

## Discussion Paper regarding the Fuel Resilience Bill : NZ Outdoors & Freedom Party

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### 1) Petrol, Diesel and petrochemical fuels

Without oil and its finished products, or other common and consistent fuel source, our economy will come to a grinding and disastrous halt, the resulting collapse of industry will affect food production, transportation of goods and services, the building and construction industry will come to a sudden stop. Without a ready supply of refined oil products New Zealand will end up in the situation where it will be forced to default on its international debt.

Why is Marsden Point Oil Refinery Important? When we lost the refinery, we lost our independence as a State.

No Fuel means: no food production, no transport or travel.

“No Economy” will ensure NZ defaults on international debt. Shutting down and dismantling our refinery makes us 100% reliant on South-East Asian refineries. It takes between 18 - 38 days for fuel to get to NZ from overseas refineries. If the shipping of fuel were to suddenly stop for geopolitical or other reasons, we'd have less than 1 month to prepare for a no fuel scenario. We'd have fuel rationing implemented within 24 hours – likely restrictions will hardest hit private vehicles and small businesses not involved in food distribution. Fuel price would immediately skyrocket. Marsden refinery normally shields NZ from fuel price shocks due to a large on-site holding capacity of crude and can redirect crude from Taranaki to maintain a proportion of our fuel supply - certainly enough to keep our emergency services, military and food production and distribution running.

### MARSDEN POINT OIL REFINERY

On 01/04/2022 the company formerly known as Refining New Zealand Ltd. closed down New Zealand's biggest refinery (Marsden Point) and no longer plans to refine oil onshore. Marsden Point was one of the top 10 refineries in the world. The refined fuel products produced were some of the finest in the world and the nastier fuels that are now being imported are of inferior specifications and grades.

## ENVIRONMENTALLY IRRESPONSIBLE

Previous to this the refinery was supplying 100,000 - 120,000 Tonnes of high quality bitumen, plus around 70% of New Zealand's finished fuel using 35 shipments per year. Now it will require 175 + shipments to supply just the fuel market. There are other products aside from fuel that came out of the refinery. Sulphur for fertilizers and carbon dioxide for food will now need to be shipped in alongside other petrochemicals that are used in industry. This will add to environmental damage and carbon creation. So Government can't argue that "we're doing this for the environment" because that doesn't make sense, the same way importing low grade coal instead of using our own high grade coal doesn't make sense.

## ERRORS MADE

The Minister for energy Megan Woods falsely stated that the refinery could not use New Zealand oil to supply the 4-5% of energy requirements to meet basic emergency needs in NZ, without a major overhaul costing \$100's millions. Refinery sources and experts told the MBIE that the refinery can in fact supply up to 20% of New Zealand's energy needs refining exclusively Taranaki light crude oil with some minor reconfigurations to the refinery itself. Marsden Point produced 135,000bpd. The refinery is able to produce in excess of 10 billion litres of fuel per year in an emergency situation using exclusively New Zealand oil.

This government is just looking to the next 5-10 years! You can't run a country like that – Governments need to be looking at the next 100 years. In which case the \$5 billion or so to reinstate Marsden Point Refinery and holding tanks is a drop in the bucket. This Government spent over \$60 billion on the Covid response arguably with nothing to show for it, except an increase All Cause Mortality. The death rate following a fuel crisis will be far beyond anything covid and the vaccine have accomplished.

Taking away our ability to manage our own fuel supplies without first creating an alternative is terrifyingly naive and mismanagement of the highest order, bordering on betrayal. Every man and woman I have talked to about Marsden Point Refinery closing down has been dismayed and angry that the Govt allowed this to happen. The Government allowed this to happen and must now clean up the mess.

We can argue that pollution from transport vehicles is toxic and most likely are better fuels on the horizon, however the simple fact is that we do not have them available right this moment and they are still incredibly expensive to manufacture. Simply, the New Zealand Governments dogma that puts environmental concerns over and above the wellbeing of the people, is a death cult ideology.

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What makes no sense is having no serious plan in the face of a very different security of supply climate than has been counted on in the past.

European leaders are now being forced to contemplate what would happen if Russia's shutdown of the Nord Stream I pipeline last Monday were to remain permanent, as France's finance minister has predicted.

"Freezing pensioners, hungry children, empty supermarket shelves, unaffordable cost of living increases, devalued wages, strikes and street protests point to Sri Lanka-style meltdowns" is the **assessment** of the Guardian columnist Simon Tisdall.

And that is just from losing less than half Europe's natural gas supply.

Transport fuel shortages can be more damaging still, and we need to properly contemplate those scenarios to get serious about resilience planning.

We recommend the committee reads this 1) Newsroom report on fuel supply resilience.

<https://www.newsroom.co.nz/we-need-to-get-serious-about-fuel-supply-resilience-and-fast>

And 2) [www.operationgoodoil.co.nz](http://www.operationgoodoil.co.nz) and their short report on the closure of Marsden Point refinery and the flow on effects.

