REPORT

COMMERCE COMMISSION NEW ZEALAND
Te Komihana Tauhokohoko

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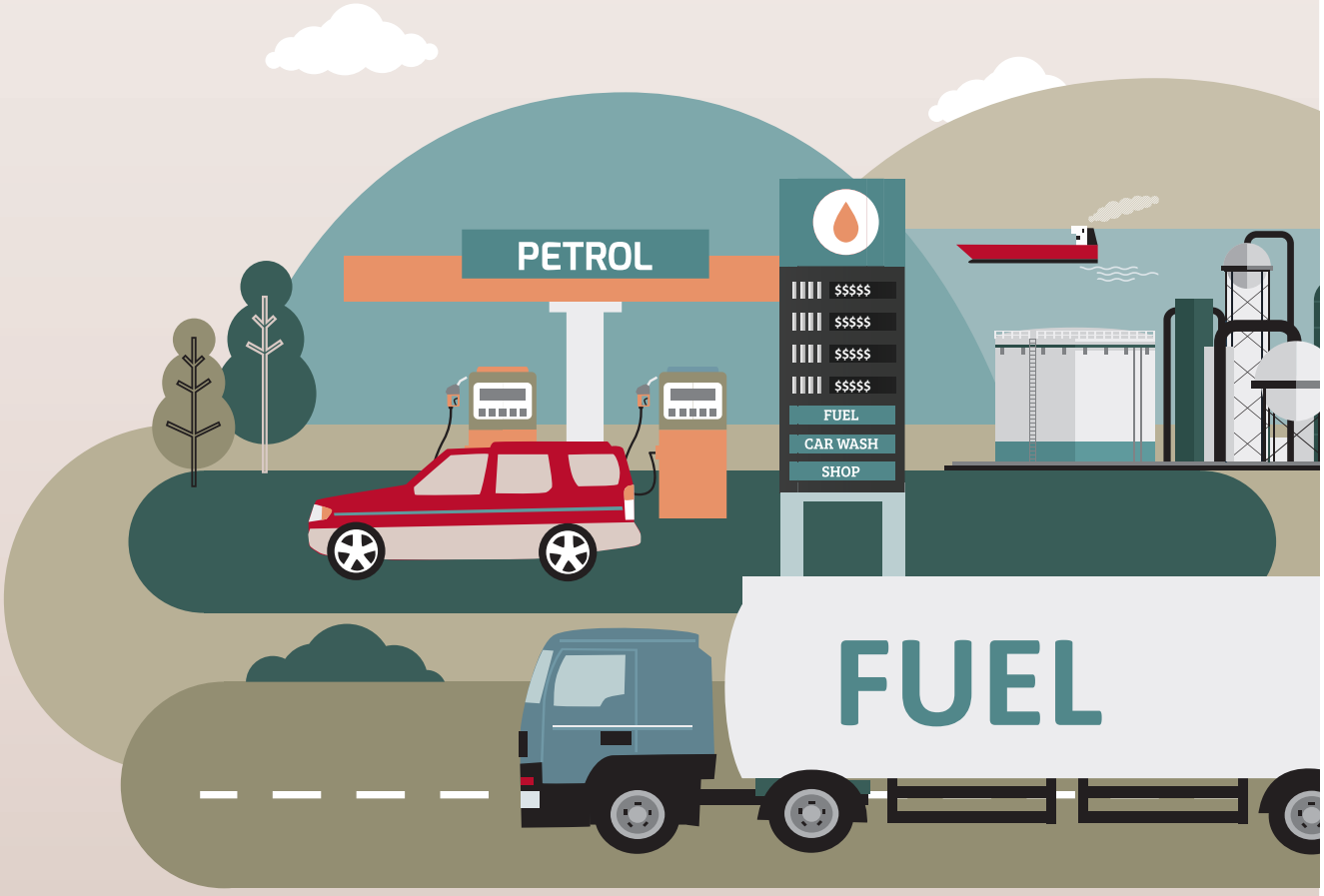
Quarterly Fuel Monitoring Report

For the quarter ended 30 September 2022



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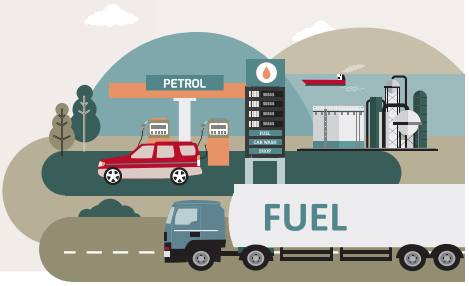


Preface

This is our second quarterly monitoring report on the performance of engine fuel markets in New Zealand under the Fuel Industry Act 2020 (the Act).[1]

The report provides a snapshot of the competitive performance of engine fuel markets in New Zealand. This is based on our analysis of information disclosed to us by industry participants as required by the Act, for the three months from July to September 2022.[2]

It is the second in an ongoing series of quarterly reports shining a light on the performance of New Zealand's fuel market. We expect to build a more robust picture of performance as more data becomes available over time.

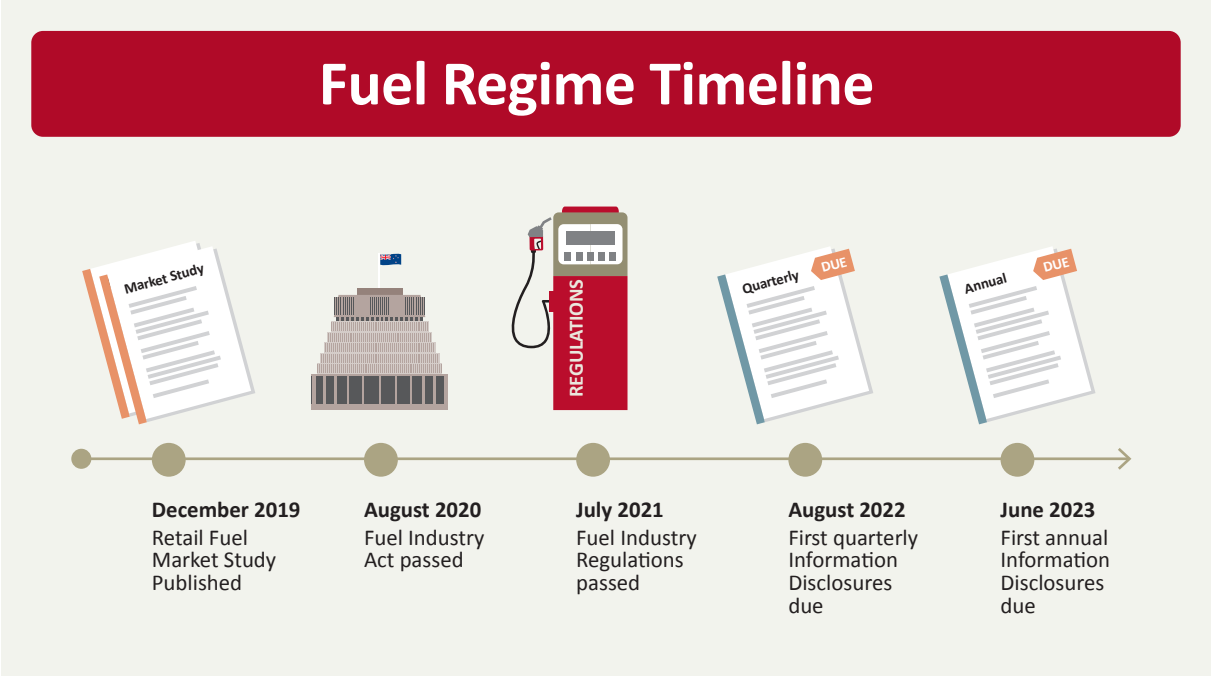
Fuel is an essential purchase for many New Zealanders and money spent on petrol and diesel represents a significant proportion of household and company bills – spending on petrol and diesel accounts for 4.6% of the average annual New Zealand household's expenditure.[3]

This monitoring regime arose from the first competition study undertaken under Part 3A of the Commerce Act 1986. In late 2018, the Hon Kris Faafoi, Minister of Commerce and Consumer Affairs, directed the Commerce Commission (Commission) to undertake a study into the factors affecting competition within retail fuel markets.[4] We published the resulting Retail Fuel Market Study (market study) report a year later. In the report, we identified shortcomings in the competitiveness of fuel markets in New Zealand, namely the absence of an active wholesale market and poor consumer information at the pump.[5]

1 Fuel Industry Act 2020: https://www.legislation.govt.nz/act/public/2020/0060/latest/LMS321426.html; see also Appendix 2: Explanatory notes - Explanatory Note 2: ID Data, pages 47-48 of this report;
2 See sections 25 and 27 of the Fuel Industry Act 2020 and Part 3A of the Fuel Industry Regulations 2021: https://www.legislation.govt.nz/act/public/2020/0060/latest/LMS321426.html; see subpart 4 of the Fuel Industry Act 2020: https://www.legislation.govt.nz/act/public/2020/0060/latest/LMS321426.html
3 Statistics NZ, 'Petrol and interest payments drive up cost of living', 29 April 2022, https://www.stats.govt.nz/news/petrol-and-interest-payments-drive-up-cost-of-living/
4 'Terms of Reference for Competition Study into Retail Fuel Markets', 5 December 2018, https://gazette.govt.nz/notice/id/2018-go6158.
5 Commerce Commission, 'Retail fuel market study – Final report", 5 December 2019, at https://comcom.govt.nz/about-us/our-role/competition-studies/fuel-market-study

In response, the Government established a regulatory regime aimed at promoting competition in engine fuel markets for the long-term benefit of consumers.[6] The Act and Regulations have come into effect in stages. The requirement to publish terminal gate prices (TGPs) took effect from 11 August 2021.[7] Requirements relating to fixed wholesale contracts also came into effect on 11 August 2021 (for new contracts) and 11 August 2022 (for all contracts, ie, including those entered into prior to 11 August 2021).[8] The first quarterly information disclosure (ID) was provided on 1 August 2022 (for the three months to 30 June 2022). Certain information that must be disclosed on an annual basis only is not required until June 2023.[9]

Figure 1 - Fuel Regime Timeline



Source: Commerce Commission

The Minister of Energy and Resources, Hon Dr Megan Woods, recently announced that a backstop regime is being developed to incentivise wholesale suppliers to ensure that competitive TGPs are offered.[10] The backstop regime will enable the Commission, under certain circumstances, to set specific TGPs. This measure was recommended by the Commission in 2019 as part of its market study.[11]

The new regime is focused on promoting greater competition in wholesale and retail fuel markets. A more active wholesale fuel market should promote price competition, and enhanced consumer information should incentivise retailers to compete more vigorously. Other forces operating beyond the reach of this regime — such as the international price of crude oil and refined products, foreign exchange rates, and taxes — will continue to strongly influence retail prices. However, promoting healthy domestic market competition will help to keep downward pressure on fuel prices and deliver better value to New Zealanders.

6 Fuel Industry Act 2020, s 3, https://www.legislation.govt.nz/act/public/2020/0060/latest/LMS321426.html
7 Fuel Industry Act 2020, s 2(3)(a) (date of Royal assent was 11 August 2020).
8 Fuel Industry Act 2020, Schedule 1, Part 1, clause 2(1) and clause (2)(b).
9 Fuel Industry Regulations 2021, Part 3A. See Appendix 2: Explanatory notes- Explanatory Note 2: ID Data, at pages 47-48 of this report.
10 The Bill is currently going through Select Committee: New Zealand Parliament, 'Fuel Industry Amendment Bill', https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/BILL_129824/fuel-industry-amendment-bill; Cabinet paper: 'Fuel Industry Amendment Bill: Approval for Introduction', https://www.mbie.govt.nz/dmsdocument/25869-fuel-industry-amendment-bill-approval-for-introduction-proactiverelease-pdf; Hon Dr Megan Woods, 'Fuel markets to become more resilient, sustainable and competitive', 9 November 2022: https://www.beehive.govt.nz/release/fuel-markets-become-more-resilient-sustainable-and-competitive
11 Commerce Commission, 'Market study into retail fuel', https://comcom.govt.nz/about-us/our-role/competition-studies/fuel-market-study

Promoting healthy competition within the domestic fuel sector keeps downward pressure on fuel prices and delivers better value for New Zealanders.

In March 2022, the Government reduced the fuel excise tax by 25 cents a litre as part of a Budget 2022 cost-of-living relief package.[12] In December, the Government announced that the temporary transport price relief measures would be ending in March 2023.[13] This initiative had been extended several times in 2022. On 1 February 2023, the Prime Minister announced the fuel excise tax reduction of 25 cents per litre would be extended until 30 June 2023.[14]

12 Rt Hon Jacinda Ardern, Hon Grant Robertson, Hon Dr Megan Woods, 'Government cuts 25c a litre off fuel excise in cost of living relief package' (press release, 14 March 2022) https://www.beehive.govt.nz/release/government-cuts-25c-litre-fuel-excise-cost-living-relief-package

13 Waka Kotahi/NZTA, 'Half price public transport fares', https://www.nzta.govt.nz/about-us/transport-temporary-relief-package/half-price-public-transport-fares/; adjustments to the fuel tax arrangements have also been used in Australia to address cost of living pressures associated with rising fuel prices. The 2022-23 Budget halved excise rates for the six-month period from 30 March to 28 September 2022. Full excise tax was reintroduced from 29 September 2022: Parliament of Australia, Fuel taxation in Australia, https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Budget_Office/Publications/Budget_explainers/Fuel_taxation_in_Australia

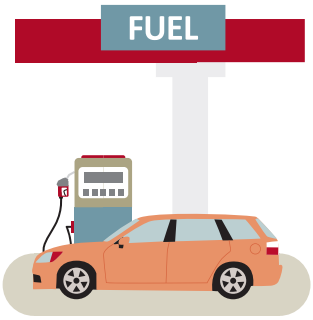
14 Rt Hon Chris Hipkins, Hon Grant Robertson, Hon Michael Wood, 'Cost of living support extended for families and businesses' (press release, 1 February 2023) https://www.beehive.govt.nz/release/cost-living-support-extended-families-and-businesses

Key features of the Fuel Industry Act 2020

We set out key features of the Act below in Figure 2.

Figure 2 - Fuel Industry Act 2020

New rules promote competition in the New Zealand fuel market



Petrol stations are now required to clearly display the standard prices of all engine fuels that they sell to help motorists shop around for the best deal before they pull onto the forecourt.

