



Auckland Engineering Lifelines Group and Auckland CDEMG

Auckland Fuel Contingency Plan

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Support for the Auckland Fuel Contingency Plan

- High support for this project reflects utility concerns about reliance on fuel, particularly in events with widespread, medium to long term power failures.
- The project aims to help provide confidence that there are regional processes to prioritise fuel supply to critical community and lifeline utility services in an emergency.
- Recognises that individual oil companies have good continuity plans for providing their own customers, but that there are no overall regional coordination processes.

Project Committee:

Ben Stallworthy / Barry Wallace (MCC, Chair)

Ross McLeod (CEG)

Bill Morley (Group Controllers Rep)


Rachel Bartells (WOSL)





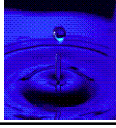
Peter Halliwell (Air NZ)

Roy Robertson (AIAL)

Lisa Roberts (AELG)

Consultants: Hale and Twomey



Background

- CDEM Act 2002: CDEM Groups have access to emergency powers once a declaration has been made in order to “provide for the conservation and supply of fuel”, coupled with ability to requisition supplies. No specific processes in place.
- CDEM Act Director Guidelines: Fuel companies must be able to ensure continuity of agreed levels of service, especially to critical customers; establish planning and operational relationships with regional CDEM Groups; and communicate and plan across their sectors to optimise service during emergencies
- Petroleum Demand Restraint Act 1981: Powers to help deal with domestic events that may lead to petroleum shortages – MED.
- NESO can be activated by MED to manage potential national or domestic shortage – role to establish scale, impact and response processes.
- CDEM regional plans need to support and align with MED, MCDM fuel contingency plans and individual company plans.

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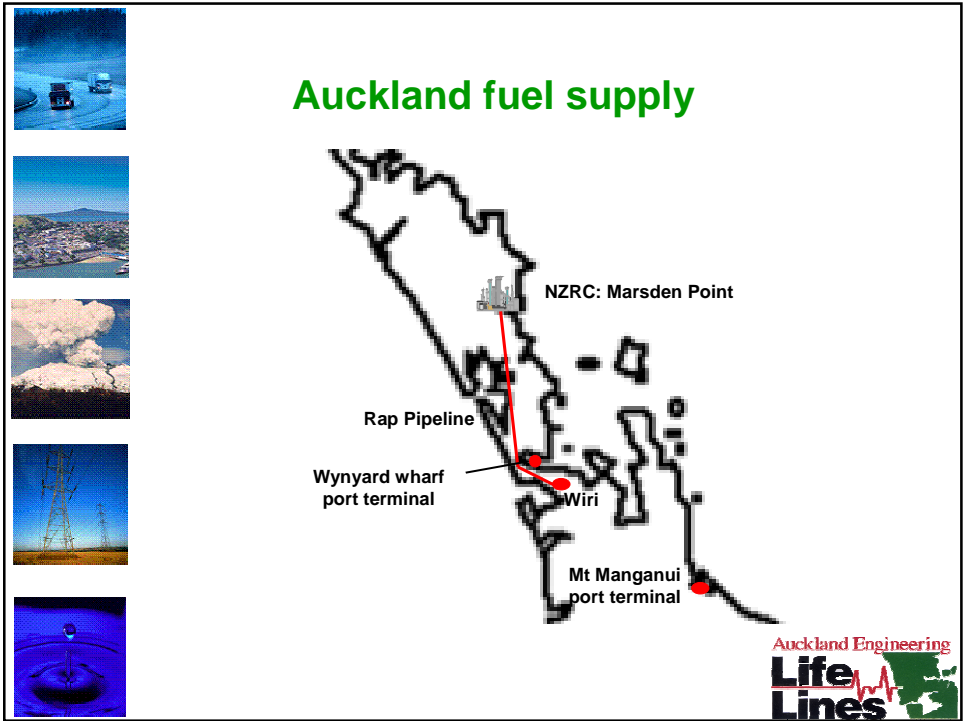




Auckland Fuel Contingency Plan

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- **2. Auckland's Fuel Supply**
 - [National Fuel Industry, Auckland Fuel Supply, Auckland Reliance on Fuel Supply](#)
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- **4. General Arrangements for a Petroleum Crisis**
 - [Role of NESO, Fuel Company Response Arrangements, External Support that Fuel Companies May Require](#)
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Auckland fuel supply – other key facts


