fuel supply. This would consist of significant delays or losses of cargoes, but with an expectation that cargoes could be regained within a month.

7. Phase 2 is designed to be a precautionary phase intended to preserve fuel availability and avoid or delay escalation to Phase 3. The Government's focus is on helping the market transition back to normal supply and returning to Phase 1 as soon as practical.

Price is expected to reduce demand, with additional measures available if required

8. Under Phase 2 high fuel prices are expected to continue to act to reduce demand. In addition to price, the plan outlines a range of possible measures that will be available for the Government under Phase 2:

   - *Supply-side measures*: Under Phase 2, it is expected that supply of diesel and petrol will only undergo a short-term disruption. This could come in the form of some cancellations of proposed shipments. This will likely mean that one or possibly a couple of importers may be at risk of breaching their Minimum Stockholding Obligations (MSO). If a company is not able to meet its MSO obligations, then an exemption application will be considered on an individual basis by the Associate Minister for Energy.

     If the Government determines to grant an exemption, it will remain important that incentives are maintained for industry to continue to source replacement fuel. This can be done by putting in place timebound limitations to the exemption. Companies that fail to meet their obligations, including failure to comply with any exemption, will remain liable for significant penalties.

- *Demand-side measures:* a small decrease in demand, over and above the demand-suppression impact of price increases, may also be required to manage a brief disruption in fuel supply. This may be achieved through voluntary measures to improve fuel efficiency (such as information campaigns), regulatory relief to enable businesses to use less fuel, and a reduction of fuel use in the public sector.

9. Phase 2 measures can be staggered depending on the nature and duration of the supply disruption. For example, granting a temporary MSO exemption to an importer – where sought and appropriate – may be sufficient in itself to address a short-term disruption. Ministers may choose to deploy demand-side measures, such as regulatory relief or more expansive public information campaigns, at a later point in Phase 2 if further reductions in demand are needed.

10. In moving to Phase 2, it will be important to understand the upstream drivers of the disruption. Where the cancellation of shipments is indicative or a systemic and ongoing issue (for example, reduced production at exporting refineries in Asia), it may be more appropriate to move directly into Phase 3 or 4, depending on the severity of the disruption.

11. Stronger, mandatory demand-side measures (such as lowering speed limits) have now been placed in Phase 3. This provides for better differentiation between the intended purpose and outcomes of Phase 2 and Phase 3, while recognising the greater economic and fiscal costs imposed by stronger demand reduction measures.

We are ready to activate Phase 2 at any point, but there is a lead time for some regulatory relief measures and the public awareness campaign

12. As at the beginning of May the following actions are ready, should a move to Phase 2 be needed:

    - communications to support a Ministerial announcement
    - the MSO exemption assessment process to support management of a short-term supply reduction, should this be needed
    - the Public Sector Implementation Plan is ready to be published, subject to Ministerial agreement to a public-facing of version of the plan. Individual agencies have also committed to having fuel management plans completed by 15 May

13. The implementation plan currently includes regulatory relief measures that can help reduce fuel use including:

    - *Land-transport regulatory relief measures relating to heavy vehicles* – these changes are yet to be agreed by Cabinet. The Ministry of Transport advises that for the measures around weight limits of heavy road vehicles, rule changes via Order in Council could be completed in May, subject to Ministerial decisions.
    - *Other measures* Confidential advice to Government [redacted] Timelines for implementing any measures once policy decisions are made will depend on the specific regulatory system and any statutory requirements (e.g. whether primary legislation or regulations are required).

14. A separate A3 on regulatory relief options has been presented to Ministers on 4 May. The Phase 2 implementation plan and timelines for delivery will be updated based on any decisions that are taken as a result.

15. We previously advised the Oversight Group that EECA has developed a plan for a Phase 2 public awareness campaign. The Minister of Energy has asked MBIE for additional advice, to be delivered in the week of 4 May, on options for the Phase 1 campaign, as well as how the Phase 2 campaign could be right-sized to demonstrate value for money. Depending on Ministers' decisions, there may be up to 3 to 14 days of work for a revised campaign to be developed and ready for launch.

Summary of Phase 2 Key Decision Points

When a fuel supply disruption occurs, or is likely to occur: Ministers decide if a move to Phase 2 is needed

16. The Plan outlines specific criteria which, if met, will trigger the requirement for Ministers to hold an assessment meeting within 3 days of a fuel supply disruption.

17. There is no automatic trigger for moving to Phase 2. Ministers retain full discretion to make a decision on this at any time, taking an on-balance view of geo-political conditions, economic impacts, stakeholder views and any other relevant information.

