ENA submission on the Draft Fuel Security Plan

Submission to the Ministry of Business, Innovation and Employment

DATE
25 August 2025

NAME OF SUBMITTER
Electricity Networks Aotearoa

INDUSTRY/AREA OF INTEREST
Utilities/infrastructure

CONTACT
Sophie Tulley

ADDRESS
Level 5, Legal House
101 Lambton Quay
Wellington 6011

EMAIL
sophie@**electricity**.org.nz

Contents

1 Introduction

Electricity Networks Aotearoa (ENA) welcomes the opportunity to provide a submission on the Draft Fuel Security Plan discussion document.

ENA represents New Zealand's 29 electricity distribution businesses (EDBs) (see Appendix A). EDBs own and operate the local and regional electricity networks that deliver electricity to more than two million homes and businesses across the country. Together, they employ around 7,800 people and have collectively invested over $6 billion in their networks over the past five years to support reliability, resilience, and the transition to a low-emissions energy system.

As the owners and operators of New Zealand's electricity distribution infrastructure, ENA's members play a vital role in supporting national energy security and the transition to a low-emission future. We recognise the importance of robust fuel security planning to ensure the resilience and reliability of the energy system, and we look forward to contributing to this policy development.

2 About our fuel system

2.1 Do you support our vision for the fuel system (see box on page 1)? Why / why not?

Yes. ENA supports the proposed vision to ensure access to fuel where and when it is needed. While the EDBs are committed to supporting New Zealand's transition to a low-emissions energy system, a reliable and secure liquid fuel supply remains essential for sectors that are more difficult to electrify in the near term—such as heavy transport, aviation, and industrial process heat.

EDBs also remain reliant on liquid fuels for emergency response, network maintenance operations or alternative supply in remote locations (power hubs), particularly in remote or rural areas where backup generation is diesel-based. Ensuring continuity of liquid fuel supply in these contexts will help maintain overall system reliability and resilience, particularly during severe weather events or other natural hazards that may impact electricity supply.[1]

ENA sees the proposed vision as complementary to the electricity sector's decarbonisation efforts, providing a balanced approach to meeting energy security needs across different parts of the economy during the transition. To achieve this, resiliency and affordability should also be recognised as core elements within MBIE's vision.

2.2 Have we identified the correct objectives for our liquid fuel security?

Yes, ENA broadly agrees that the objectives identified are appropriate and relevant.
These objectives reflect key considerations in maintaining fuel security during a period of significant energy system transformation and growing reliance on global supply chains.

[1] Electricity Networks Aotearoa. (2023). *Electricity Distribution Sector Cyclone Gabrielle Review* (p. 18). Retrieved from https://www.ena.org.nz/assets/DMSDocuments/2023-EDB-Cyclone-Gabrielle-Review.pdf

For EDBs, the interdependence between the liquid fuel and electricity systems. For example, liquid fuels, particularly diesel, continue to play a critical role in maintaining network resilience, powering mobile generators and backup systems during outages or emergency events.

2.3 Do you agree that the plan should be considered within the next 10 years, i.e. out to 2035? Why / why not?

This timeframe aligns well with infrastructure investment and regulatory planning cycles across the energy sector, including EDBs' asset management plans, energy demand forecasts, and capital investment planning.

A 10-year horizon also provides a suitable window for coordinating the transition pathways of both the fuel and electricity systems. As electricity networks prepare for increased electrification of transport and process heat, the associated infrastructure upgrades (such as integrating new renewable generation, managing EV uptake, and deploying smart charging solutions) will require alignment with changes in liquid fuel use, particularly for sectors that remain fuel-dependent in the medium term. ENA supports an integrated, forward-looking approach that allows for effective coordination of investment across energy carriers while managing transitional resilience risks.

3 Focus area 1: Resilience against global supply shocks

3.1 Do you believe Focus area 1 addresses the challenges the fuel sector is facing? Why / why not?

Partially. It recognises import dependence, the need for alternative fuels, and the role of the energy transition, but it would benefit from stronger integration with electricity system planning, especially as electrification is cited as a key solution.

3.2 Do you believe the actions under Focus area 1 will improve New Zealand's fuel security? Why / why not?

Yes, to an extent. ENA agrees that many proposed actions under Focus Area 1—such as participation in the Mediterranean Shipping Organisations (MSO), involvement in IEA frameworks, and enhancements to fuel source data—are solid steps to strengthen New Zealand's fuel security.

These initiatives offer improved oversight of supply chains and greater transparency around fuel sourcing and distribution, which helps manage dependence and disruption risk.

However, the plan currently lacks sufficient emphasis on demand-side strategies such as switching from liquid fuels to electrification and low-carbon alternatives. Without clear coordination between fuel switching policies and the readiness of electricity infrastructure, the underlying effectiveness of these outcomes may be constrained.

Encouraging fuel switching, whether through EV uptake, electrified process heat, or hydrogen deployment, must be matched with electricity network resilience and investment capacity. If electricity infrastructure remains underprepared, then policies promoting greater reliance on electricity could inadvertently introduce new vulnerabilities.