Transparency in pricing is intended to allow consumers to make informed purchasing decisions. The new rules will also level the playing field for retailers and improve competition for customers looking for a better deal at the pump.

Stimulating wholesale competition in fuel markets

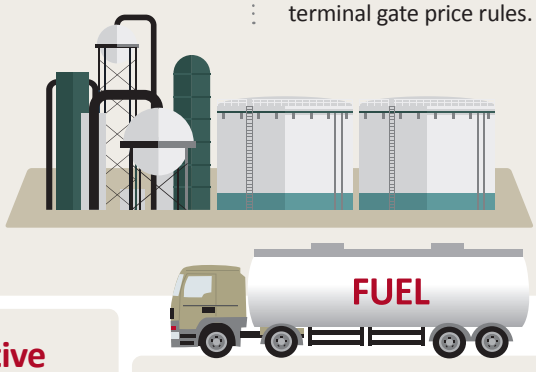
The Fuel Industry Act introduced new requirements designed to make it easier for retailers to access fuel at competitive wholesale prices. These requirements started coming into force from August 2021, and it came fully into force in August 2022. These are:

Terminal gate pricing
Wholesale fuel suppliers must publish a spot price for fuel and are generally required to sell it to any wholesale customers that want it at that price, even if they're competitors.

Wholesale contract rules
These limit the use of restrictive terms in wholesale contracts, freeing up wholesale customers to shop around for a better deal.

Dispute resolution
The Act provides a process for wholesale fuel suppliers and their customers to resolve disputes about wholesale contracts and terminal gate price rules.

The Commission can seek court-ordered **penalties of up to $5 millon** if fuel companies do not comply with these new rules



Monitoring the competitive performance of fuel markets

Fuel companies will also need to disclose key information to the Commission to help us monitor and report on the competitive performance of fuel markets now that these changes are in place.

Why are we regulating fuel?

The Government introduced the Fuel Industry Act following the Commission's 2019 fuel market study, which found a number of shortcomings in the competitiveness of fuel markets in New Zealand – particularly in the wholesale market.

The Commission also enforces other legislation that affects the fuel sector:

The Commerce Act – this prohibits anti-competitive conduct and acquisitions that substantially lessen competition

The Fair Trading Act – this prohibits false and misleading conduct and other unfair business practices.

More information about the Fuel Industry Act and the Commerce Commission's role can be found at **www.comcom.govt.nz/fuel**

Source: Commerce Commission.

The Commission's role

The Commission:

- monitors and reports on the competitive performance of the fuel markets;[15] and
- can enforce requirements of the Act, if necessary.[16]

Monitor information disclosed by industry

The Commission may analyse and summarise any information disclosed to it to monitor and assess the competitive performance of the fuel markets.[17]

Fuel industry participants have certain ID and record-keeping obligations under the Act and Regulations.[18] They are required to disclose information on an annual or quarterly basis. Industry participants also need to fulfil certain legislative requirements related to TGPs,[19] wholesale contractual terms,[20] and consumer information.[21]

Information disclosure (ID) requirements apply to regular grade petrol (Regular 91), diesel (Diesel) and premium grade petrol with a research octane number of 95 and 98 (Premium 95 and 98).[22]

We may publish any resulting analysis or summary to show if, and how, the fuel markets evolve over time with respect to promoting competition for the long-term benefit of consumers.[23] We will highlight any relevant competition matters and related market outcomes.

We expect our analysis to evolve as we build a larger dataset over time. This dataset will help the Commission to gain a deeper understanding of how competition in the fuel industry is working for consumers.

Enforce obligations under the Act

The Commission has the primary enforcement role in relation to the obligations on fuel industry participants under the Act.[24] We monitor compliance with the requirements of the Act and, if we have concerns about potential non-compliance, we may investigate further.

If we consider an industry participant has likely contravened the legislation, we will apply enforcement criteria to determine our response.[25] A range of enforcement responses are available, including bringing proceedings in the High Court or District Court seeking pecuniary penalties, or an injunction.[26] Where certain provisions of the Act related to TGP, wholesale contractual terms or consumer information requirements are contravened (or attempts made to contravene these requirements), the High Court may order a pecuniary penalty of up to $500,000 for an individual or, in any other case, $5 million for each act or omission.[27]

For questions related to this report, please contact fuel@comcom.govt.nz.

15 See sections 3, 25, and 28 of the Fuel Industry Act 2020. The purpose of the Act is to promote competition in engine fuel markets for the long-term benefit of end users of engine fuel products.
16 See Part 3 of the Fuel Industry Act 2020; Appendix 2: Explanatory notes – Explanatory Note 2: ID Data, at pages 47-48.
17 See sections 3, 25 and 28 of the Fuel Industry Act 2020. See also Appendix 2: Explanatory notes- Explanatory Note 2: ID Data, at pages 47-48 of this report for a table detailing the categories of information which different industry participants must disclose.
18 Section 26 of the Fuel Industry Act 2020.
19 See Part 2, subpart 1 of the Fuel Industry Act 2020.
20 See Part 2, subpart 2 of the Fuel Industry Act 2020.
21 See Part 2, subpart 3 of the Fuel Industry Act 2020.
22 Regulation 17A of the Fuel Industry Regulations 2021.
23 Section 28(b) of the Fuel Industry Act 2020.
24 See Part 3 of the Fuel Industry Act 2020.
25 Commerce Commission, 'Enforcement criteria', https://comcom.govt.nz/about-us/our-policies-and-guidelines/investigations-and-enforcement/enforcement-criteria.
26 Part 3 of the Fuel Industry Act.
27 Section 30(1)-(3) of the Fuel Industry Act 2020.

Our findings

This second quarterly report presents our findings on trends and activity in the fuel market during the three months to September 2022.

Our findings are summarised below with detailed analysis set out in the following chapters.

Highest fuel prices in Wellington and Auckland with the lowest fuel prices in Tauranga and Christchurch

Our analysis of prices in the five largest cities in New Zealand shows Christchurch and Tauranga had the lowest prices over the September 2022 quarter.[28] Wellington and Auckland had the highest prices in the September 2022 quarter.

Christchurch had the lowest price for Regular 91 and Premium (95 and 98). Tauranga had the lowest price for Diesel. Wellington was the city with the highest price for each fuel type.[29]

Drivers of price variation may be complex. Price could be influenced by such factors as levels of competition (eg, new entrants), the capital or operating costs of retail sites and consumer behaviour. We will undertake further analysis to help us to understand this price variation across New Zealand.

Price variation within cities shows consumers should continue to "shop around" for the lowest fuel price

We found strong price variation in each of the five largest cities in New Zealand. Auckland had the largest price variation between its most expensive and least expensive site. Prices varied by 22 cpl for Regular 91, 29 cpl for Premium (95 and 98) and 31 cpl for Diesel.

Discounts remained a prominent feature of the New Zealand retail fuel market in the September 2022 quarter. Average discounts were consistent with the June 2022 quarter. Discounts do not appear to always lead to the lowest price for a consumer. We will know more once further information is disclosed.

Our scenario of an average consumer in Auckland shows that a consumer could save, on average, up to $264 for Regular 91 in a year or up to $348 for Premium if they shopped around. (For more information, see the 'Retail sites, prices and volumes' chapter.) This is based on data from the September 2022 quarter and information from the Ministry of Transport.

The range of prices in cities mean consumers may benefit from using fuel price comparison sites and apps (eg, Gaspy) to find the lowest prices nearby to them. If consumers more actively shop around for lower prices, competition is likely to increase amongst suppliers to help drive down prices and foster innovation in the sector.

We intend to further analyse this area in upcoming reports once further information is disclosed to us.

Importer margins rose in the September 2022 quarter

Importer margins in the September 2022 quarter increased from the previous quarter and were higher than at the time of the market study in 2018. See Table 1 below.

Importer margins were particularly high during the first three weeks in July 2022.[30]

28 "Prices" refer to daily average retail board prices. This excludes discounts and the Auckland Regional Fuel Tax (10 cpl + GST).
29 Prices in Christchurch were the cheapest at $2.59 for Regular 91, $2,75 for Premium and $2.37 for Diesel. Prices in Wellington were the highest at $2.66 for Regular 91, $2.90 for Premium and $2.37 for Diesel.
30 MBIE, 'Monitoring the petrol excise duty reduction', https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-generation-and-markets/liquid-fuel-market/monitoring-the-petrol-excise-duty-reduction/

Table 1 - Comparison of importer margins (cpl) by fuel type in June and September 2022 quarters

Fuel Type	Calendar 2018	June 2022 quarter	% change
Diesel	31	21	34
Regular 91	30	22	36
Premium 95	40	34	47

The margins reflect the average across New Zealand retail sites operated by four of five fuel importers. We note the significant variability in prices and margins regionally. Analysis of margins in subsequent periods, as fuel importers disclose more information to us, will give a better indication of how margins are trending over time.

Fixed wholesale contracts remain the primary sales mechanism in wholesale market, but there appear to be some changes

Fixed wholesale contracts continue to account for the majority (96%) of wholesale sales. TGPs made up a very small portion of sales. Nevertheless, we have observed certain changes in the market.

Wholesale volumes that were sold in the September 2022 quarter were up by a total of over 55.6 million litres (ML) or 6.6%, compared to the June 2022 quarter.

We note there appear to be instances of supplier switching in the sector. While it is too early to draw any significant conclusions, the changes in switching behaviour are encouraging in terms of market development.

Terminal Gate Prices declined during September 2022 quarter, but remain at higher than expected levels

TGPs in New Zealand trended downwards as importer costs fell during the September 2022 quarter. However, TGPs remained at levels that are higher than expected when compared to both TGPs in Australia, and to retail prices in New Zealand.

We note that importer costs fell faster than TGPs in the early part of the September 2022 quarter, and as a result, the gap between TGPs and importer costs increased during the first part of the September 2022 quarter.

We will continue to monitor whether, and how, these falling costs are reflected in posted TGP levels.

Structure of this report

The following chapters of this report contain more detailed analysis on the domestic fuel market, with a particular focus on four key areas:[31]

- Industry Developments;
- Retail sites, prices, and volumes;
- Wholesale prices and volumes; and
- Terminal Gate Price analysis.

31 These were key issues identified in the 2019 market study.

Industry developments

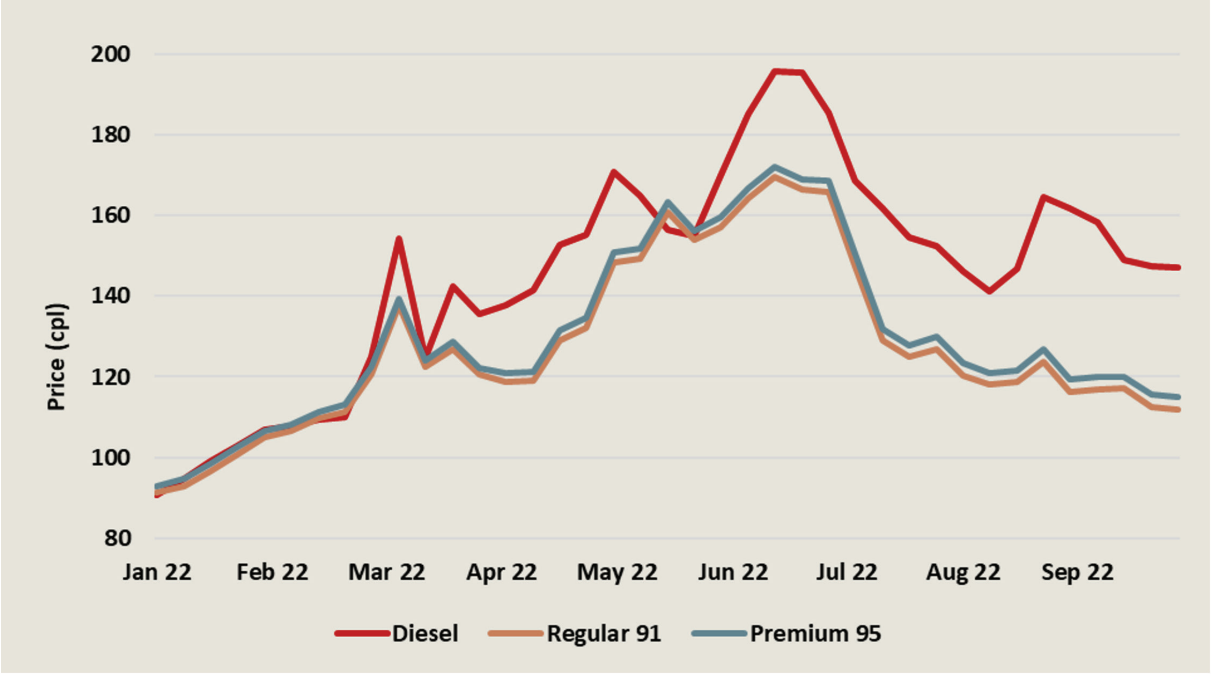
International market volatility continued

Global and domestic fuel markets continued to be volatile with high retail fuel prices relative to long-term average prices. International events, such as the United States releasing oil from its Strategic Petroleum Reserve, the continuing Russia-Ukraine conflict, and China's declining demand due to ongoing COVID-19 impacts, continued to affect crude oil and refined product prices worldwide. Prices fell during the September 2022 quarter from the June 2022 peak.[32]

Increase in importer margins in July resulted in Ministerial letter

There were significant reductions in importer costs over the September 2022 quarter for Regular 91 and Premium 95, with less pronounced reductions in importer costs for Diesel.[33] This can be seen in Figure 3. It shows the weekly importer cost series reported by MBIE since the start of 2022, while Table 2 summarises the quarterly average importer costs in 2022.

Figure 3 – Weekly Fuel Importer Costs



Source: MBIE weekly fuel monitoring data

32 International Energy Agency (IEA), 'Russia's War on Ukraine', https://www.iea.org/topics/russia-s-war-on-ukraine; CNBC, 'Gas prices are falling — Here's why it's happening and whether it can continue', August 11 2022, https://www.cnbc.com/2022/08/11/gas-prices-are-falling-heres-why-its-happening-and-whether-it-can-continue.html

33 MBIE, 'Weekly Fuel Price Monitoring', https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/weekly-fuel-price-monitoring/

Table 2: Fuel importer costs in 2022

	Importer Costs (cpl) – quarter ending		
Product Type	**March 2022**	**June 2022**	**September 2022**
Diesel	116	167	154
Regular 91	111	149	122
Premium 95	113	151	125

Source: MBIE weekly fuel monitoring data

However, importer margins during the September 2022 quarter were higher than for the June 2022 quarter.

