

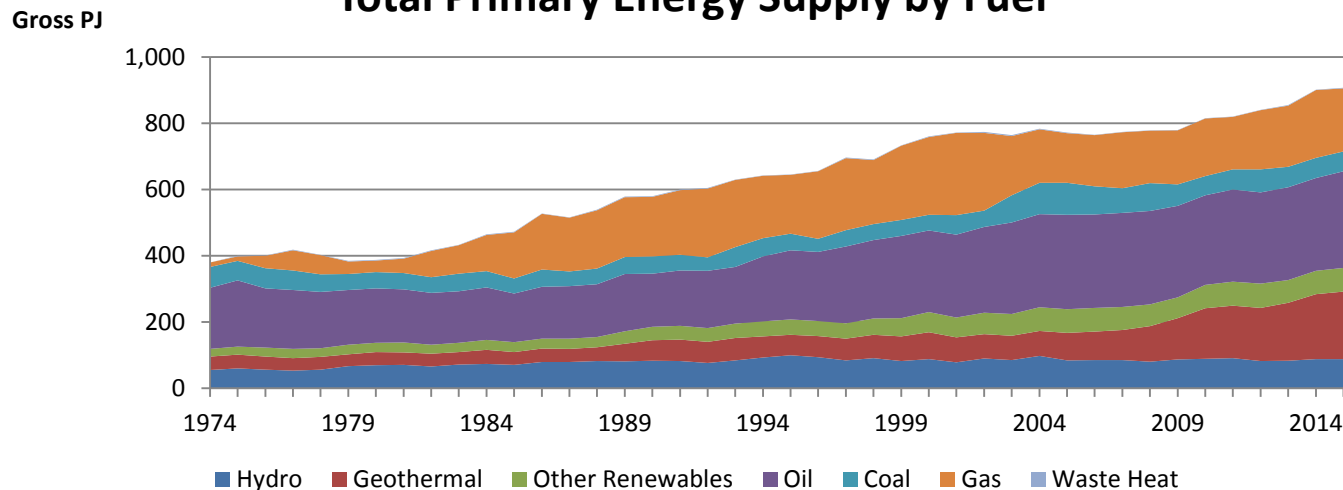
New Zealand's Update

OIL AND GAS SECURITY

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Oil and Gas Supply and Demand Situation

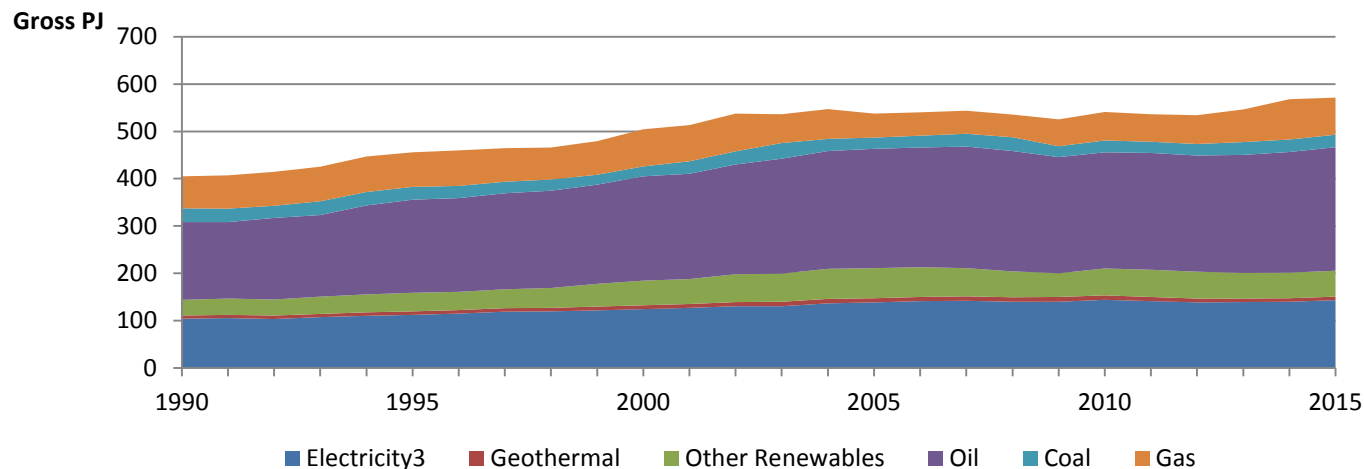
Total Primary Energy Supply by Fuel



In 2015:

- Oil self-sufficiency was 30%
- Gas self-sufficiency was 99%

Consumer Energy Demand by Fuel

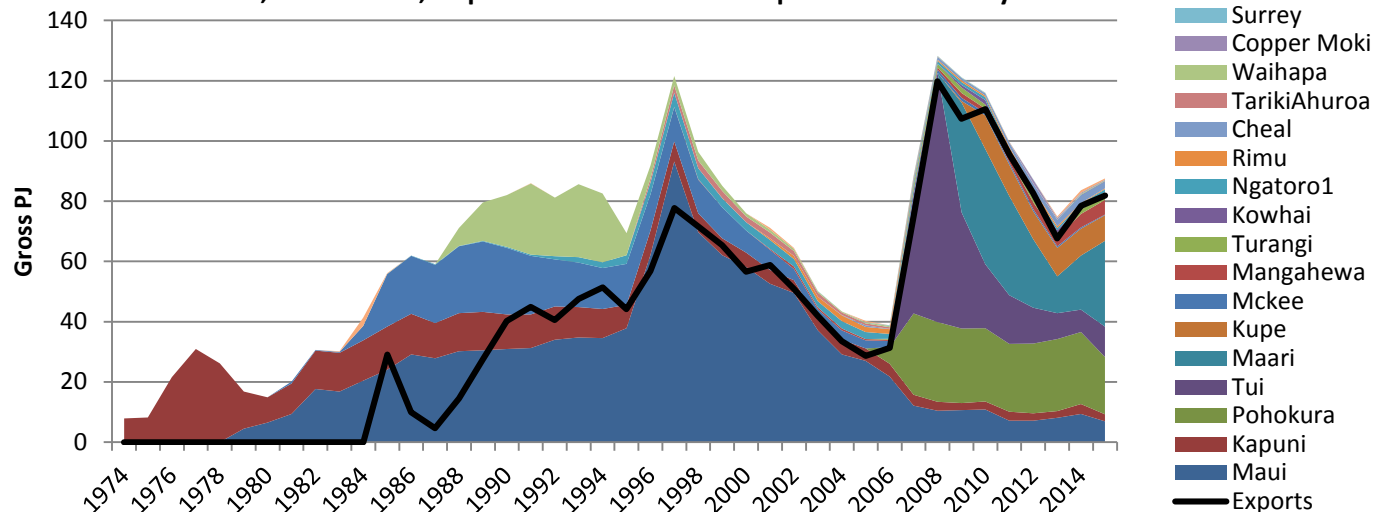


Oil and Gas Supply and Demand Situation

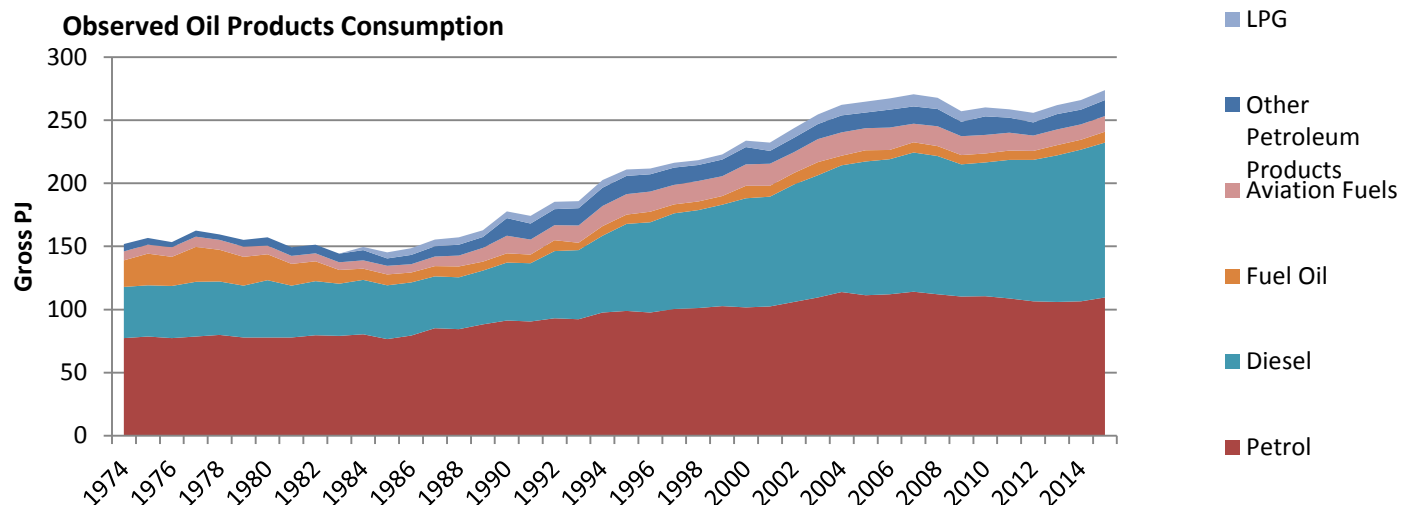
In 2015:

- most crude oil was exported to Australia
- 44% of imported crude oil came from the Middle East
- 36% of imported crude came from Asia and 16% from Russia

Annual Crude Oil, Condensate, Naphtha and Natural Gas Liquids Production by Field

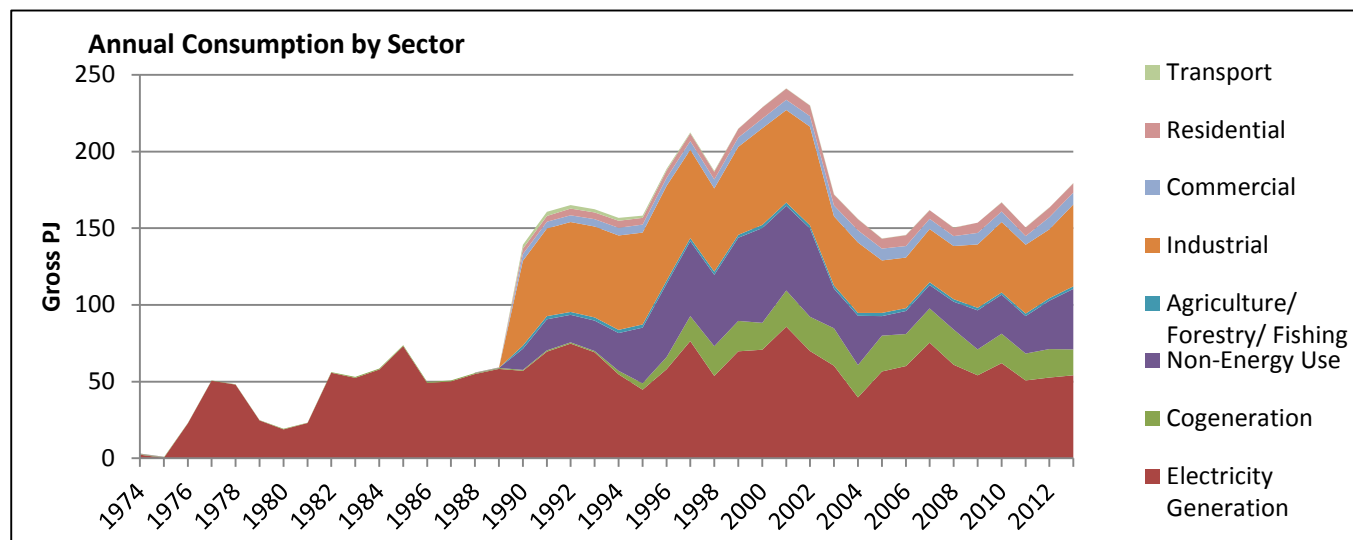
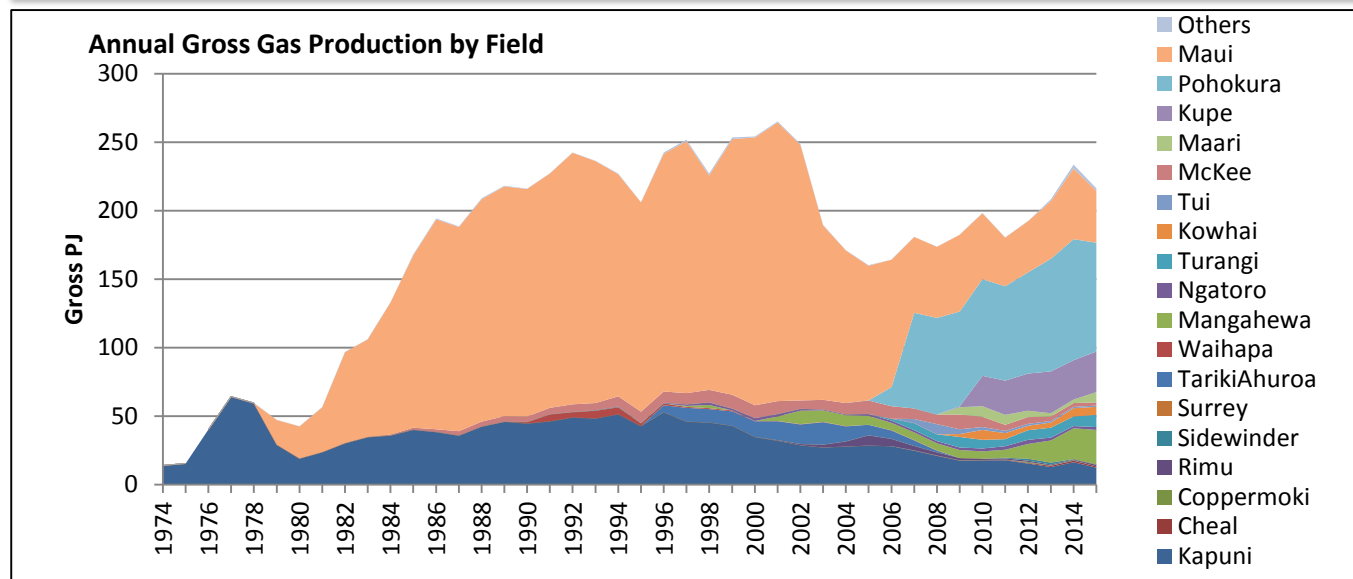


Observed Oil Products Consumption



- NZ's sole refinery met 65% of domestic demand
- Almost 90% of imports of oil product came from Singapore and South Korea.

Oil and Gas Supply and Demand Situation



- Gas production historically dominated by one field – Maui
- No import or export of natural gas

In 2015:

- 33% of gas was used for electricity generation
- 32% of gas was used in industry
- 26% of gas was used as feedstock in petrochemicals sector (mostly methanol).

Oil and Gas Security Policy

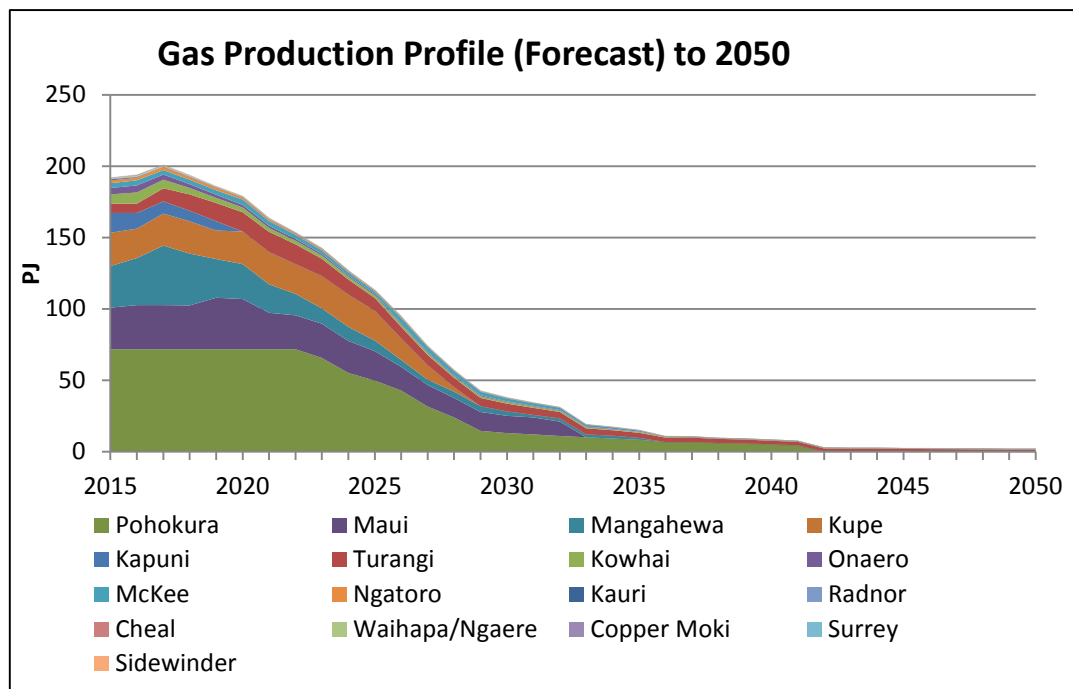
Oil Supply Security Policy

- Reliance on competitive global and domestic markets for supply
- Industry leads response to supply disruptions
- Oil Emergency Response Strategy
 - framework for Government's response to a *severe* national fuel shortage
 - Petroleum Demand Restraint Act 1981
 - International Energy Agreement Act 1976
- Review of Oil Emergency Response Strategy and national civil defence emergency management response to ensure alignment
- Stockholding equivalent to at least 90 days of net import demand
 - In 2015, the average monthly stock holding level was 97 days
 - Main stockholders include the major fuel companies and the oil refinery
 - Government purchases additional stock to meet the 90 day requirement
 - All emergency stock currently held off-shore through tickets (in IEA member states)
 - Use of a cost-benefit framework, factoring in probabilities of potential supply disruptions, to determine the appropriate level of oil stockpiling

Oil and Gas Security Policy

Gas Supply Security Policy

- Reliance on competitive domestic market
- Competitive royalty and tax regime to promote exploration and production
- No stockpiling (but one gas storage facility used by electricity sector to manage hydro and wind power variability)
- Critical contingency management regulations ensure demand is rationed in the event of an unexpected loss of production or transmission capacity



Oil and Gas Security Policy Gaps

- As a net oil importer, with long supply routes, NZ supports development of regional oil storage and trading hubs
- While New Zealand is currently self-sufficient in natural gas, a deep and liquid regional gas market would promote long-term supply security

Thank you very much...

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