The sole reason Marsden point refinery was first built in 1964 was to insulate New Zealand from global crises and international fuel shocks. prior to the completion of the refinery fuel rationing and carless days were not unheard of. in those days the need for fuel was far less important than it is today and many industries could plod along without it and New Zealand's international debt was nowhere near what it is today.

While we comprehend the govt has commitments to decarbonizing our economy and our nation, allowing our only refinery to close is not only foolish and virtue signaling, it is inherently dishonest.

Govt policy is simply allowing the fuel companies to move their refinement of fuel offshore to

cheaper markets which will not do a single thing toward helping the environment, all it will do is endanger our fuel and petrochemical supply by extending the supply lines and removing the ability to refine our own supplies in the event of a fuel crisis.

**At this point in time there is no viable alternative to diesel for our food and transport sector.**

FROM 35 ships a year to 165 +

What we could have previously achieved with 35 shipments of sour crude oil we will now be reliant on 165 + shipments per year to keep our industry and economy running, everything from shipping fuel to white spirits for our paints will now be reliant on offshore production and shipping.

Not only does this model expose our economy and food supply to very real threats of extortion and shortages but it does nothing to solve the issue of climate change, in fact due to the disastrous effects of modern shipping on the environment, it is a step backward in New Zealand's clean green image.

Our refinery was numbered in the top 10% of the world for its innovation and efficiency, with new technologies coming on line in the sector of oil refinement we are about to lose our ability to lab and beta test new techniques of recycling such as blue crude and plastic to oil recovery.

New Zealand has the longest supply lines in the world and to scuttle such a vital strategic asset as our only oil refinery is a move that could be CONSTRUED as an act of AGGRESSION or even treasonous against our people.

## **2) Coal**

Discussion:

Why are we exporting our Anthracite high grade coal from New Zealand and importing second grade Indonesian coal to run our power station?

**Any claims that it is more economical to buy cheap Bituminous Indonesian coal is disproven by the fact** the station has to consume so much more of the 2<sup>nd</sup> grade coal. The Indonesian coal causes more wear and tear on the coal fire systems because it is impure and increases

the build up of coal impurities, soot and tar, making power station maintenance costs higher. The coal burns at a much faster rate and at a lower heat so the power station has to consume much more of it. The 2<sup>nd</sup> grade coal pollutants make it more difficult to clean and filter the emissions causing poor air quality and increasing the risk for poor health and cancer for local residents. The Indonesian coal simply isn't up to international standards, it only just make the minimum requirements for electricity production.

**Claims that coal is too toxic to burn and is not efficient** are ignoring the fact that first grade coal does burn very clean and can be filtered to 0% polluted emissions. The alternatives are more polluting.

**Coal fired turbines ensure energy supply for domestic home** demand (especially in winter) and with all these EV's coming on line, a consistent energy/electricity supply from coal (and gas) is required.

**Coal mining does not pollute streams or the air like gold mining does and uses minimal diesel powered machinery and transport to do this locally.** Coal is the cleanest burning most efficient and economical energy producing resource there is and has minimal effect to the environment.

**The embodied energy** required to gain coal from Indonesia is tracked from the diesel powered mining machines use millions of litres of diesel to mine the coal then transport 5 hours by train from the south Sumatra Indonesia coal mine to Padang port. Diesel powered machines are used to load coal on the ship.

Since 2021 New Zealand is importing 876,000 metric tonnes of coal is imported per year. A coal cargo ship has a capacity of 50,000 tonnes of coal per ship. Each ship uses an average of 836,744 litres of diesel per trip from Indonesia to NZ port to port. That totals 17.5 trips for 876,000 metric tonnes of coal per year. This means a TOTAL of 14,643,000 litres of diesel per year is consumed to import coal to NZ. That's an enormous embodied energy footprint and not even including the diesel locomotives that bring the imported coal to from the ports to Huntly.

There is a fully installed 3 km long conveyor belt that goes directly from the West Huntly coal mine straight into the power station, no trucks required. This is literally one of the most

obvious, cost effective, safest, least polluting, environmentally friendly, sustainable fuel in New Zealand today. This would be the easiest way for NZ Govt to ensure energy resilience TODAY. No new investment required.

### 3) LPG/CNG

“Recent natural disasters in New Zealand and around the world have underscored the significance of LPG in times of crisis. Cyclone Gabrielle caused widespread power outages in Te Tairāwhiti and Hawkes Bay, leaving many without electricity for an extended period of time. In response, the LPG sector offered support by donating 9kg LPG bottles, portable gas cookers, and butane canisters to the most remote parts of the region.

“LPG is a versatile, portable, safe, and reliable source of energy for cooking, heating, and lighting. In disaster situations, it can provide a much-needed source of energy when other sources are unavailable or disrupted.”