MBIE has developed a weekly fuel industry "traffic light" system to help assess whether the reduction to petrol excise duty, as well as any consequent GST reduction, is being passed through to consumers in a manner that is expected in a competitive market.[34] The traffic light system shows how industry margins have changed since the reduction in the excise duty.[35] MBIE's traffic light went red (as opposed to orange or green) for three weeks in July 2022, indicating a significant increase in importer margins. The high fuel margins were then highlighted by the Minister.[36]

Continued change in domestic fuel industry

The closure of New Zealand's only oil refinery at Marsden Point and its conversion to an import-only terminal continues to impact the domestic market.

From the first week of August 2022, the importers limited their publication of TGP pricing schedules to prices for fuel grades that they were able to supply from their own terminals.

These changes are consistent with expectations that the shared storage arrangements and the "borrow and loan" system would be terminated after the refinery closed.[37]

Coastal Oil Logistics Limited (COLL) was officially liquidated on 25 August 2022 as expected. This was due to there no longer being a need for a coastal shipping service and a centralised administrator for the shared storage arrangements and the "borrow and loan" system once the refinery had closed.[38]

34 MBIE, 'Monitoring the petrol excise duty', https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-generation-and-markets/liquid-fuel-market/monitoring-the-petrol-excise-duty-reduction/ ; red indicates that margins are 13.60 cpl or more above the average during the baseline period.
35 Ibid.
36 'Minister Megan Woods questioned historically high' fuel margins, before petrol price dropped, https://www.stuff.co.nz/national/politics/129318486/minister-megan-woods-questioned-historically-high-fuel-margins-before-petrol-price-dropped?rm=a
37 'Coastal Oil Logistics Limited in Liquidation', https://app.companiesoffice.govt.nz/companies/app/ui/pages/companies/972809
38 'Hon Grant Robertson, Hon Megan Woods, Hon Michael Wood, 'Government provides more cost of living support, 17 July 2022, https://www.beehive.govt.nz/release/govt-provides-more-cost-living-support

Retail sites, prices, and volumes

Key findings

Our analysis of the five largest cities in New Zealand shows there is regional price variation.[39] Christchurch and Tauranga had the lowest fuel prices over the September 2022 quarter.[40] Wellington and Auckland had the highest prices.

We found the price varied over the September 2022 quarter in each of the five largest cities in New Zealand. Auckland had the largest price variation between its most expensive and least expensive sites.

The range of prices in cities mean consumers may benefit from using fuel price comparison sites and apps (eg, Gaspy) to find the lowest prices at sites near to them. If consumers more actively shop around for lower prices, competition is likely to increase amongst suppliers to help drive down prices and foster innovation in the sector.

An Aucklander who uses Regular 91 could save up to $264 in a year (or $348 on Premium 98) if they shopped around.

We found that discounted prices can still be higher than prices at retailers without discounts. We intend to further monitor this area in upcoming reports as more information is disclosed.

Importer margins increased significantly between the June 2022 quarter and the September 2022 quarter. The levels of importer margins earned in the September 2022 quarter were above the levels of the period of the market study.

Domestic retail sales volumes remained stable over the September 2022 quarter, despite global prices softening and easing market concerns. This finding echoes our view in the first quarterly report that demand may not be sensitive to price in the short term.

A small number of site supply changes continued in the September 2022 quarter resulting in no significant change to overall retail site numbers. The competition impacts are not yet clear. We intend to continue to build our dataset in this area.

Wellington had the highest prices with the lowest in Tauranga and Christchurch

Since our first quarterly report, we have carried out analysis on the retail prices of the five largest cities in New Zealand: Auckland, Hamilton, Tauranga, Wellington and Christchurch.[41] These cities cover 53% of New Zealand's population.

Our analysis shows that Christchurch had the lowest average retail board prices in New Zealand over the June and September 2022 quarters (except for Diesel in the latter quarter). Wellington was the city with the highest average fuel prices for both the June 2022 quarter and September 2022 quarter. Our calculations incorporate average discounts and exclude the Auckland Regional Fuel Tax (ARFT). See Tables 3 and 4 below for more detail.

Higher and lower prices could be related to competitive dynamics, the difference in the importer margin, changes in profit margins, capital and operating costs. We do not yet have the information that is to be disclosed annually to investigate this further. We intend to undertake further analysis of geographic regions to better understand these dynamics.

39 Our analysis of prices targeted the five largest New Zealand cities: Auckland, Hamilton, Tauranga, Wellington and Christchurch.
40 "Prices" refer to daily average retail board prices.
41 We analysed information from the retail price boards across New Zealand's five largest cities of the following areas: greater Auckland area, Tauranga (including Mount Manganui), Greater Wellington (including Porirua and Lower Hutt) and Christchurch.

Table 3: Highest and lowest average fuel prices in Q2 2022

City	Regular 91 (cpl)	Premium (cpl)	Diesel (cpl)
Auckland	278	302	242
Hamilton	276	300	242
Tauranga	280	306	239
Wellington	283	308	244
Christchurch	270	288	235
Rest of NZ	279	302	242
All of NZ	278	302	241

Source: ID data; incorporates average discounts and excludes the ARFT. Note: Green cells indicate the lowest fuel price, Orange cells indicate the highest fuel price.

Table 4: Highest and lowest average fuel prices in Q3 2022

City	Regular 91 (cpl)	Premium (cpl)	Diesel (cpl)
Auckland	264	289	244
Hamilton	260	283	242
Tauranga	261	286	237
Wellington	266	290	246
Christchurch	259	275	241
Rest of NZ	266	289	245
All of NZ	265	288	244

Source: ID data; incorporates average discounts and excludes the ARFT. Note: Green cells indicate the lowest fuel price, Orange cells indicate the highest fuel price.

Price variation within cities mean consumers should continue to "shop around" for the lowest fuel price

Our analysis of the fuel prices during the September 2022 quarter shows strong price variation in each of the five largest cities in New Zealand. See Table 5 below.

Auckland had the largest average price variation between its most expensive and least expensive site. Prices varied by 22 cpl for Regular 91, 29 cpl for Premium 95 and 98 and 31 cpl for Diesel.

Tauranga and Wellington also had strong average price variation between sites during the September 2022 quarter. The difference for Premium was 22 cpl in Wellington and 19 cpl in Tauranga. Price variation for Regular 91 was 15 cpl in Tauranga and 14 cpl in Wellington.[42]

42 We calculate the price variation in each of the five cities by subtracting the highest from the lowest prices each day and then taking the average across the relevant quarter.

Table 5: Average daily fuel price ranges in Q3 2022

City	Regular 91 (cpl)	Premium (cpl)	Diesel (cpl)
Auckland	22	29	31
Hamilton	7	16	12
Tauranga	15	19	16
Wellington	14	22	19
Christchurch	5	10	8
Rest of NZ	37	45	48
All of NZ	26	34	36

Source: ID data; incorporates average discounts and excludes the ARFT

The range of prices in cities mean consumers may benefit from using fuel price comparison sites and apps (eg, Gaspy) to find the lowest nearby prices to them. If consumers more actively shop around for lower prices, competition is likely to increase amongst suppliers to help drive down prices and foster innovation in the sector.

In a scenario with an average consumer based in Auckland, our calculations show that consumers could save up to $264 in a year on Regular 91 if they shopped around for the lowest fuel price. Similarly, an Aucklander that uses Premium 98 could shop around and save up to $348 in a year.[43]

Retail discounts remained stable across June and September 2022 quarters

A number of retailers offer discounts on the retail board price for fuel. Discounts are offered through supermarket dockets and loyalty programmes (eg, AA Smartfuel, AirPoints, FlyBuys, Mobil Smiles, Z Pumped).

Fuel importers are required to disclose quarterly information related to retail fuel sites on discounts offered by the importer each day on a cents per litre (cpl) basis for each fuel type at each retail site.[44] This enables us to calculate an average level of discount by fuel type. Our methodology for this calculation is shown below in Table 6.

Table 6 - Methodology for determining average retail discount levels

Average discount =	Calculation
Calculated revenue from ID	(retail board price * volume sold)
Less	-
Actual revenue from ID	(actual revenue received from volume sold)
Divided by	/
Total sales volume from ID	(actual total litres sold)

On average, for Regular 91, importers that offer discounts do not always offer the lowest retail price after taking account of these discounts.

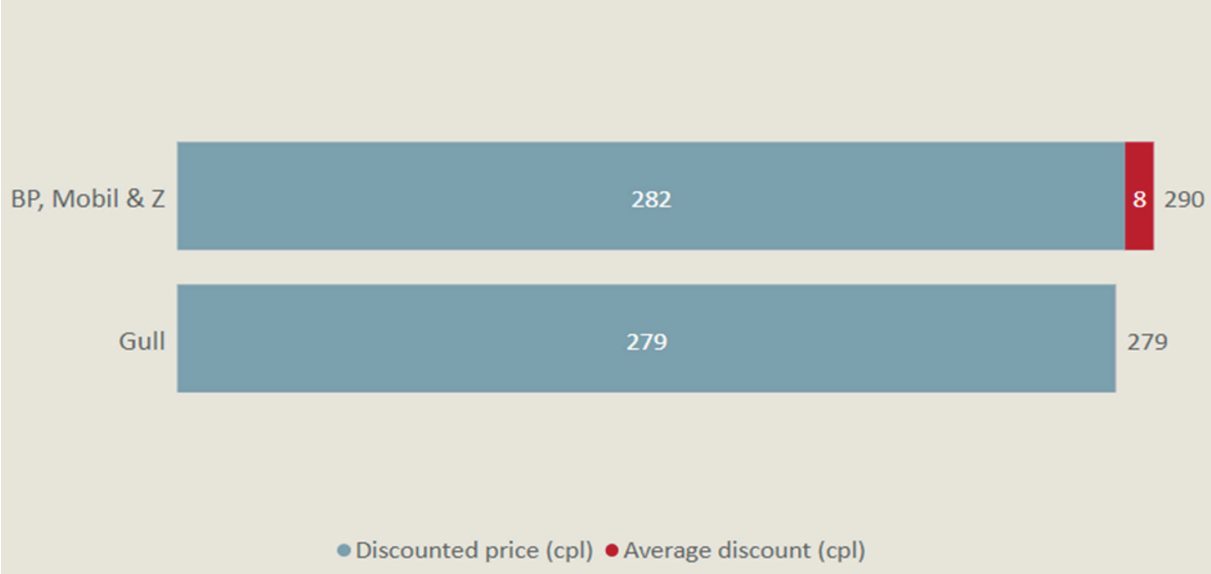
43 Diesel is less straightforward to calculate due to the discounts offered. Our assumption is based on available research where a consumer drives 12,000 kilometres in a year: https://www.transport.govt.nz/assets/Uploads/Report/Drivers-Travel-Survey-2015.pdf; The average fuel consumption could be assumed to be around 10 litres per 100 kilometres: https://australasiantransportresearchforum.org.au/wp-content/uploads/2022/03/ATRF2015_Resubmission_9.pdf. If that is the case, the average consumer purchases 1200 litres of fuel. We have drawn on the most expensive and least expensive station

44 See regulation 17L of the Fuel Industry Regulations 2021.

Fuel importers also have annual disclosure obligations of certain discounting or loyalty programmes that they will provide the Commission by September of each year.[45] We will be able to provide further analysis and information once this annual information is received and analysed.

We found discounts remained at almost identical levels across the June and September 2022 quarters (see Figures 4 and 5 below). The identical level of discounting was found despite price reductions observed in the September 2022 quarter.

Figure 4 - Average retail discounts by importer for June 2022 quarter – Regular 91



Source: ID data; includes all taxes. Note: Distributor retailer prices are not included as these are not part of the ID data received.

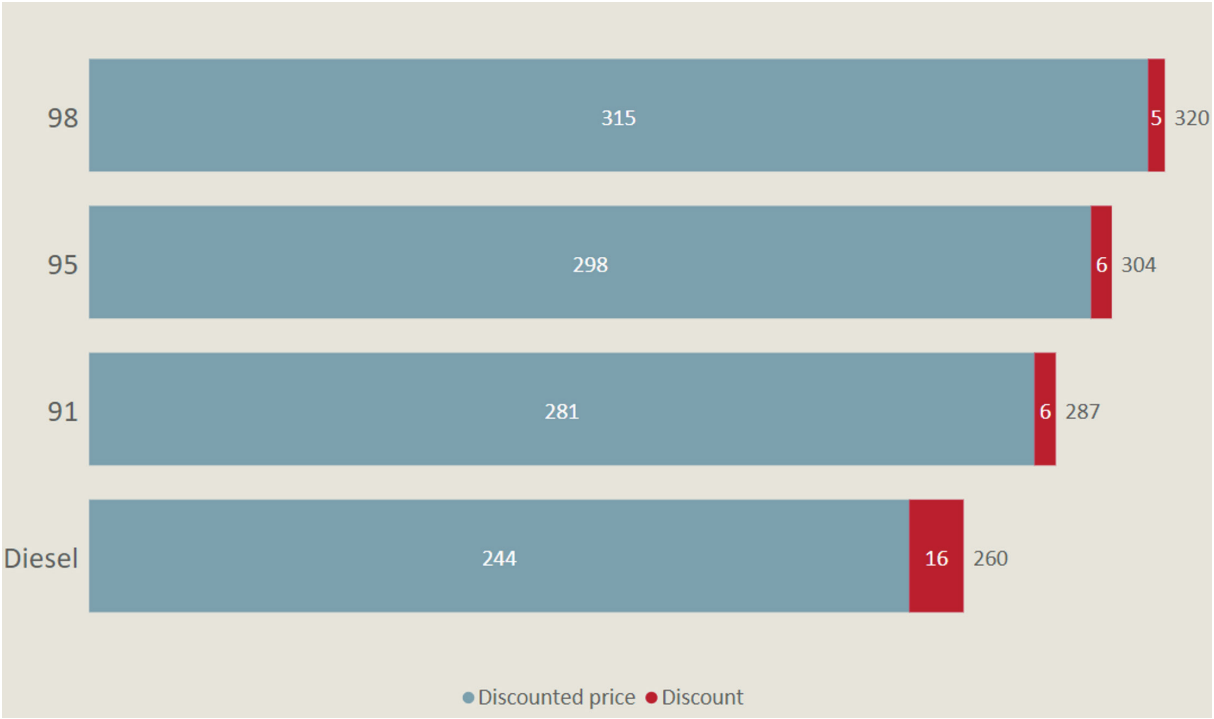
Figure 5 - Average retail discounts by importer for September 2022 quarter – Regular 91

Source: ID data; includes all taxes. Note: Distributor retailer prices are not included as these are not part of the ID data received.