ENA therefore recommends elevating the focus on aligning demand-side fuel transition actions with electricity infrastructure readiness, ensuring that policy and infrastructure deployment proceed hand-in-hand. This is likely relevant for more than one focus area.

This is where a national energy strategy becomes a significant contribution to actions supporting the fuel security plan.

A comprehensive, bi-partisan energy strategy and gas transition plan is essential to provide the overarching framework needed to align fuel security measures with long-term decarbonisation goals and infrastructure investment pathways. Ensuring the plan is bi-partisan is critical to provide long-term certainty across the energy sector, giving investors, market participants, and policymakers confidence to make consistent, forward-looking decisions.

MBIE had committed to publishing the New Zealand Energy Strategy by the end of 2024, and there has been no indications of a gas transition plan despite MBIE consulting on this in 2023, but as of mid-2025 there has been no formal public release.[2] Without this, there is a risk that actions under Focus Area 1 (and other focus areas) remain siloed as they stay focused on securing existing fuel supply chains, without adequately addressing the system-wide transitions underway or planned. For example, decisions made around fuel storage or backup generation policy will have implications for electricity network investment, and vice versa. The energy transition requires coordinated planning across all energy carriers. A national energy strategy would help ensure that fuel security planning is not only about maintaining supply in current terms but also about enabling a secure and orderly transition away from fossil fuels.

3.3 Are there any additional actions under Focus area 1 the Government could take to reduce dependence on imported fuels and improve our energy independence?

ENA has no comments to make.

[2] Ministry of Business, Innovation and Employment. (2022, October 21). *Stage set for New Zealand's landmark energy strategy*. Retrieved from https://www.mbie.govt.nz/about/news/stage-set-for-new-zealands-landmark-energy-strategy

4 Focus area 2: Domestic resilience

4.1 Do you believe that Focus area 2 addresses the challenges the fuel sector is facing? Why / why not?

Yes, mostly. It recognises domestic infrastructure vulnerabilities. However, ENA notes that this thinking doesn't encompass the flow on effects to the electricity sector. For example, what happens if fuel disruptions delay EV charging or the operation of backup generators at critical network sites? More generally, a disruption to domestic fuel supply infrastructure could itself require fuel allocation to resolve. Emergency fuel rationing plans may therefore need to explicitly recognise and provide for fuel allocation to address the underlying causes of a disruption, as well as to prioritise reinstatement and/or maintenance of essential services.

4.2 Do you believe actions under Focus area 2 will improve New Zealand's fuel security? Why /why not?

Yes, if implemented well. The focus on testing, resilience frameworks, and stockholding are useful. However, fuel quality monitoring and emergency preparedness exercises should include lifeline utilities such as EDBs, which rely on fuel for resilience during electricity outages. EDBs may require access to fuel during a shortage for back-up supply options or to repair damage to electricity network infrastructure — damage that may itself be exacerbating the effects of the liquid fuel supply disruption. These delivery mechanisms are increasingly intertwined and interdependent: a disruption to one can negatively impact the other. For instance, a power outage could disable electronic point-of-sale systems, making it impossible to retail liquid fuel, while a fuel shortage could impair the operation of backup generators needed to restore electricity supply.

4.3 Are there any additional actions under Focus area 2 the Government should do to enhance domestic resilience of critical infrastructure

ENA recommends that the Fuel Security Plan explicitly recognise the interdependencies between critical infrastructure sectors, including fuel, electricity, water, telecommunications, and roading. Effective resilience planning should account for the mutual reliance of these sectors for both ongoing operation and recovery from disruption, with cross-sector considerations incorporated into emergency response planning for events such as cyclones, earthquakes, tsunamis, and other natural hazards.

ENA also proposes a distinct action to prioritise essential service needs during disruptions, ensuring that hospitals, emergency services, and other critical community functions have timely access to fuel and other necessary resources. Including this as a specific, actionable measure will strengthen the resilience of both the fuel system and the broader critical infrastructure network, reducing the risk of cascading failures.

5 Focus area 3: Supporting domestic alternatives

5.1 Do you believe Focus area 3 addresses the challenges the fuel sector is facing? Why / why not?

Broadly yes. The focus on alternative fuels and domestic production is positive. However, ENA notes that electricity infrastructure readiness and cross-sector coordination are critical enablers for many fuel alternatives, including EVs and green hydrogen. As discussed above under Focus Area 2, recognising interdependencies between critical infrastructure sectors and prioritising essential service needs are key factors in ensuring the resilience and operational readiness of the electricity system to support these transitions.

For example, ENA recently completed a study of the South Island's EV journey charging needs, which found that by 2030 only around 107 additional 50kW journey chargers will be required to meet peak demand.[3] Extrapolating nationally, this suggests approximately 500 additional chargers may be needed—significantly fewer than the 10,000 public chargers the Government aims to have across the country. While the study focuses on journey chargers rather than destination charging, it highlights the importance of targeted, data-driven infrastructure deployment to avoid overbuilding and unnecessary costs to consumers.