Why would NZ Govt reduce our ability to manage well in crisis situations, as well as ensuring a good supply of LPG for electricity production and cooking/heating?

(see also our oral submission at the end)

**Geopolitics tells us that any thing can and will happen, hence fuel, including coal, CNG, LPG, electricity are vital for our state security, food security, survival of people and animals, economic survival, emergency services, and defence force, as well as recreation and enjoyment of life.**

### **Solutions and Recommendations from NZ Outdoors & Freedom Party**

- 1) Until there are alternative energy sources the state must ensure there is a consistent supply of appropriate fuels available particularly in an emergency situation.
- 2) Having said that, supporting New Zealanders to reduce fuel use is not unreasonable and those who do not NEED high fuel consumption vehicles should certainly consider/be encouraged into low fuel use vehicles (such as my old Toyota Corolla which does 18km/litre petrol) Encouraging use of vehicles such as E-bikes is more environmental friendly than E-cars, but some hybrids are worthwhile investments in reducing fuel consumption, whilst being user-friendly.

- 3) Use the New Zealand oil fields as a local fuel source.
- 4) Stop closing down oil fields in Taranaki.
- 5) Allow oil exploration but in NZ interests.
- 6) Reinstate Marsden Point refinery paid for by NZ Reserve Bank funding for infrastructure, and take over % ownership of Channel Infrastructure.
- 7) Reinstate reserve holding tanks, paid for and owned by the New Zealand Government.
- 8) Reinstate the use of NZ coal to run Huntly Power Station.
- 9) Increase the mining/production of LPG and CNG, all round fuels which can be used for fuel, heating, cooking as well as electricity. This has been achieved in the past by private enterprise, and worked well until "Big Oil" shut it down. Support from the Govt would make this a viable fuel alternative again.

#### Oral Submission to Select Committee

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Turning the tap off petrol and diesel before confirming all the solutions and alternatives shows at least a lack of duty of care and due diligence and at worst total betrayal and treason to our state. The Government allowed this to happen and must now clean up the mess. The refinery was shut down at least 10 years too soon. Megan Woods talked in an interview about looking 5-10 years into the future. That's not what a govt is for, govts job is to look generations in to the future. And allowing for "any can happen, and probably will in geo-politics".

The NZ Defence Force and our emergency services must have been reeling in shock when they discovered that the govt gave away NZ's fuel resiliency to the highly trustworthy "Big Oil" to take care of. And now Govt is having to scramble to avoid chaos and a fuel desert like back in the 70's. Every single person I have talked to about Marsden Pt refinery, even total greenies, felt that losing our only refinery was one of the dumbest actions the Govt allowed to happen. The Australian Govt had a little wake up call when it realised what was happening and has now supported two of its refineries to stay open.

So here's the thing – NZ had the opportunity to be entirely self-sufficient and truly 'resilient' back in the 1970's when kiwi entrepreneurs started the CNG and LPG fuel movement. CNG was bought for 6c from the well and sold for 30c at the pump. Everyone was converting their cars to CNG or LPG. The govt however sold them out – Big Oil took wasn't happy with the competition and so Govt gave the oil companies had first dibs on CNG/LPG which they then sold on to the local suppliers for 30c/litre. This made it totally non-viable for local business and they had to close down, losing all the work and value they had created. Once they were out of business those multi-national companies, that we are trusting now with nz fuel resiliency, shut down their CNG and LPG pumps and forced us back into petrol/diesel. These are the same multi-nationals that you are charging with our 'fuel resiliency'. All they care about is profit, which is why you are now having to write legislation to make them behave.

The thing with CNG and LPG is that it burns very clean, we could have had that "clean green New Zealand" AND steady self-generated fuel supplies. Big Oil would have been cut out of the profits and that was obviously a problem for them, so their lobbyists make it a problem for Govt.

When we outsource our vital infrastructure to profit driven companies particularly overseas companies, we are going to get what ever they want us to get. This bill is obviously a scramble to regain some sort of control and not lose face, but it appears Govt literally have no ability to create an whole new way of looking at things so are dooming our country to failure. High fuel prices, dirty fuel, poor quality fuel, risky supplies and so on. All the things govt is supposed to be against.

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- 8) Reinstate the use of NZ coal to run Huntly Power Station.
- 9) Look into the Coal to Oil, Coal to Gas options
- 10) Increase the mining/production of LPG and CNG, all round clean burning fuels which can be used for fuel, heating, cooking as well as electricity. Support from the Govt would make this a viable fuel alternative again or even just protecting kiwi entrepreneurs unlike last time this was tried. NZ is a net LPG exporter so we certainly create enough to use for this purpose.

**You can't solve a problem with the same consciousness that created the problem.**

<https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/tui-project/>

<https://www.sciencedirect.com/science/article/abs/pii/S0304389421024286>

<https://www.elgas.com.au/blog/2242-does-lpg-autogas-conversion-damage-your-engine/>

LPG <https://figure.nz/search/?query=LPG>

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