45 See regulation 17H of the Fuel Industry Regulations 2021.

Our analysis also indicates that discounts were larger for Diesel than for Regular 91, Premium 95 and Premium 98 in the June and September 2022 quarter. See Figures 6 and 7 below.

Figure 6 - Average retail discounts by fuel type for June 2022 quarter



Source: ID data; includes all taxes.

Figure 7 - Average retail discounts by fuel type for September 2022 quarter

Source: ID data; includes all taxes.

Our analysis of retail prices across New Zealand for the September 2022 quarter continues to show that, even though discounting is a strong feature of the retail fuel market, discounted prices do not always represent the lowest prices for consumers. In some cases, in fact, those retailers who do not offer a discount, provide the lowest fuel retail price for consumers.

These findings, and the wide variation in prices observed between nearby fuel sites in many areas of New Zealand, show that consumers should 'shop around' for the best deal before filling up.

Importer margins rose in the September 2022 quarter

The retail fuel board prices can be broken down into the following components:

- average level of discount
- importer margins[46]
- importer costs[47]
- relevant taxes and levies.[48]

We have calculated average retail board prices for the main fuel types in the September 2022 quarter using information disclosed under the Regulations. We also calculated average discounts by fuel type for the quarter, using retail board prices, retail sales volumes and retail revenues, all of which were received as information disclosed under the regulations. For importer costs, taxes and levies, we have used publicly available data from MBIE's weekly fuel monitoring.[49] The main components of retail board prices are shown in Figure 8 below.

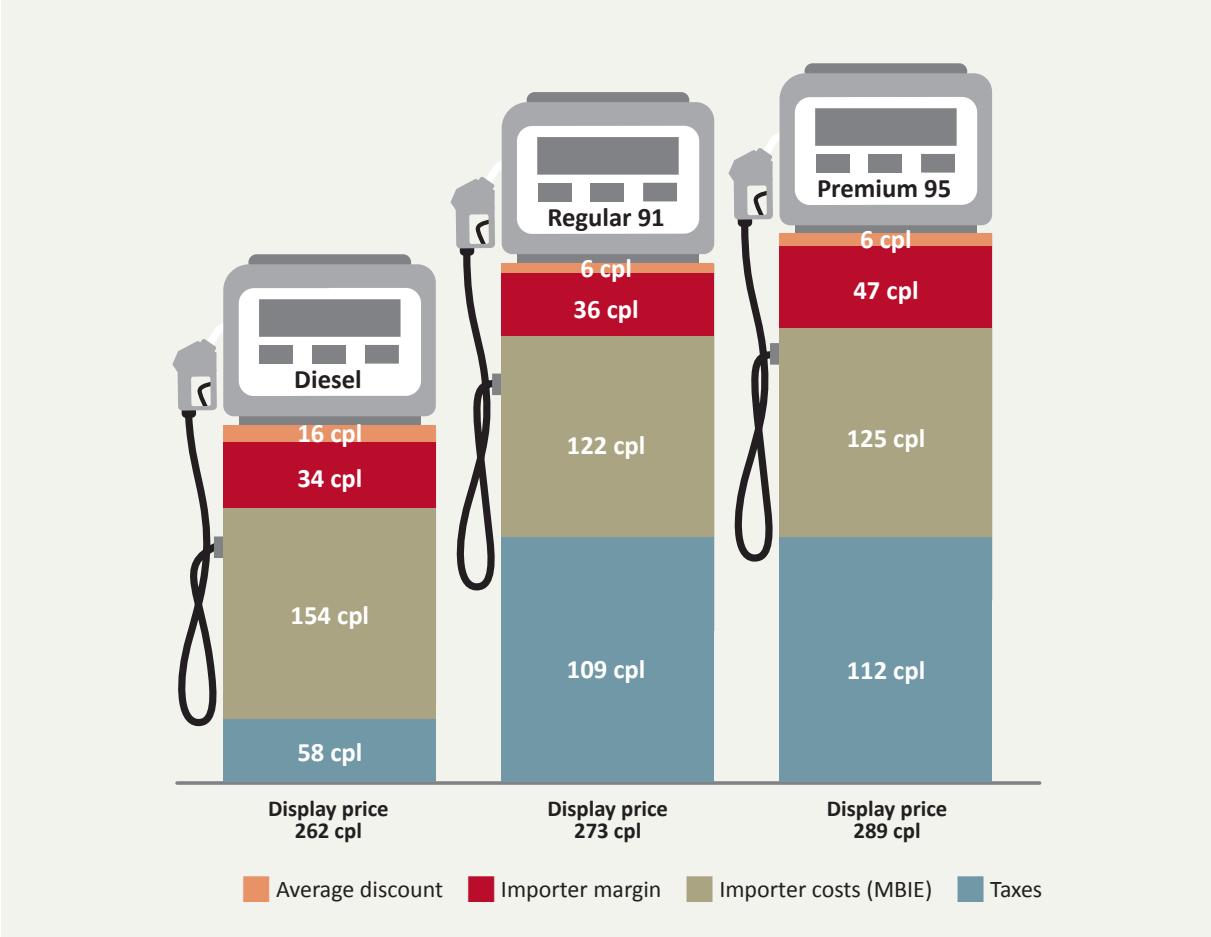
46 Importer margins are the difference between the retail price and the cost of importing fuel into New Zealand and taxes. Importer margins cover the domestic costs of operating terminal storage facilities, distribution costs (such as trucking and pipeline costs), and retail costs as well as aggregate importer, wholesale and retail profit margins. Trends in importer margins are one indicator of how competition is evolving over time.

47 Importers costs are the costs to acquire fuel at an overseas refinery and ship it to New Zealand.

48 See Appendix 3.

49 MBIE, 'Weekly fuel price monitoring', https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/weekly-fuel-price-monitoring/

Figure 8 – Retail board prices and estimated components – September 2022 quarter



Source: ID data and MBIE weekly fuel monitoring data.

Figure 8 above shows the main components of retail board prices continue to be the costs of importing fuel into New Zealand and taxes. Taxes and importer costs made up the following percentages of the retail board price for different fuel types over the September 2022 quarter:

- Diesel:
  - taxes comprised an average of 22% of the retail board price: and
  - importer costs comprised an average of 59% of the retail board price.
- Regular 91:
  - taxes comprised an average of 40% of the retail board price: and
  - importer costs comprised an average of 45% of the retail board price.
- Premium 95:
  - taxes comprised an average of 39% of the retail board price: and
  - importer costs comprised an average of 43% of the retail board price.

In monitoring the competitiveness of New Zealand's fuel markets, we are particularly interested in certain components of price influenced by domestic operating conditions and competition. Importer margins and discounts are such key components.

We reported a similar breakdown of retail fuel prices in the market study for the 2018 calendar year.[50] Importer costs were calculated using the Mean of Platts Singapore pricing data in the market study.[51] To compare estimates on a consistent basis, we have used MBIE's importer cost data for both 2018, as well as the June and September 2022 quarters.[52] The resulting importer margins for each fuel type are shown below in Table 7.

Table 7 – Comparison of importer margins by fuel type (cpl)

	Calendar 2018	June 2022 quarter	September 2022 quarter	Percentage change from June 2022 to September 2022 quarter
Diesel	31	21	34	62%
91	30	22	36	64%
95	40	34	47	38%

Source: ID data: MBIE weekly fuel monitoring data and market study data (2018)

This indicates that importer margins increased between the June 2022 and September 2022 quarters:

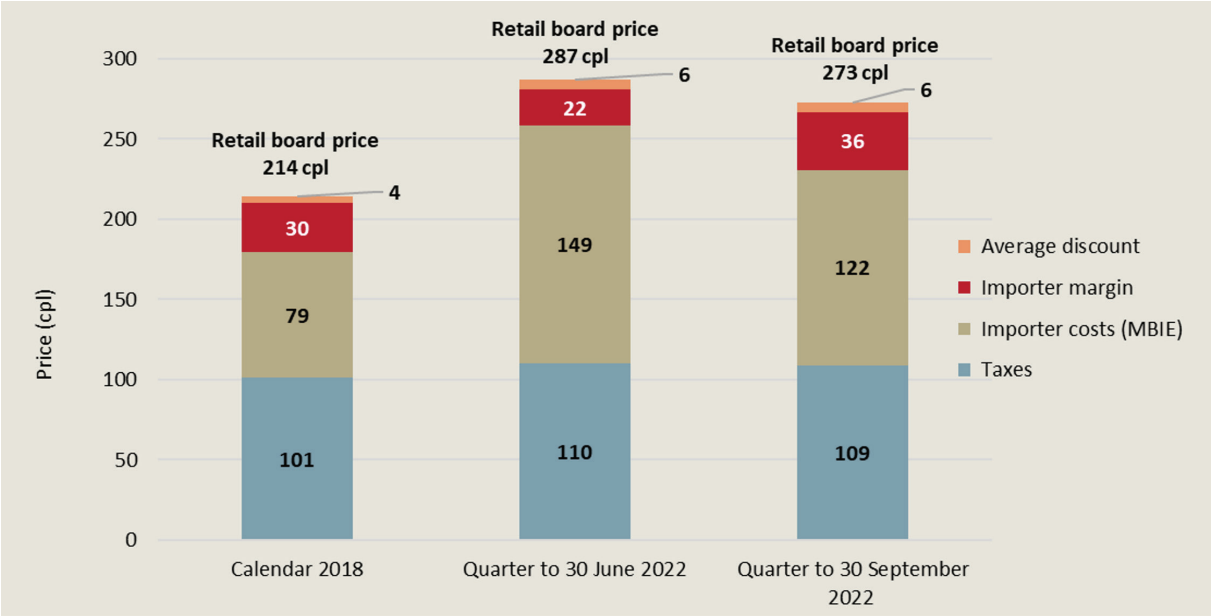
- for Diesel, importer margins increased by 62%;
- for Regular 91, importer margins increased by 64%; and
- for Premium 95, importer margins increased by 38%.

The market study figures included some data from distributors.[53] If distributor data is included, the size of the margin could change. However, we would not expect this to be significant based on a number of factors, including distributors' relative market share.

50 Commerce Commission, "Market study into the retail fuel sector Final report", 5 December 2019, at 51.
51 McKinsey, 'Mean of Platts Singapore', https://www.mckinseyenergyinsights.com/resources/refinery-reference-desk/mean-of-platts-singapore/#:~:text=Mean%20of%20Platts%20Singapore%20is,price%20for%20the%20Asia%20market.
52 In the market study, we estimated importer costs during the calendar 2018 year to be 83 cpl for Regular 91, 86 cpl for Premium 95, and 87 cpl for Diesel. For the purposes of comparison with the September 2022 quarter, we have used the average MBIE importer cost estimates for 2018, of 79 cpl for Regular 91, 80 cpl for Premium 95 and 83 cpl for Diesel.
53 Information on distributor retail sales figures will be available to us on 1 September 2023, as part of distributor annual retail disclosures under regulation 17(J).

The change in retail price components for Regular 91 since the market study is shown in Figure 9 below.

Figure 9 – Change in retail board prices and estimated components – Regular 91



Source: ID data; and MBIE weekly fuel monitoring data. NB: We excluded Premium 98 from our analysis due to MBIE data not including this fuel type.

MBIE's weekly monitoring showed an increase in importer margins in the September 2022 quarter, especially in July 2022.[54] After the fuel excise tax cut, MBIE developed a "traffic light" system for monitoring importer margins. Its traffic light system went red for three weeks in July 2022, indicating a significant increase in importer margins.

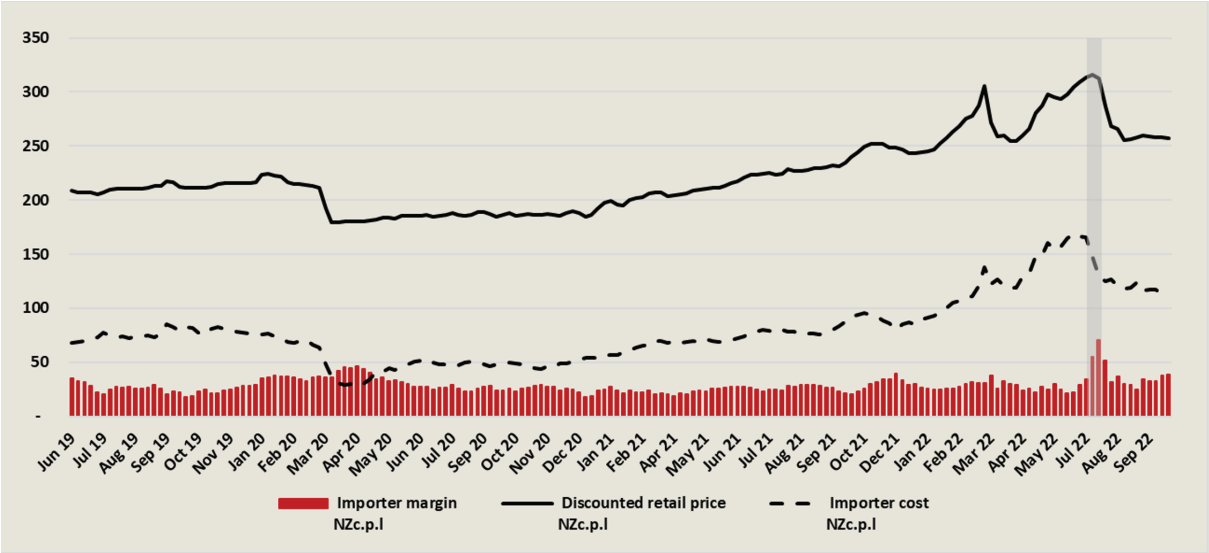
MBIE weekly fuel monitoring data shows the following data from the week ending 24 June 2022 to the week ending 15 July 2022:

- Regular 91 importer margins increased from 29 cpl to 70 cpl;
- Premium 95 importer margins increased from 42 cpl to 82 cpl; and
- Diesel importer margins increased from 38 cpl to 77 cpl.

