

**The Sustainable Energy Forum**

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Submission on

**Discussion Paper: Options for Government Response to an Oil Supply Disruption**

by the Transport Working Group of the Sustainable Energy Forum

The SEF Transport Working Group:

- Acknowledges the Sustainable Energy Forum (SEF)<sup>1</sup> for facilitating the discussion underlying this submission.
- Acknowledges that the opinions expressed are those of the named author endorsed by the SEF Transport Working Group and do not necessarily reflect the opinions of other members of SEF.

**General comments**

The SEF Transport Working Group commends the Government in continuing to plan for oil supply disruptions. Both the geopolitical situation and the underlying depletion of oil supplies suggest that such disruptions will become increasingly likely in future. However, we believe that many of the measures proposed to respond to a short-term supply disruption are equally applicable to a situation in which the use of fossil oil is becoming

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<sup>1</sup> The objective of the Sustainable Energy Forum Inc. is to promote the transition toward sustainable energy in New Zealand. In this context, 'sustainable energy' means the sourcing, transformation, use and management of energy in a manner which improves social well-being, while conserving physical resources, maintaining the integrity of ecosystems, and avoiding the transfer of costs onto future generations.

increasingly constrained both by concerns over supply and price levels, and by the need to make sharp reductions in greenhouse gas emissions from transport. Therefore, we feel a sense of frustration that so many of the measures proposed in Section 6 of this document, which could be playing a part now, or in the near future, in reducing the use of fossil oil, are consigned to the status of measures to be introduced only in an emergency situation. We identify and comment on these measures below.

We are also disappointed that the document proposes, in general, to leave detailed investigation of the implementation of these options until a disruption is imminent or has occurred. To be deployed effectively, these interventions need to be thoroughly researched and prepared for well in advance of their implementation. To delay this work until a crisis is upon us makes it more likely that the steps taken will be inappropriate, ineffective, or will cut across other long-term goals, such as reducing transport emissions. Again, we identify such issues in our detailed comments below.

In this area, as with every other area of energy policy, there is an urgent need for a more extensive and more sophisticated research effort which examines a range of possible developments in the oil supply field, encompassing short-term events, long-term trends, and the relationship between them, and models likely scenarios and appropriate responses within the overall context of carbon constraint. Proposed policies need to have outcomes which can be measured and tested against robust modelling.

### **Specific comments**

Our comments are tied to specific sections of the document, and, where applicable, to the “Areas for feedback” defined in the document.

### **1.8 Participation in IEA exercises**

Although participation in IEA oil emergency response exercises is valuable, New Zealand needs to model the range of scenarios which may result in oil supply disruptions to New Zealand, what form these may take, and over what timescale they are likely to unfold.

### **5.7-5.9 Measures to improve supply**

Measures such as “surge production” and relaxing fuel specifications need to be investigated now, not at the time of an oil supply disruption. To wait until a crisis is upon us increases the risk of bad decision-making which will lead to bad environmental, economic, and social consequences. In particular, poorly-planned short-term measures are more likely to cause local environmental impacts and run the risk of cutting across climate change mitigation programmes.

## **5.20 Fuel switching**

Again, options for fuel switching should be investigated now (and viewed in the wider context of mitigating climate change and increasing energy security), not left until the time of an oil supply disruption.

## **6.1 Voluntary Demand Restraint Options**

**Carpooling:** As noted, the effectiveness of this measure is likely to increase gradually. Therefore, incentives for carpooling and ridesharing should be under investigation now, and should be implemented, where found to be effective, as part of a wider programme of reducing emissions and fossil fuel dependence in land transport. If this was done, the infrastructure would be in place to implement a “crash programme” if needed during an oil supply disruption. Existing private providers should be consulted for their views on the capacity to promote and increase carpooling and ride-sharing.

**Telecommuting:** Again, there is no reason to wait until a crisis before encouraging telecommuting. In this area, it is crucial to analyse the social and institutional barriers which currently help to account for the low uptake of teleworking (telecommuting) in New Zealand, and to lower or remove these so that teleworking becomes an accepted feature of the New Zealand employment landscape. Flexible working hours are another measure which could reduce congestion and hence unnecessary fuel use.

The same arguments apply to the other voluntary demand restraint options considered in this section. In each case, these are measures which should be investigated now, rather than at the time of a crisis, and which should, where shown to be effective, be implemented as soon as possible.

## **7 Fixed sales requirement**

Setting a fixed sales requirement at 25 litres, especially at the high price levels which would prevail during an oil supply disruption, is likely to create severe hardship for some private transport users, unless alternatives to private transport are available to them. Some means of dealing with this equity issue needs to be considered. I have also been advised that 25 litres may exceed the capacity of some fuel tanks. Also, the growth in petrol theft during 2005 and 2006 shows that preventing theft, and ensuring the security of service station staff, would be a major concern, especially with a measure introduced at such short notice.

## **8 Speed limit reduction**

This is another measure which needs detailed investigation now, with a view to the possible introduction of speed limit reductions to reduce fuel use and transport emissions. Such a move would have safety as well as environmental benefits, although we agree that this would have to be considered in tandem with the costs of enforcement. The revenue

gained by this exercise could be recycled into the provision of public transport and other transport alternatives.

## **9 Rationing**

This discussion of rationing should be linked with the wider concept of rationing individuals' capacity to produce greenhouse gas emissions, including from transport, as discussed, for example, at [http://www.sustainabilitynz.org/news\\_item.asp?SID=167](http://www.sustainabilitynz.org/news_item.asp?SID=167). Such an approach would favour the introduction of tradeable rations or permits. Any such trading scheme will take considerable time to implement properly, so, once again, investigation and preparation should start now.

## **11 Review and deactivation of response measures**

Just as we have argued above that these response measures should be considered in the broader context of the need to constrain fossil fuel use and greenhouse gas emissions, so their deactivation should be viewed in this context. All such measures – even those only introduced at the time of an oil supply disruption – should be analysed to see what contribution they have made to reducing fossil fuel use and greenhouse gas emissions, and those that have been effective should be considered for retention, possibly in modified form, as part of a wider suite of demand reduction measures.

*Submitted by Tim Jones on behalf of the SEF Transport Working Group.*