18. Officials will support a Ministerial assessment meeting with:

- information on the nature of the fuel disruption and likely impacts on fuel supply into New Zealand (including whether we foresee this being short or longer term)
- up to date information from engagement with industry stakeholders
- economic advice on the trade-offs and choices associated with moving to Phase 2
- advice on which Phase 2 levers should be used right away, and which could be introduced at a later point if needed.

When Ministers decide to move to Phase 2: Choices about the timing of and announcement of the move

19. Once Ministers decide to move to Phase 2, a further decision will need to be made on whether the move is immediate or with a lead time (e.g. announce that Phase 2 will start in two days' time).

20. Factors influencing this decision will be the level of forward notice we have of fuel cargo disruptions or likely disruptions, and the readiness of different levers (such as any demand measures) to be in place.

21. MBIE will support this decision with a communications plan and messages for announcing the change in phases. The updated petrol and diesel fuel response framework, proposed for public release on Friday 8 May, will provide overarching messages about Phase 2, what the government is seeking to achieve, and what businesses and the public can do. This will be supplemented with any messages specific to the exact disruption scenario that occurs.

During Phase 2: Ministers can decide at any point to add extra supply or demand measures, or to escalate or de-escalate to a different phase

22. While in Phase 2 MBIE will continue to track ship movements, fuel supply across the system and any measures to increase supply. This will help confirm if the disruption is resolved or to get early indications if a longer-term disruption is likely. Officials will also track and provide updates to Ministers on the impacts of any demand reduction measures in place to assess whether these are achieving the level of fuel savings that is required.

23. This information will be used to advise Ministers on:

- whether additional Phase 2 measures, including extra regulatory relief measures, need to be implemented;
- when and if a phase re-assessment to move either down or up a phase is needed.

Roles, Responsibilities and Governance

24. The following table outlines the key roles and responsibilities of government and industry under Phase 2.

Primary response stakeholders	Roles and responsibility
Ministerial Oversight Group	• Continues to meet regularly with oversight of the overall fuel response • Makes decisions about a move to Phase 2, actions to be implemented at Phase 2, and escalation or de-escalation to a different Phase
MBIE	• Lead agency – National Fuel Response • Responsible agency: ○ Coordination of fuel sector activity through the chairing of Fuel Sector Coordinating Entity (FSCE) ○ Advising on MSO exemption applications ○ Lead the public information response for Phase 2 that supports fuel-saving behaviour and maintains public confidence ○ Engage priority fuel users, iwi, businesses, sectors, and affected stakeholder groups to understand fuel supply impacts, share validated information, and support coordinated response decisions. ○ Co-ordinate implementation across relevant agencies
Fuel importers (Z, Gull, Mobil, BP, TOSL)	• Meet Minimum Stockholding Obligations • Early indication of MSO exemption application, and a completed, decision-ready application.
Public Service Commission	• Responsible agency – Finalising Public Sector Fuel Implementation Plan, and coordinating agencies to undertake implementation
EECA	• Responsible agency - Deliver a public information fuel saving behaviour change campaign
Ministry of Transport Ministry for Primary Industries Ministry for Regulation	• Responsible agencies – develop and implement regulatory relief measures (TBC based on Ministerial decisions)

25. At Phase 2, we consider that existing governance arrangements, as outlined above, are sufficient and appropriately proportional to the measures. Confidential advice to

Confidential advice to Government

Next steps

26. The implementation plan will be updated based on decisions from Ministers on regulatory relief options and next steps with the EECA campaign.

Annex One: Phase 2 implementation plan

National Fuel Plan 2026

Fuel Response Implementation Plan

Phase 2 – Precautionary

EVENT: short-term, medium-large scale supply disruption
- MBIE advice on whether to move phase
- MOG assessment
- Decision

Decision Point: Move to Phase 2

Measures can occur at any point in Phase 2

Decision Point: Apply regulatory relief measures

EVENT: change in supply reliability, market mechanisms, supply-demand balance, phase 2 measures are no longer required or sufficient

Decision Point: Escalate or de-escalate

Monitoring

Monitoring
Maintain situational awareness to inform decision-making.

Outcomes: Quality decisions that mitigate risk and uncertainty.

PREPARATION	TRANSITION 0-3 days	PHASE 2

Intervention One: Fuel Supply and Distribution

Intervention One: Fuel Supply and Distribution
Ensures fuel continues to move through the national system.

PREPARATION – Industry shores up supply

What: fuel industry to respond to any cancellations to maintain MSO and mitigate need for MSO exemption
Implementation time: already active
Responsible: BP, Exxon, Gull, Mobil, Z
Task: meet MSO, mitigate need for MSO exemption
Supporting: MBIE

TRANSITION: **Already active due to existing legislation**

PHASE 2 – Process MSO exemption applications

What: process applications for individual short-term MSO exemption to support companies to maintain supply to the market without being penalised for an MSO breach
Implementation time: 4 days from application submission (including Ministerial sign-off), longer if applicant needs to provide further information
Responsible: MBIE
Task: deliver MSO exemption process
Supporting: BP, Exxon, Gull, Mobil, Z

Outcomes: Fuel availability is sustained across the national system – fuel continues to move through the fuel network.