Our analysis indicates that the importer margin increase appears to be due to importer costs that dropped faster than retail prices in the September 2022 quarter (see the shaded area of Figure 10 below). We note that, by contrast, retail prices appeared to increase quickly when importer costs increased earlier in 2022.

54 MBIE, 'Weekly fuel price monitoring', https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/weekly-fuel-price-monitoring/; MBIE carries out weekly monitoring of importer margins for Regular 91, Premium 95, and Diesel.

Figure 10 – Retail Prices, Importer Costs, and Importer Margins



Source: Based on MBIE weekly fuel monitoring data

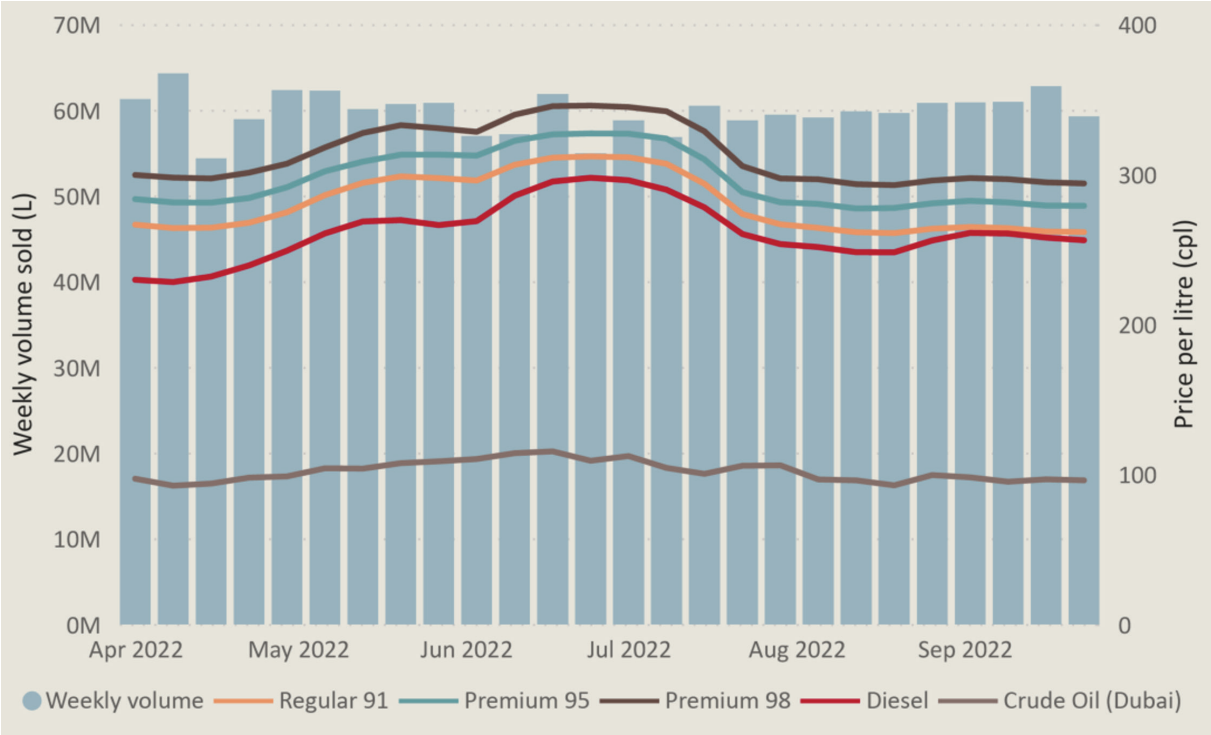
We will need to continue to monitor importer margins as fuel importers disclose more information over time.

Retail sales volumes were stable

Despite an easing of global crude oil prices and retail prices, domestic weekly retail sales volumes remained stable over the September 2022 quarter (see Figure 11 below).

The lack of significant movement in volume, despite the price changes, shows that in the short term, at least, demand is not very response to price.

Figure 11 – Weekly average retail volumes, retail and benchmark crude prices to September 22 quarter



Source: ID data; https://www.rbnz.govt.nz/statistics/series/exchange-and-interest-rates/exchange-rates-and-the-trade-weighted-index; https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/weekly-fuel-price-monitoring/

Consumer choice of fuel type remained stable for the September 2022 quarter.

Despite high prices, the volume share by fuel type remained stable:

- Diesel market share remained stable at 46%;
- Regular 91 remained stable at 41%; and
- Premium 95 and 98 remained stable at 9% and 4% respectively.

Table 8 – Comparison of fuel volume consumed in June 2022 and September 2022

	June 2022 Quarter		September 2022 Quarter	
	Volume (millions)	Volume %	Volume (millions)	Volume %
Diesel	356.9	46%	358.4	46%
91	317.9	41%	326.0	41%
95	66.5	9%	69.1	9%
98	34.3	4%	33.3	4%
Total	**775.6**	**100%**	**786.7**	**100%**

Note: Some double counting of service stations affected the June 2022 quarter total sales volume information, and the June 2022 quarter sales were over-stated by 56 ML This has been corrected for the September 2022 quarter.

Small numbers of retailer site changes continued

The majority of retail sites are either owned by, operated by, or have their price set by an importer. In the September 2022 quarter, we observed that two importer-controlled sites changed (eg, were established or refurbished). Further detail is provided in Table 9 below.

Table 9 – Comparison of site supply in June & September 2022[55]

	June 2022 quarter				September 2022 quarter			
Importer	**Initial**	**Started**	**Stopped**	**Final**	**Initial**	**Started**	**Stopped**	**Final**
BP	401	1	-4	398	398	1	-	399
Gull	90	2	-	92	92	-	-	92
Mobil	173	1	-	174	174	1	-	175
Z	512	-	-1	511	512	3	-3	512
Total	**1176**	**4**	**-5**	**1175**	**1176**	**5**	**-3**	**1178**

Source: ID data. Note: No references to site changes at this stage as overall change in numbers remains small

55 Differences in final June 2022 quarter and current September 2022 quarter figures for Z are due to discrepancies in ID data submitted. We are investigating this with Z.

Wholesale prices and volumes

Key findings

Since publication of the market study, there have been two significant regulatory developments in the wholesale market:

- new regulations relating to wholesale contracts; and
- the introduction of the Terminal Gate Pricing (TGP) regime.

A liquid spot market has not yet developed from the TGP regime, and the wholesale market remains contract-based, as the majority (96%) of sales were from fixed wholesale contracts in the September 2022 quarter. TGP sales continue to be low.

Sales volumes in the wholesale market increased by over 55.6 million litres (or 6.6%) in September 2022 compared to the previous quarter.

We are in the early stage of monitoring the wholesale fuel market. However, we note instances where purchasers have switched suppliers in the sector. It also appears there was a reduction in purchasers taking from one source. Whilst it is too early to draw any significant conclusions, the changes in switching behaviour are encouraging signs of market development.

Wholesale contract sales volumes continue to account for the majority of wholesale volumes

We have monitored trends in volumes purchased by businesses in the wholesale market under the TGP regime as higher volumes of TGP transactions would indicate that a more liquid wholesale spot market is developing.

Overall, sales in the wholesale market increased by 6.6% or 55.6 million litres. The majority (96%) of sales were under fixed wholesale contracts in the September 2022 quarter. Fixed wholesale contract volumes increased by 43.3 million litres (5%) from the June 2022 quarter to the September 2022 quarter. See Table 10 below.

TGP sales continued to be very low. Sales equated to 40,000 litres for the September 2022 quarter, compared to 121,000 litres for the June 2022 quarter (67% decrease).

Table 10 – Wholesale volumes sold by type – June 2022 and September 2022 quarters

	June 2022 Quarter		September 2022 Quarter	
Type of sale	**Sales (million litres)**	Percentage of total sales	**Sales (million litres)**	Percentage of total sales
Fixed wholesale contract	821.9	97%	865.2	96%
Other Contract	25.3	3%	37.7	4%
Terminal Gate Price	0.1	0%	0.0	0%
Total	**847.3**	**100%**	**902.9**	**100%**

Source: ID data.

However, we understand there was at least one instance of supplier switching and multi-sourcing for wholesale contracts. Supplier switching activity is encouraging in terms of the development of the wholesale market.

Terminal gate prices continue to be significantly higher than wholesale contract sale prices

TGP sales prices during the September 2022 quarter were significantly higher than the sales price for contracted wholesale volumes, as shown in Table 11 below. For example, the difference in sales price was 23cpl for Regular 91 and 50cpl for Premium in the September 2022 quarter (TGP sales prices during the June 2022 quarter were also higher than the sales price for contracted wholesale volumes (see Table 12 below)).

Table 11 – Average wholesale prices (cpl) by type of sale – September 2022 quarter

Type of sale	91	95	98	Diesel
Fixed wholesale contract	242	252	272	217
Other Contract	208	258	-	202
Terminal Gate Price	265	302	-	244
Volume-weighted average	238	271	272	221
TGP less wholesale contract	23	50	-	27

Source: ID data.

Table 12 – Average wholesale prices (cpl) by type of sale – June 2022 quarter

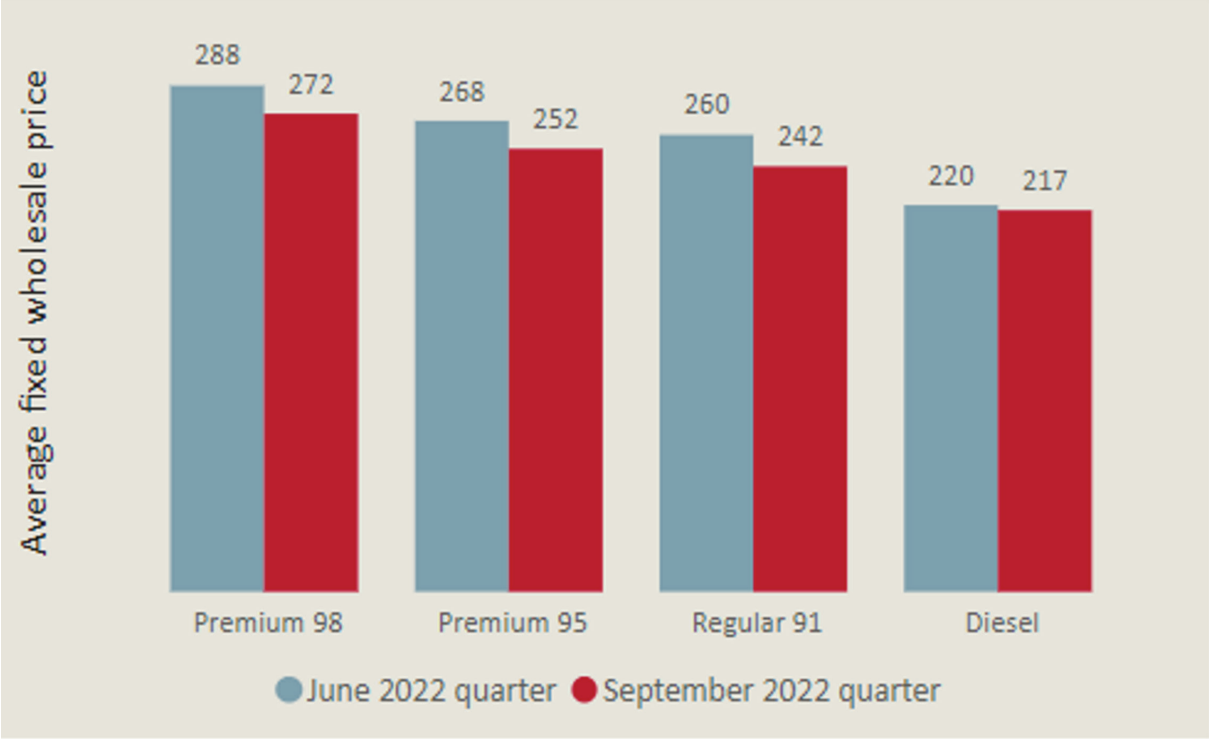
Type of sale	91	95	98	Diesel
Fixed wholesale contract	260	268	288	220
Other Contract	-	281	253	209
Terminal Gate Price	267	286	-	234
Volume-weighted average	264	278	271	221
TGP less wholesale contract	7	18	-	14

Source: ID data.

Note: A TGP sale in the above tables refers to a sale made that is made based on a TGP price. These sale prices will not necessarily align with the posted TGP prices where TGP discounts are applied. Wholesale suppliers are not required to post a TGP for Premium 98 under the Fuel Industry Act 2020. Where it is available, we have included data on Premium 98 to support our analysis.

The following analysis is based on average posted TGPs (rather than sales). Figure 12 below compares the wholesale contract price for the various fuel types in the June 2022 and September 2022 quarters. It illustrates that the September 2022 quarter price decreased, compared to the June 2022 quarter.

Figure 12 – Volume-weighted wholesale contracted price by quarter



Source: ID data.