- ‘Priority customers’ use is less than 1% of Auckland’s demand, but that % can increase significantly under emergency scenarios
- Regional stocks would can meet up to 6 days demand if supply chain failure, but distribution issues expected with widespread power failure
- Longer term supply disruptions to the refinery, RAP or WOSL would result in fuel demand restrictions – alternative supply channels cannot provide full demand
- Trucked supply from other storage sites outside the region could only meet approx. 35% of Auckland’s petrol and diesel demand and almost none of the jet demand


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Long term disruption scenarios

	L 2. Major unplanned refinery outage (all facilities) for more than a month	L 3. Major unplanned refinery outage (processing) for more than a month	L 4. Partial or three week unplanned refinery outage	L 5. Pipeline (RAP) disruption for three weeks	L 6. Wiri terminal unplanned outage – one month
Location	Event would have national impact although larger issue in Auckland	Event would have national impact	Event would have national impact	Disruption would be focused on Auckland	Disruption would be focused on Auckland
Risk1 probability	Extremely low risk 0.15%	Extremely low risk 0.3%	Low risk 1.5%	Low risk 1.5%	Extremely low risk 0.3%
Impact on supplies	Immediate impact, stocks would need to be rationed to get through 6-7 week period before re-supply established	As for 2 but impact reduced as more stock available – main Auckland supply route stays open.	Impact not immediate but will need some restriction on supplies over a period of a month	Impact initially concentrated in Auckland but may spread if refinery fills with product. Distribution issue.	Immediate impact concentrated in Auckland. May spread if refinery fills with product. Distribution issue.
Oil industry response	Oil industry would secure supplies from offshore but would take time – national rationing required.	Oil industry would secure supplies from offshore but would take time – national rationing required.	Allocation of product in Wiri then look for alternate supply. Jet will be difficult.	Draw down inventories, more diesel through Wynyard. Trucking from MPT2 & MTM	Set up Wynyard for other products. Leave ship there (would need more shipping). Trucking from MPT & MTM






Who are the ‘priority customers’

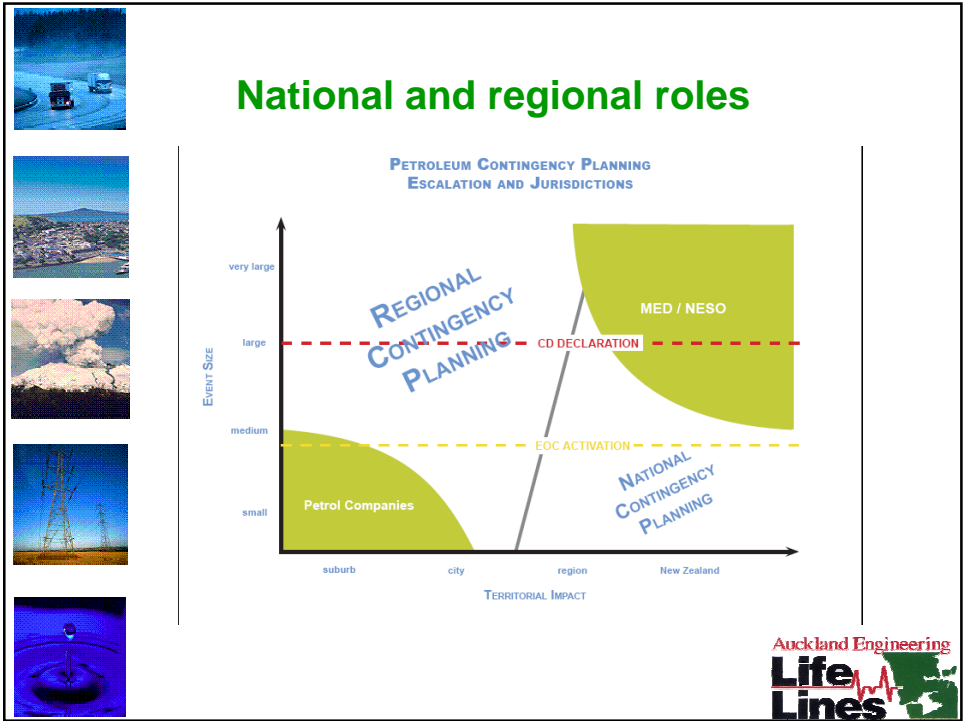
As per CDEM Guideline priorities:

- 1. Public Health and Safety (Hospitals, Ambulance)**
- 2. Emergency Management (Police, Fire Service, Emergency Operations Centres)**
- 3. Lifeline Utilities (Energy, Telecommunications, Water, Transport)**


The rest will be left for ‘on the day’ planning.

4. Vulnerable Sectors (immobile or vulnerable groups of people such as rest homes, prisons)
5. Isolated Communities
6. Key Areas (CBD)
7. Commercial Producers
8. Residential zones







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- ## General roles and responsibilities
- Under discussion*
- The Controller (regional and national depending on the event) would advise petrol companies on priorities for fuel supply in a shortage, and
 - the fuel companies would need to have adequate plans and implementation processes to ensure those priorities could be acted on
 - MED/NESO would decide what demand management (or supply enhancement) mechanisms need to be implemented in a major event, and
 - The fuel companies would need to have plans and implementation processes to ensure those measures could be acted on
 - Need some pre-agreed specific processes for implementing urgent demand restraints – part of CDEM planning
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MED Discussion Document

	Roles and responsibilities	Emergency response measures	Information from industry	Communications with public and stakeholders
Initial Decision	MED consults with industry and departments to assess need for government response. Advice to Minister of Energy who makes a decision, in consultation with Ministerial colleagues, on whether or not to implement government response.		Industry provides information to MED on size of disruption/supply situation and possibility of industry response/need for government intervention.	
First Steps	MED sets up Senior Officials Coordination Team which then sets up other teams as appropriate. Senior Officials Coordination Team takes the lead in developing and coordinating a plan of action. The Minister of Energy, in consultation with Ministerial colleagues, makes decisions on the basis of this advice.	Analyse full range of response options. Begin implementation of measures. If there is a risk of hoarding, introduce a fixed sales requirement immediately.	Information collection from industry to determine appropriate response.	Communications plan developed to support emergency response. Timely and accurate information conveyed to public.

MED Discussion Document

Next Steps	Senior Officials Coordination Team reviews on an ongoing basis the appropriateness of any measure(s) that are implemented as part of the emergency response, and advises the Minister of Energy on this basis.	Measures adjusted in light of information collection and the changing situation.	Ongoing information collection from industry to assess appropriateness of response and ongoing need for response.	Communications plan reviewed for appropriateness on an ongoing basis. Timely and accurate information conveyed to public throughout the emergency response.
Deactivation	Senior Officials Coordination Team assesses when the emergency response strategy is no longer necessary. The Minister of Energy makes the decision on the basis of this advice.	Measures deactivated.		Minister of Energy to communicate the deactivation of the emergency response measures.





Some key questions remain only partially resolved



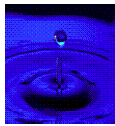
- In a disruption, how will fuel companies manage restricted stocks and ensure priority customers can be identified and access fuel supply, such as those that rely on distributed supply across the region at public stations.



- To what extent will the Group Controller (or other government agency or person) need to direct specific mechanisms for directing supply to priority customers, and to what extent can this be 'left to the fuel industry' to act on priorities identified by the Group Controller (or other agency).



- Whose role is it to give effect to public rationing measures in a regional fuel supply disruption?



- Can the fuel industry work together in an emergency to ensure priority customers are supplied regardless of supplier?



Some key questions remain only partially resolved



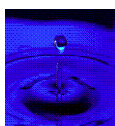
- Has the fuel industry got a realistic understanding of the support that CDEM can provide and what they need to plan for?



- Are the strategic issues surrounding Auckland's fuel supply being managed, other than from a commercial perspective, and by whom, eg:



- Implications of loss of Whynyard wharf
- Capacity of the WOSL pipeline and timing of future augmentation
- Lack of back-up generation on site at fuel stations
- Level of regional storage



- Whose plan is it?