Intervention Two: Fuel Access and Demand Controls

Intervention Two: Fuel Access and Demand Controls
Shapes how fuel is accessed and how demand is reduced or managed across different users, sectors, and stages of the response.

PREPARATION – Prepare for public sector fuel reduction measures across non-critical activities

What: agencies to finalise their fuel management plan as required by the Public Sector Implementation Plan
Implementation time: ready to go now
Responsible: NZTA, MOE, Police, HNZ, FENZ, Corrections, NZDF, DOC, OT
Task: develop fuel management plans

PHASE 2 – Implement public sector fuel reduction measures across non-critical activities

What: activate the Public Sector Implementation Plan, with agencies undertaking prescribed activities
Implementation time: PSC plan immediate, plans of individual agencies finalised within one week of Ministerial decision
Responsible: Public Service Commission to coordinate agencies to implement
Task: activate and implement the plan
Supporting: NZTA, MOE, Police, HNZ, FENZ, Corrections, NZDF, DOC, OT

PREPARATION – Prepare land transport regulatory relief measures that help reduce fuel use

What: finalise preparations for future use of short-term changes to rules or compliance settings to reduce fuel use
Implementation time: 4 weeks total: prepare transport rule changes 2 weeks, engineering assessments 4 weeks. Tracking to be complete by end of May
Responsible: MOT
Task: Land transport rule changes engineering assessments
Supporting: MBIE, Police, NZTA

PHASE 2 – Apply temporary land transport regulatory relief measures that help reduce fuel use

What: use short-term changes to rules or compliance settings to reduce fuel use while managing risk
Implementation time: immediate upon decision, can be staggered depending on the measure. Rule change through an Order in Council*
Responsible: MOT
Task: TBC Increase gross vehicle mass limits, Relax weekend, public holiday and some route restrictions
Supporting: MBIE, Police, NZTA

PREPARATION – Prepare other temporary regulatory relief measures

What: finalise preparations for future use of short-term changes to rules or compliance settings to reduce fuel use
Confidential advice to Government
Implementation time: TBC
Responsible: MOT, MfE, MfR, Treasury, MPI
Task: TBC
Supporting: MBIE

PHASE 2 – Apply other temporary regulatory relief measures

What: use short-term changes to rules or compliance settings to reduce fuel use while managing risk
Confidential advice to
Implementation time: TBC
Responsible: MOT, MfE, MfR, Treasury, MPI
Task: TBC
Supporting: MBIE

Regulatory relief measures can occur at any point in Phase 2, depending when the decision is made

Outcomes: Fuel demand is reduced across key users.

Intervention Three: Communications and Engagement

Intervention Three: Communications and Engagement
Supports public confidence, sector engagement, situational awareness, and the management of social, operational, and economic consequences arising from fuel disruption and response measures.

PREPARATION – Prepare any changes required to the behaviour change campaign

What: prepare new communications collateral for the campaign
Implementation time: 14 days from sign off on proposed campaign approach, 3 days to activate
Responsible: EECA
Task: finalise messaging, secure funding and propsed campaign sign off
Supporting: MBIE, fuel industry, other relevant agencies

TRANSITION – Go-live preparation for behaviour change campaign - 3 days lead time if decision made in advance

TRANSITION – Deliver communications on the requirements for Phase 2

What: communicate Phase 2 measures
Implementation time: immediate
Responsible: MBIE
Supporting: Minister's Office, MOT, MPI, NZTA, EECA

PHASE 2 – Deliver public information fuel saving behaviour change campaign

What: a co-ordinated behaviour change campaign is used to encourage households, businesses and sectors to take practical steps to reduce fuel bills and conserve fuel in the national interest
Implementation Time: Immediate
Responsible: EECA
Task: deliver the campaign
Supporting: MBIE, fuel industry, other relevant agencies

PHASE 2 – Engage priority sectors for behavioural change and preparedness for future interventions

What: engage with priority sectors/groups with a focus on motivating action, co-designing feasible responses and preparedness, setting expectations, and gaining sector insights to understand fuel supply impacts
Implementation time: immediate
Responsible: MBIE
Task: lead targeted stakeholder engagement; coordinate messaging, gather impact information, and escalate significant issues, support industry to develop fuel management plans
Supporting: EECA, Iwi, fuel industry, fuel users, business sector, regional agencies

Phase 2 Announcement

Continuous communications and engagement all through out Phase 2

Outcomes: The public and key sectors understand what is being asked of them and why it's important to act.