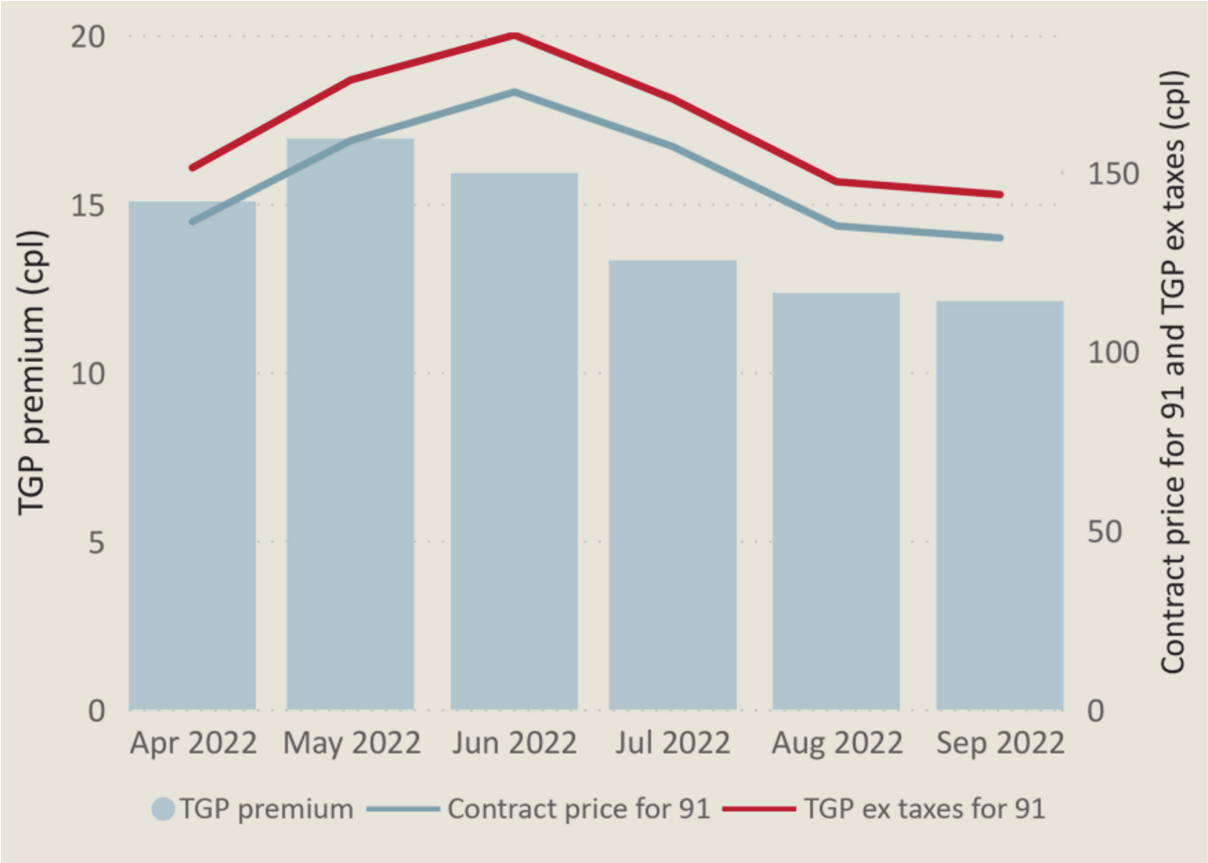
TGP premiums on contracted wholesale prices have decreased

TGP premiums[56] have decreased overall from the June 2022 quarter to the September 2022 quarter.

Over the two quarters, the monthly average TGP premiums have decreased across all terminals:

- TGP premium on Regular 91 decreased from 15 cpl in April to 12 cpl in September;
- TGP premium on Diesel decreased from 19 cpl in April to 15 cpl in September; and
- TGP premium on Premium 95 decreased from 18 cpl in April to 17 cpl in September.

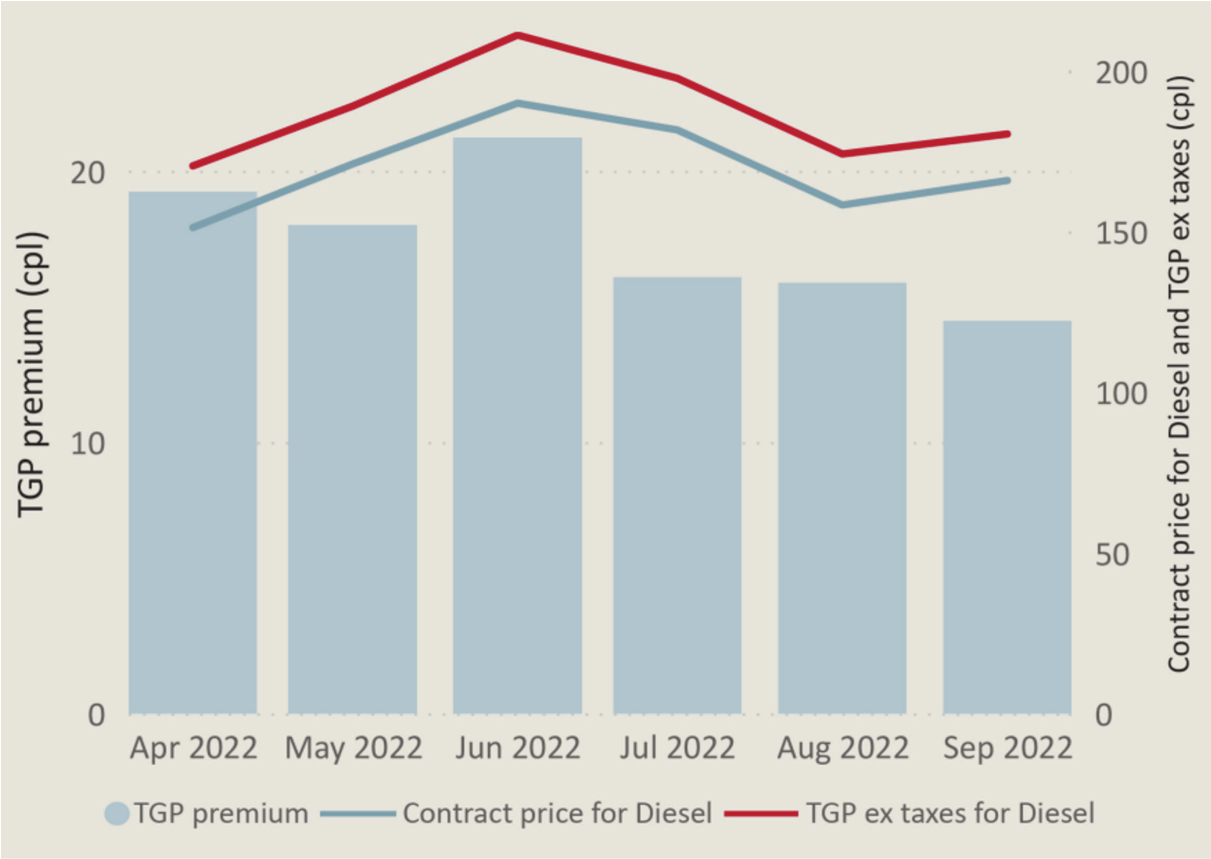
Figure 13 - Weighted average prices (cpl, excluding taxes) for Regular 91



Source: ID Data

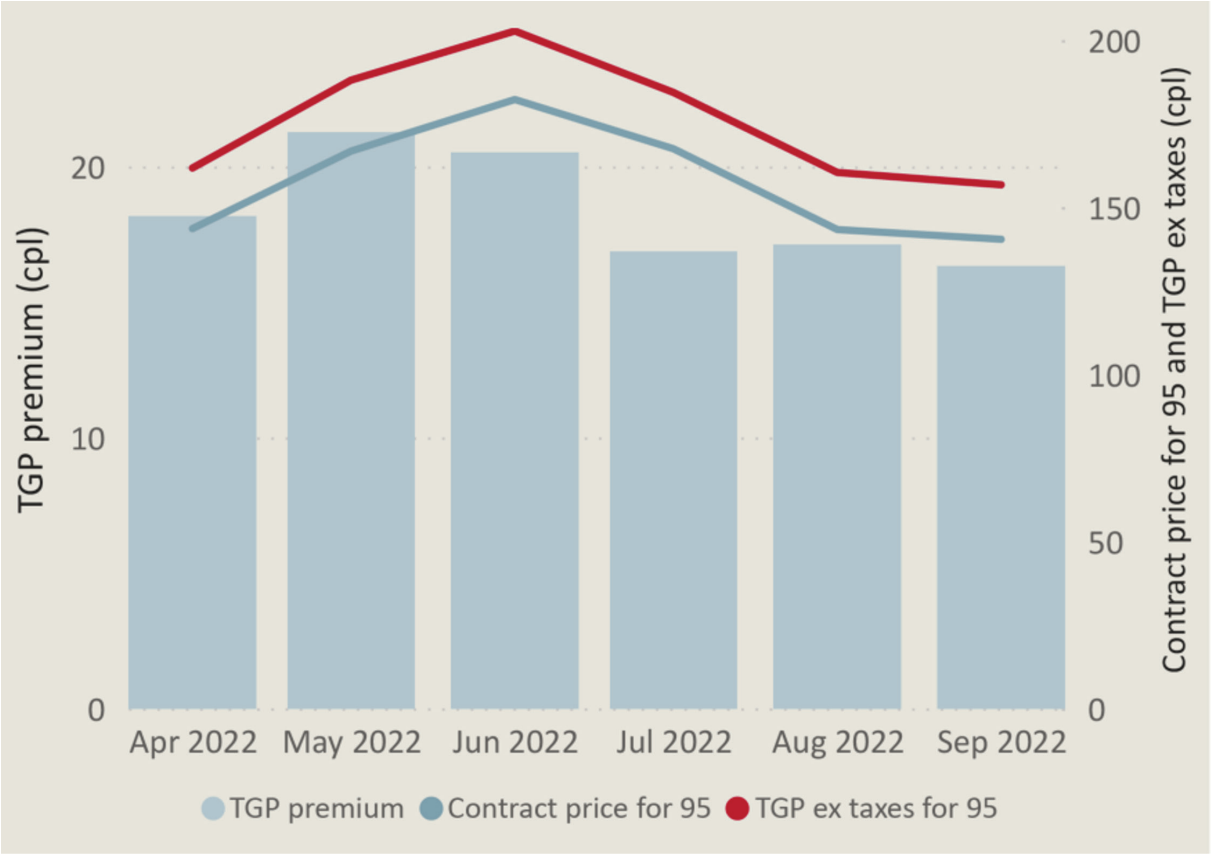
56 The difference between the average posted terminal gate price at a terminal and the average fixed wholesale contract price at that terminal.

Figure 14 - Weighted average prices (cpl, excluding taxes) for Diesel



Source: ID Data

Figure 15 - Weighted average prices (cpl, excluding taxes) for Premium 95



Source: ID Data

We reviewed TGPs in Australia, where posted TGPs are used by the Australian Competition and Consumer Commission (ACCC) as indicative of average wholesale prices.

We found the TGP premium continues to appear high in New Zealand compared to Australia. This is the case even when adjusted for differences in taxes and exchange rates between the two countries.[57]

Australia's wholesale market has distinct characteristics from New Zealand's market and the TGP regime in Australia is well-established and mature. However, given importer costs and overall market structures are similar, it is still difficult to explain the gap between TGPs and wholesale contract prices in New Zealand.[58]

57 We reviewed TGPs in Australia, where posted TGPs are used by the Australian Competition and Consumer Commission as indicative of average wholesale prices.
58 See page 29 for more detailed pricing information on the posted TGPs here and in Australia.

TGP premium continues to vary across terminals

The TGP premium varies continues to vary between the number of importers. As shown in Table 13 below, the wholesale contracted prices remained lower at terminals operated by one or two importers during the September 2022 quarter, despite these terminals being supplied by fewer importers than those operated by three or more importers, although the margin has declined. The TGP premium is lower when there are 3 or more importers in both the June 2022 quarter and the September 2022 quarter.

Table 13 - Weighted average prices (cpl, excluding taxes) for Regular 91 petrol by number of importers

	June 2022 Quarter			September 2022 Quarter		
Number of importers	**TGP posted price**	**Wholesale contracted price**	TGP premium ex taxes	**TGP posted price**	**Wholesale contracted price**	TGP premium ex taxes
1 or 2	172	154	18	158	140	18
3 or more	172	157	15	158	141	16
Total	172	156	17	158	141	17

Source: ID data.

Note: Terminals with one or two importers: Napier, New Plymouth, Nelson, Timaru, Dunedin, Bluff. Terminals with three or more importers: Auckland & Whangarei, Mount Maunganui, Wellington, Christchurch. TOSL excluded.

Majority of wholesale purchasers buy fuel from one supplier only

Under wholesale contracts, a purchaser may be obliged to buy a certain proportion of fuel from one supplier. When the purchaser buys the bulk of its fuel from a single supplier, it can have a similar effect to structural vertical integration. We are therefore interested in how many wholesale customers are reliant on a single supplier.

During the September 2022 quarter, information disclosed shows that 344 out of 353 wholesale customers were provided with fuel by one supplier only. This represents more than half of the wholesale market volume.[59]

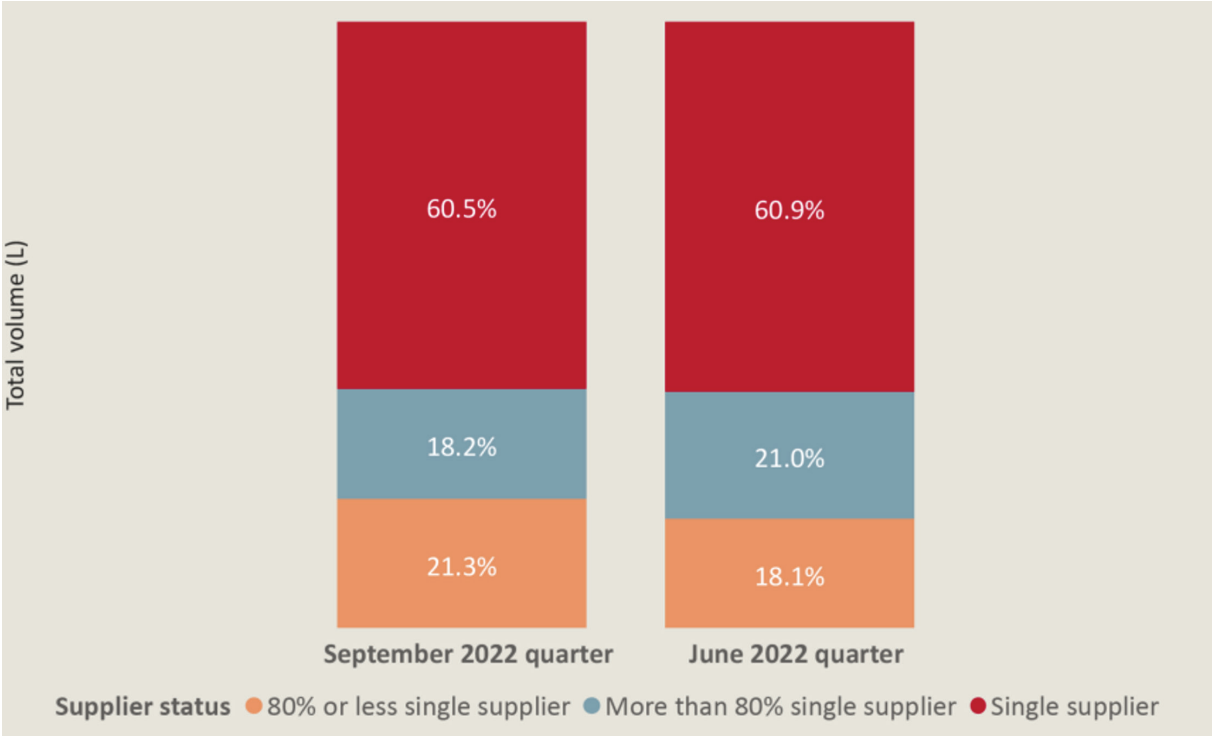
59 Updated data from a supplier means the results in our June 2022 quarter in our first report mean 317 out of 324 were from one single supplier.

Wholesale supply sourced from one single supplier decreased since June 2022 quarter

Our analysis shows marginal shifts in the fuel wholesale supply area in the September 2022 quarter. See Figure 16 below.

We found that customer wholesale volume purchased from a single supplier decreased marginally from 60.9% to 60.5% of total wholesale sales volumes for the September 2022 quarter, compared to the previous quarter.

Figure 16 - Wholesale volumes by single and multi-source suppliers (%)



Customer wholesale volume where 80% or less was sourced from a single supplier increased slightly from 18.1% to 21.3% of total wholesale sales volumes for the quarter. Furthermore, customer wholesale volume where more than 80% was sourced from a single supplier decreased from 21.0% to 18.2%.

It is too early to draw significant conclusions on supplier switching and multi-sourcing. However, the slight decline in wholesale volumes sourced from a single supplier and overall increase in wholesale market volume is an encouraging sign in terms of competition.

Table 14 - Wholesale volumes by single and multi-source suppliers (millions of litres)

Purchaser status	June 2022 quarter	September 2022 quarter	Total
Single supplier	516.2	546.6	1062.8
80% or less single supplier	153.1	192.5	345.5
More than 80% single supplier	178.1	163.9	342.0
Total	**847.3**	**902.9**	**1750.3**

Source: ID data.

Note: '1 – Single Supplier' means that 1062.8 million litres were purchased by customers who each used only one supplier for all of their fuel requirements. '2 – More than 80% Single Supplier' means that 342 million litres were purchased by customers who each used one supplier for between 80 and 99% of their fuel requirements. '3 – 80% or less from single supplier' means that 345.5 million litres of fuel were purchased by customers who each source their fuel requirements from multiple suppliers, with no supplier supplying more than 80% of their required volume.

Wholesale prices continue to show no clear relationship with volumes

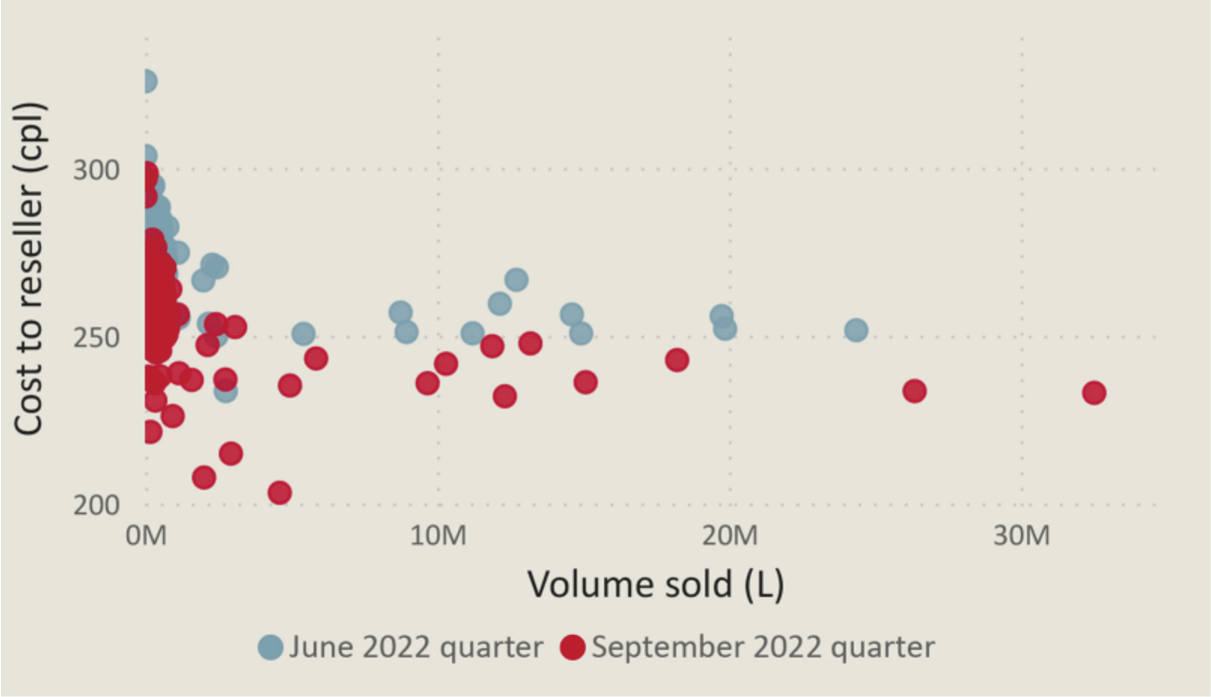
The information disclosed for the September 2022 quarter continues to show no clear relationship between wholesale customer prices and volumes.

Figure 17 below shows the relationship between quantity of fuel purchased, and the price per litre paid.

For Regular 91 in the June 2022 quarter, the largest buyer — purchasing 30 million litres of fuel — paid more per litre than some of the smallest customers who bought 1 million litres (or less) fuel during the quarter. These results could be due to a number of factors other than existing contract terms.

As part of our ongoing monitoring, we will continue to review the wholesale contracts received by the Commission to ensure these contracts meet the requirements of the Act. We will carry out further analysis of this data as part of our review of wholesale contracts and intend to publish our findings.

Figure 17 - Regular 91 wholesale volume sold and price (cpl) by individual distributor or reseller



Source: ID data. Note: TOSL excluded.

Terminal Gate Price analysis

Key findings

Our analysis shows TGPs trended downwards as importer costs fell during the September 2022 quarter.[60]

However, TGPs remained at levels that are higher than expected when compared to TGPs in Australia, adjusting for differences in taxes and exchange rates. For Regular 91 and Premium 95, the difference between New Zealand TGPs and Australian TGPs was slightly higher in the September 2022 quarter (and slightly lower for Diesel) than the June 2022 quarter.

TGPs also remained high compared to retail prices. The difference between average discounted retail prices and average posted TGPs were between 8 and 10 cpl depending on fuel type. The spread between TGPs for Premium 95 and for Regular 91 remained higher than cost differences would suggest, with the spread varying between importers. Importer costs fell faster than TGPs at the start of the September 2022 quarter.

As we noted in our first quarterly report, a liquid spot market is yet to develop. In the June 2022 quarter, TGP sales were 121,000 litres (0.014% of total wholesale sales); in the September 2022 quarter, the volume of TGP sales was 40,000 litres (0.004% of the total).

Our initial review of wholesale contracts found that at least one quarter of contracts contain clauses which incorporate TGP as part of a pricing methodology. Fixed contracts provide greater certainty for both wholesale customers and suppliers. It is therefore likely the majority of wholesale volumes will continue to be supplied under fixed contracts.

The purpose of the TGP regime is to allow the potential for a liquid wholesale spot market to develop; to reduce barriers to entry and expansion; to provide greater pricing transparency for distributors and dealers, to rebalance bargaining power and increase the likelihood of switching; and to provide transparent benchmark information for industry and government to reveal any use of market power in regions where importer competition is weak. The analysis provided in this chapter helps to inform whether this purpose is being achieved.

The TGP regime is still at an early stage, and we would expect firms to continue to develop their TGP offers over time. We will continue to monitor whether, and how, changes in costs are reflected in posted TGP levels.

60 See Figures 20 and 21 below.

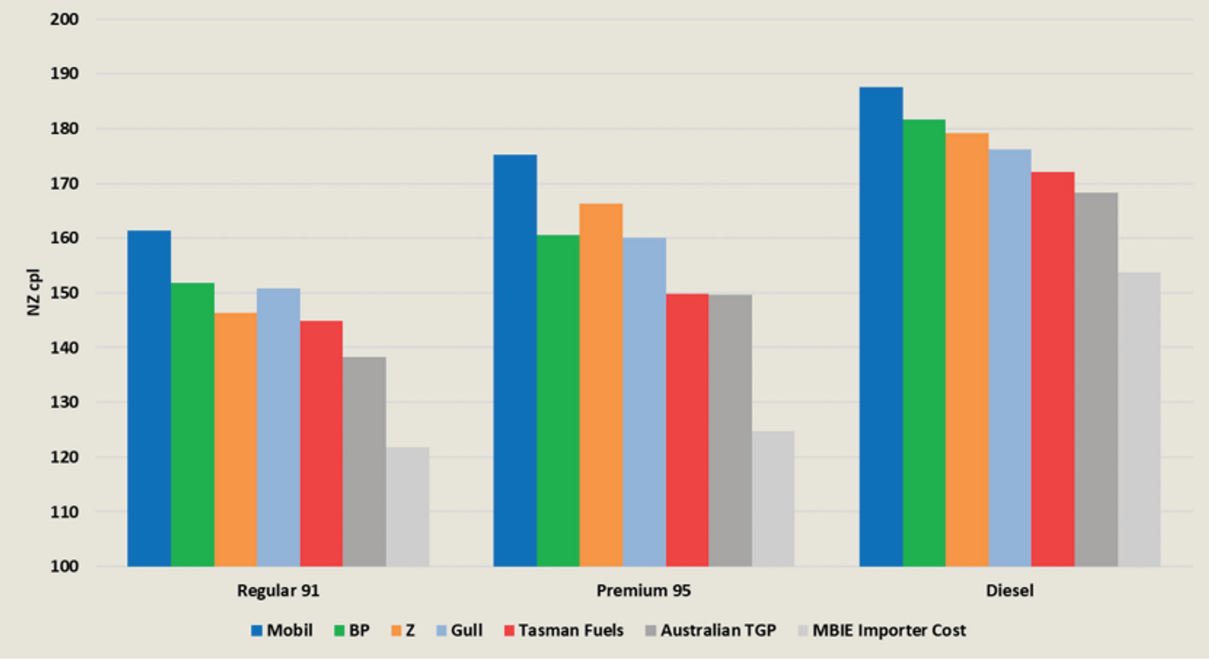
TGPs in NZ continue to vary between fuel importers, and remain high compared to Australia

TGPs are a reference point for wholesale customers and provide greater transparency when dealing with suppliers.

Average TGPs offered during the September 2022 quarter for each fuel type by each importer are shown in Figure 18.

The TGPs shown are the posted TGPs for fuel drawn from a supplier's own terminal or storage facility located at a terminal and adjusted for taxes.[61] Also included in Figure 18 are MBIE's importer cost estimates. These estimates represent the cost of importing fuel into New Zealand, but do not include terminal costs, and average TGPs observed in Australia.[62]

Figure 18 - Average quarterly TGPs (excluding taxes, levies, ETS costs) in New Zealand by fuel importer – September 2022 quarter



Source: ID data; Australian importer websites; Australian Institute of Petroleum; and MBIE weekly fuel monitoring data.

On average across the country, Mobil's TGPs were the highest in the September 2022 quarter, followed by BP in the case of Regular 91 and Diesel, and Z the second highest for Premium 95. Tasman Fuels continued to have the lowest TGPs (from their single Timaru terminal). These observations match those from the June 2022 quarter.

61 Under the Regulations, TGPs are required to be published inclusive of taxes and costs to be paid by the buyer. When analysing TGPs, we have removed taxes for comparison purposes. For further details on how we have adjusted TGPs for taxes, refer to Appendix 3.
62 Australian TGPs adjusted for taxes and exchange rates.

During the September 2022 quarter, average TGPs in New Zealand remained higher than in Australia, adjusted for taxes and exchange rates:

- the average TGP, excluding taxes, for Regular 91 in New Zealand was 151.8 cpl, compared to 138.2 cpl in Australia, a difference of 13.6 cpl (12.4 cpl in the June 2022 quarter).
- the average TGP, excluding taxes, for Premium 95 in New Zealand was 166.4 cpl, compared to 149.7 cpl in Australia, a difference of 16.8 cpl (14.2 cpl in the June 2022 quarter).
- the average TGP, excluding taxes, for Diesel in New Zealand was [181.6] cpl, compared to 168.3 cpl in Australia, a difference of 13.3 cpl (14.0 cpl in the June 2022 quarter).

New Zealand TGPs were higher than MBIE's importer cost estimates in the September 2022 quarter. As we noted in the June 2022 quarter report, MBIE's estimates do not include the costs associated with building and operating terminal storage facilities.

We are interested in better understanding the reasons for the variations in TGPs observed in New Zealand and for the difference between TGPs observed in New Zealand and Australia. For example, there may be differences in quality standards, scale, or freight costs between the two countries. However, we note that, to date, some of the lowest TGPs in New Zealand have been offered by the smaller fuel importers. This may indicate that factors (other than scale) influence pricing levels.

We also note that although posted TGPs in New Zealand remain higher than Australian TGPs, the average wholesale contract prices (excluding taxes and adjusted for exchange rates) for each fuel type in New Zealand continue to be similar to the Australian TGPs in the September 2022 quarter:

- for Regular 91, the average wholesale contract price in New Zealand was 135 cpl, lower than the average Australian TGP of 138 cpl;
- for Premium 95, the average wholesale contract price in New Zealand was 142 cpl, lower than the average Australian TGP of 150 cpl;
- for Diesel, the average wholesale contract price in New Zealand was 163 cpl, lower than the Australian TGP of 168 cpl.

We will continue to monitor TGPs and average wholesale contract prices.