ENA is now collaborating with North Island lines companies to undertake a similar study, aiming to build a comprehensive national picture of EV journey charging requirements. This work underscores the critical need for careful planning and coordination between fuel supply, demand, and supporting infrastructure as we transition to alternative fuels.

5.2 Do you believe actions under Focus area 3 will support investment in domestic production of low-carbon alternative fuels?

Yes, to a degree. However, many alternative fuels will require substantial new electricity network capacity. These impacts (and the role of EDBs) should be integrated into fuel transition planning. For example, action 3.2 could be adjusted to 'provide an enabling regulatory environment to encourage domestic production of low-carbon alternatives' and additional actions related to enabling electricity generation, transmission and distribution should also be incorporated into this fuel security plan.

[3] Electricity Networks Aotearoa. (2023). *Electricity Distribution Sector Cyclone Gabrielle Review*. Retrieved from https://www.ena.org.nz/our-work/publications/document/1547

5.3 Are there any additional actions under Focus area 3? Is there more the Government can do to support development of domestic production of low-carbon alternative fuels?

ENA reiterates its call for the Government to raise or remove current restrictions on EDB investment in generation. While we understand that legislative change is already in progress, this should be explicitly included as an action under Focus area 3. Removing these restrictions would enable EDBs to contribute directly to domestic production of low-carbon alternative fuels and distributed generation, enhancing local resilience and supporting national decarbonisation goals.

ENA recommends adding a planned action to "Develop a bi-partisan New Zealand Energy Strategy to provide long-term, system-wide direction." Without a clear, bi-partisan strategy, differing political positions on key issues, such as the role of gas in the transition, could stall progress, leading to fragmented decision-making, wasted investment, and missed opportunities to improve energy independence. A strategy that has cross-party support provides the certainty policymakers, investors, and market participants need to take coordinated, cost-effective action, ensuring the transition is successful and sustainable. This action should be added as a planned action for Focus area 3.

6 Focus area 4: Resilience in a transitioning market

6.1 Do you believe Focus area 4 addresses the challenges the fuel sector is facing? Why / why not?

Partially. It correctly identifies the risks of underinvestment during the transition, including the risk of stranded assets causing an underinvestment. However, there is limited visibility on how transition planning aligns with electricity sector decarbonisation, and no reference to cross-sector infrastructure investment planning. There is also a risk of over-investment in infrastructure or inability to recover costs on existing infrastructure that may become redundant due to sectoral shifts such as electrification, which should be considered alongside underinvestment risks.

6.2 Is there a role for government to minimise risk of stranded assets or underinvestment?

For a managed transition, all options to manage underinvestment or the risk of stranded assets should be considered. The ability for infrastructure providers to recover investment made in infrastructure for essential services is an important principle and also supports ongoing infrastructure maintenance and safety. We encourage the government to consider their role in minimising the risk of stranded assets, for example through regulatory or financing options to provide for the necessary investment during the transition and recognise significant existing investment in essential services.

6.3 Are there other actions the government should be doing under Focus area 4?

Yes. Clear regulatory direction and coordinated transition pathways across electricity and fuel will reduce uncertainty for all infrastructure providers. ENA strongly recommends that the Government adds an action for a bipartisan National Energy Strategy and gas transition plan, developed in active collaboration with the sector, to provide a coherent, medium-to-long-term vision for the energy transition. The strategy does not need to be extensive, but should provide clear direction to industry and investors, including key trade-offs the government is considering — such as investment versus affordability, the future of fossil fuels (particularly gas), and planning reform to enable new renewable generation. We acknowledge that securing cross-party agreement is challenging, but without it there is a risk of "flip-flopping" between strategies following changes in government. This creates uncertainty for investment, reduces confidence for private and public investors, and increases the risk of stranded assets or inefficient spending. For example, network reinforcement or expansion projects may be delayed or misaligned with future renewable generation rollout, leading to bottlenecks or overcapacity. Similarly, delays or uncertainty in low-carbon fuel infrastructure or EV charging networks could slow uptake of electrification in transport and industry, undermining decarbonisation targets and reducing the return on prior infrastructure investment. A bipartisan approach would ensure stable, reliable direction for infrastructure planning, help maximise the value of national infrastructure investment, and provide a clear benchmark for the sector when differences of focus arise. This is vital to support a successful energy transition.

We also support adding an action to investigate the risk of stranded assets, options to minimise this risk during the transition, and the government role.

7 Appendix A

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below.

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- Firstlight Network
- Electra
- EA Networks
- Horizon Networks
- Mainpower
- Marlborough Lines
- Nelson Electricity
- Network Tasman
- Network Waitaki
- Northpower
- Orion New Zealand
- Powerco
- PowerNet (which manages The Power Company, Electricity Invercargill, OtagoNet and Lakeland Network)
- Scanpower
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower