



SUBMISSION

To: Ministry of Business, Innovation and Employment (MBIE)

Submission: Review of the Engine Fuel Specifications Regulations 2011

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Sent to: gasfuelpolicy@mbie.govt.nz

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Ia Ara Aotearoa Transporting New Zealand submission to Ministry of Business, Innovation and Employment (MBIE) on its review of the Engine Fuel Specifications Regulations 2011

Introduction

- 1 Ia Ara Aotearoa Transporting New Zealand (Transporting New Zealand) welcomes the opportunity to make a submission on MBIE's review of the Engine Fuel Specifications Regulations 2011 (the Review).
- 2 As a national road freight association, Transporting New Zealand's member's businesses and its services to customers are heavily reliant on diesel powered trucks.
- 3 Figure 1 shows that demand for diesel over the last 35 years has been generally increasing.

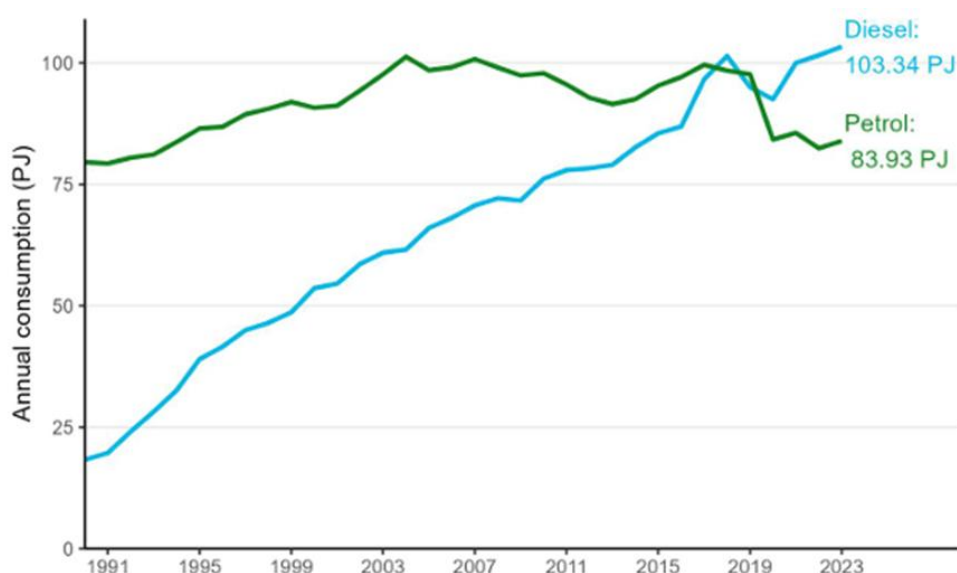


Figure 1: Annual consumption (PJ) 1991 to 2023 [Energy in New Zealand 2024](#)

- 4 New Zealand does not manufacture or produce diesel engines or trucks. We are completely reliant on multi-national manufacturers established predominantly in Europe, North America, Japan, and more latterly China for the supply of trucks and engines.
- 5 A significant part of how New Zealand manages fuel quality and exhaust emissions is its reliance on international standards from Europe and equivalent vehicle standards from Japan and America.
- 6 Figure 2 shows that cumulative monthly totals of new vehicle registrations of all fuel types. There is a declining trend over the last three years however, it is still a considerable number (circa 120,000 in 2024). New vehicle registrations typically include about 7000 heavy vehicles each year.

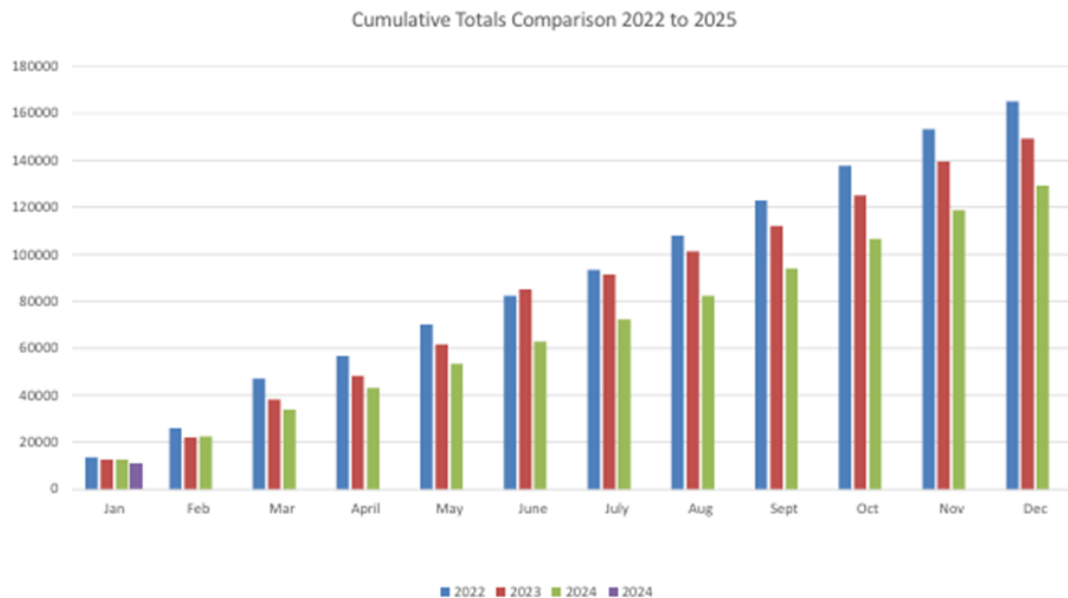


Figure 2: Monthly new vehicle registrations 2022 to Jan 2025
Motor Industry Association February 2025

Background to the change

- 7 The Engine Fuel Specifications Regulations 2011 (the Regulations) set the parameters for the quality of marine fuel oils, petrol, diesel, ethanol, biodiesel, and blends of these fuels, that are sold or supplied to the public in New Zealand.
- 8 The Regulations need to be reviewed periodically to ensure they keep up with innovations in the fuel and vehicle technology sectors. The last time that the Regulations were reviewed was in 2016/17. Engine technology and fuel requirements change over time, as demonstrated by the changes to sulphur content and the Euro standards, therefore Transporting New Zealand support this Review.
- 9 Europe has common standards for fuel and engine specifications. The most current is Euro 6, which was introduced in 2015. Euro 7 is expected to be introduced in the EU next year. New Zealand also recognises equivalent vehicle standards from Japan and America.
- 10 From July 2027, new vehicles that are imported into New Zealand must meet a Euro 6d vehicle standard. Used vehicles have until July 2028 to meet the standard. Heavy vehicles must also meet a separate Euro 6c standard from November 2025. Suitable fuel is required for the engine technology in these vehicles to meet the vehicle standards.
- 11 Transporting New Zealand understands that the broad intent of the proposals in this review is to align New Zealand's fuel specifications with Euro 6 vehicle standards, so that suitable fuel for these vehicles is available from the time that they are required to be imported (July 2027/28).
- 12 Transporting New Zealand is broadly supportive of the changes because:
 - i. unsuitable fuel can lead to engine damage consequently increasing costs to our members

- ii. if the vehicle's fuel filtration system becomes blocked the vehicle may become unreliable disrupting our member's customer service levels
- iii. MBIE does not anticipate the changes to have any fuel price impacts
- iv. the changes will potentially increase access to renewable diesel which has decarbonisation benefits

13 Given Transporting New Zealand's members are predominantly reliant on diesel powered vehicles, we have focussed our comments on MBIE's questions that relate to diesel fuel.

Comments on MBIE questions

14 Transporting New Zealand largely supports the change proposals, but would like to see the regulations promote greater access to renewable diesel products.

15 Question 13: We agree that the maximum allowable diesel density be reduced to 845 kg/m³.

16 Question 14: We support reducing the maximum allowable density change for diesel FAME blends to 845kg/m³.

17 Question 15: We agree with lowering the maximum polycyclic aromatic hydrocarbons (PAH) percentage from 11 per cent to 8 per cent.

18 Question 16: We agree with reducing the filter blocking tendency limit from 2.5 to 2.0.

19 Question 17: We agree that EN15940 should be used as the basis for a New Zealand specification covering renewable diesel (or HVO / hydrotreated vegetable oil) and other paraffinic diesels.

20 Question 18: We agree that the Regulations do not need to prescribe the blending limit on diesel / renewable diesel blends.

21 Question 19: We agree that the Regulations do not need to prescribe labelling requirements for diesel / renewable diesel blends.

22 Question 20: We agree that, for retail sale of HVO, the diesel/HVO blends should be required to meet the proposed density specification for diesel (820-845 kg/m³).

23 Question 21: We recommend that the proposal to make renewable diesel available to the non-retail sector in neat form should be extended to other users that have engines capable of running fuel with a very high renewable diesel content. Our understanding is that some on-road heavy commercial diesel engines are able to operate on 100% HVO/B100 which significantly reduces CO₂ emissions. Operators of those vehicles should conditionally be given the same opportunity to access that fuel, for example, a condition could be that those vehicles meet a minimum CO₂ emissions reduction of 90%.

24 Question 22: Noting our response to Question 21, particularly in regard to heavy vehicle operators not having their access limited to renewable diesel based on the sales market, we agree that diesel/renewable blends be exempt from the diesel density specifications. MBIE's proposal to use EN15940 should ensure the fuel is fit for purpose and we believe that the potential benefits to decarbonisation by enabling greater access to renewable diesel far outweigh the risk of a relaxation in the maximum density requirements.

25 Question 23: If MBIE clarify the regulations for renewable diesel, would you expect to see more renewable diesel on the market.

There are a wide range of factors and externalities that will influence the future availability of renewable diesel in the domestic market. Therefore Transporting New Zealand is unable to predict the impact on that market of MBIE clarifying the regulations for renewable diesel. These factors include, but are not limited to:

- i. the availability of engines that can operate on renewable diesel
- ii. the cost of engine technology that can operate on renewable diesel
- iii. the supply chain underpinning access to renewable diesel
- iv. the price of renewable diesel
- v. assuming there will be a price premium for renewable diesel, the willingness of the market to pay for the benefits it brings.

About Ia Ara Aotearoa Transporting New Zealand

Ia Ara Aotearoa Transporting New Zealand is a national membership association representing the road freight transport industry. Our members operate urban, rural and inter-regional commercial freight transport services throughout the country.

As the peak body and authoritative voice of the road freight sector, Transporting New Zealand's purpose is creating the environment where trucking operators can drive successful, safe, sustainable businesses. Our focus areas for the period 2025 to 2027:

- Advocacy and policy
- Improving infrastructure to improve productivity
- Making our industry and our members businesses stronger and more resilient
- Sustainability
- Transporting New Zealand business performance

New Zealand's road freight transport industry employs 33,000 people (1.2% of the total workforce), and has a gross annual turnover in the order of \$6 billion. This is part of a wider transport sector that employs 108,000 people and contributes 4.8 percent of New Zealand's GDP. Road freight transport accounts for 93% of the total tonnage of freight moved in New Zealand (MoT National Freight Demands Study 2018).

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