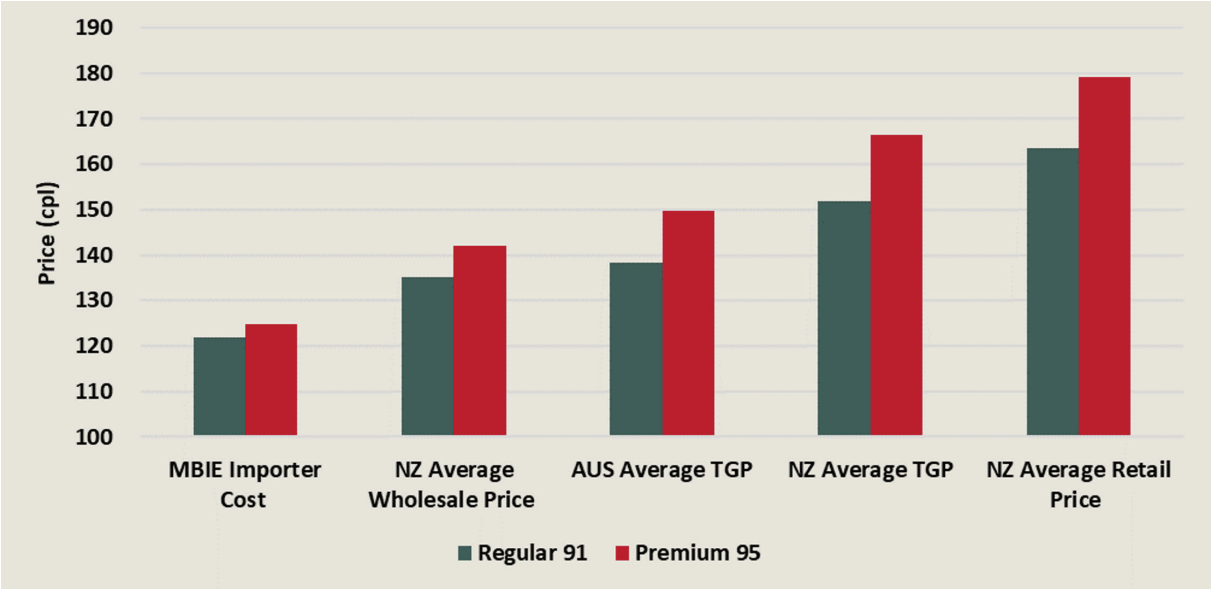
We also note that pricing terms were only one part of the wholesale supply arrangements with which we were concerned during the market study, with other issues relating to the ability of wholesale customers to switch between suppliers, bargaining imbalances, and a lack of transparency. The TGP regime has been introduced (and further developed) as part of a range of measures (along with measures directed at fixed wholesale contractual terms) under the Act to facilitate competition at the wholesale level.

As noted in previous sections, the posted TGPs observed to date appear to be very high which, combined with the lack of volumes supplied under the TGP regime, indicates that a liquid spot market based on TGPs has not developed.

There was also variation in the spread between TGPs for different fuel types

During the quarter, the spread between average TGPs in NZ for Regular 91 and Premium 95 was just over 14 cpl (unchanged to the June 2022 quarter). This is shown below in Figure 19.

Figure 19 - Average quarterly 91 and 95 TGPs (excl taxes, levies, ETS costs) compared to other benchmarks



Source: ID data; Australian importer websites; Australian Institute of Petroleum; and MBIE weekly fuel monitoring data.

The spread (price difference) between TGPs for Regular 91 and Premium 95 continues to vary by fuel importer. The spread between Regular 91 and Premium 95 TGPs offered during the September 2022 quarter include:

- Z was 20 cpl
- Mobil was 14 cpl
- BP and Gull were 9 cpl
- Tasman Fuels were 5 cpl.

By comparison, the spread in Regular 91 and Premium 95 TGPs in Australia was just over 11 cpl during the quarter, and the difference in MBIE's importer cost estimates for the two fuel grades was 3 cpl.

Importer costs fell faster than TGPs at the start of the September 2022 quarter for Regular 91 and Diesel

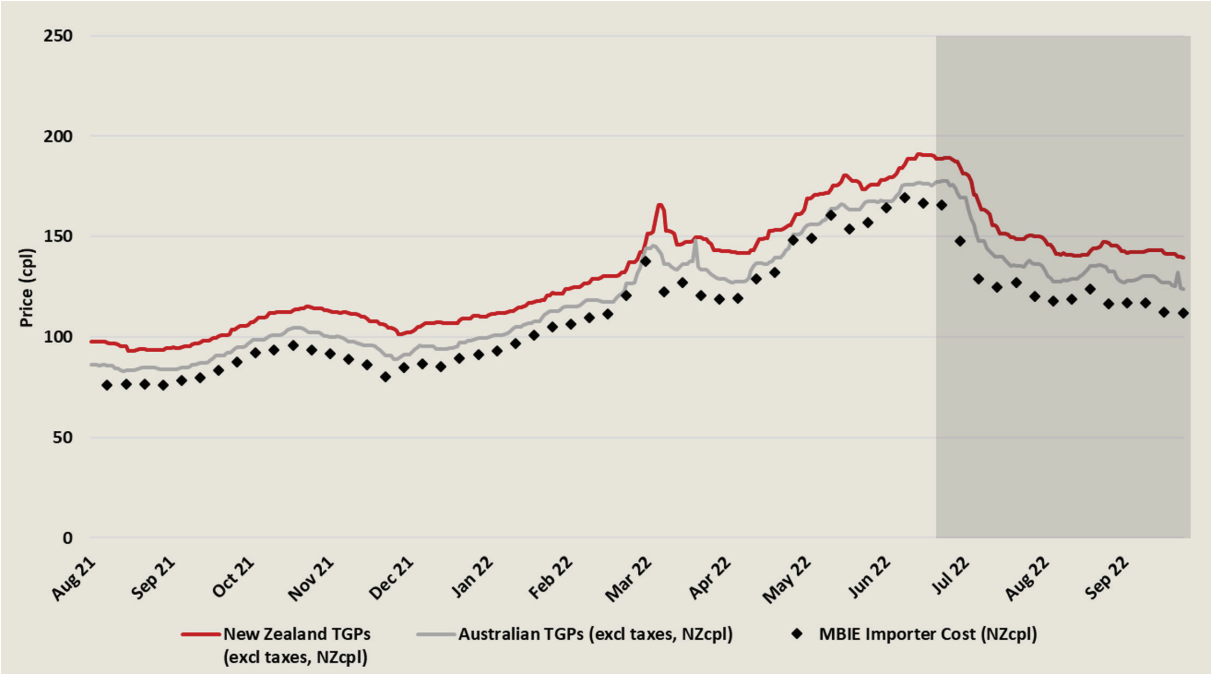
During the September 2022 quarter, TGPs in New Zealand trended downwards as importer costs fell.

A sharp fall in the importer costs for both Regular 91 and Diesel during July 2022 saw the gap between TGPs and importer costs increase during the first part of the September 2022 quarter.[63] The average gap between TGPs and importer costs increased in the September 2022 quarter compared to the June 2022 quarter due to this initial margin growth.

The disparity between importer costs and TGPs across all fuel grades returned to lower levels later in the September 2022 quarter.

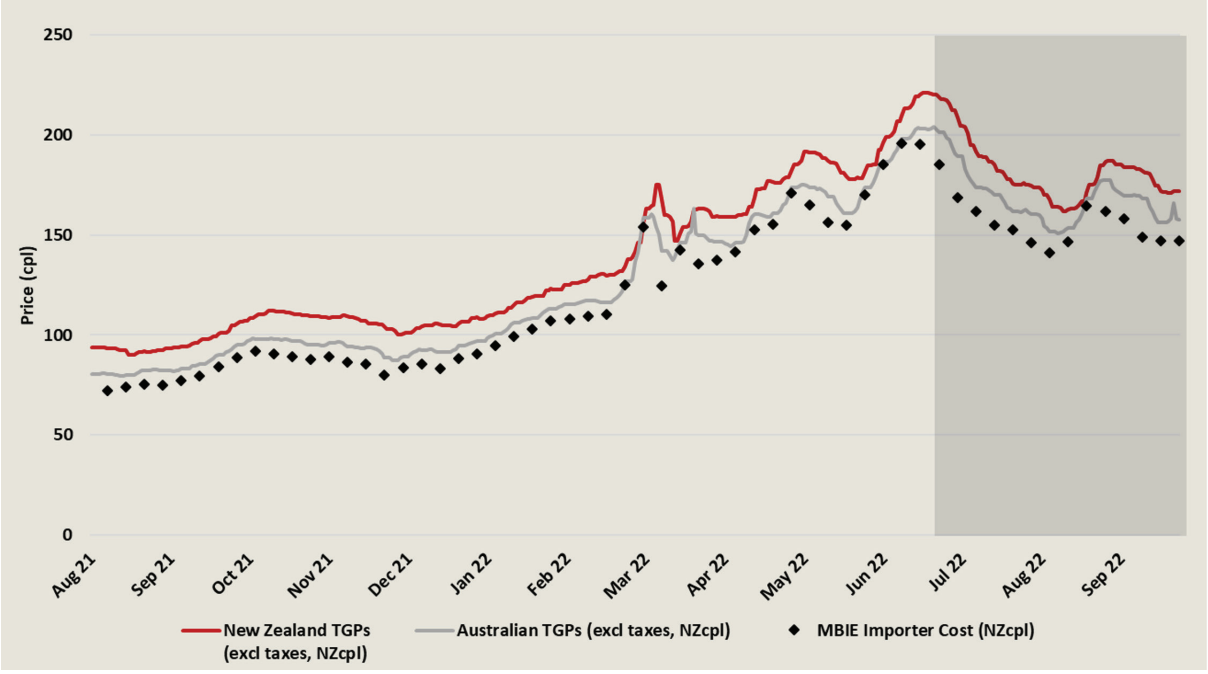
63 This was also at the time where the importer margins monitored by MBIE using its 'traffic light' system indicated an increase in margins between retail fuel prices and importer costs.

Figure 20 - Average Regular 91 TGPs for New Zealand and Australia



Source: ID data; New Zealand importers (voluntary responses); Australian Institute of Petroleum; and MBIE weekly fuel monitoring data.

Figure 21 - Average Diesel TGPs for New Zealand and Australia



Source: ID data; New Zealand importers (voluntary responses); Australian Institute of Petroleum; and MBIE weekly fuel monitoring data.

The movement of the importer cost, and subsequently the TGP of Diesel was larger than the movements of Regular 91. The higher volatility associated with Diesel is likely related to shocks to the international energy market, as discussed earlier in the industry developments chapter.[64]

We will continue to monitor when/if these falling costs are apparent in TGP posted price levels.

64 See "Industry Developments" section of this report.

Assessing posted TGPs relative to retail prices

In the market study it was noted that high wholesale prices limit retail competition. This is because resellers are unable to offer prices in line with the rest of their local market unless their product purchase prices (including downstream costs) are sufficiently low.[65]

In principle, in order for TGPs to facilitate entry and expansion, the gross margin between retail prices and TGPs should cover the costs incurred downstream from the terminal gate. Such downstream costs include distribution from the terminals to the retail sites and the cost to build and operate retail sites. The margins between average retail prices (net average discounts) and average posted TGPs (inclusive of taxes) is shown below for the September 2022 quarter.

Table 15 - Average retail prices and posted TGPs (cpl, including taxes

	Regular 91	Premium 95	Diesel
Average retail board price	273	289	262
Average discount	6	6	16
Average discounted retail price	267	283	246
Average posted TGP	258	276	236
Gross retail margin	9	7	10

Source: ID data.

We will continue to monitor the margin between TGPs and retail prices and how this relates to downstream costs to inform our view on the overall efficiency of the TGP regime. This will be supported by the annual cost and travel distance information.

Some variation in TGPs offered by fuel importers

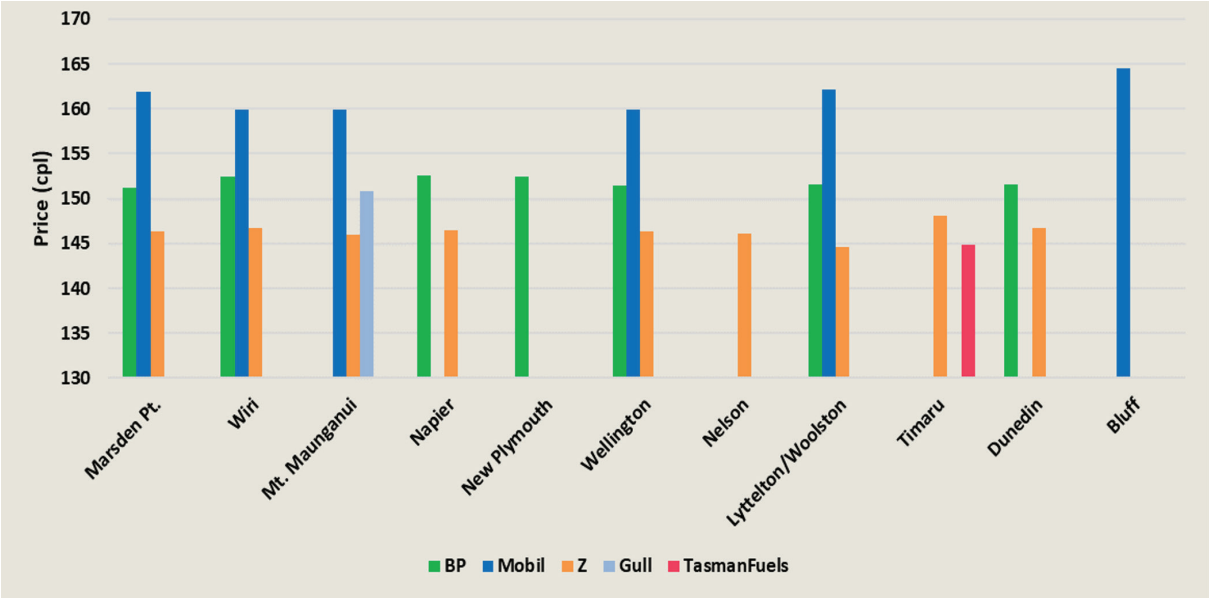
Under the TGP regime, fuel is supplied on a spot basis at the terminal gate. We would expect TGPs to reflect the cost of supplying fuel at terminal locations around New Zealand. This would include importer costs and port-related and terminal storage costs.

Regional variations identified in TGPs (adjusted to account for differences in taxes) may be due to differences in the cost of supplying fuel at different terminals. However, regional variations in TGPs could also reflect market power at a particular terminal. For example, concerns could arise where TGPs are higher at locations where fewer options are available (such as Bluff - where there is only one terminal - or Nelson). By comparing TGPs at different sites across New Zealand, we can help decipher if TGPs show signs of regional market power.

We have compared the average TGPs for each fuel type offered at terminal locations around New Zealand (adjusted to exclude taxes) for the September 2022 quarter (see Figures 22-24 below).[66]

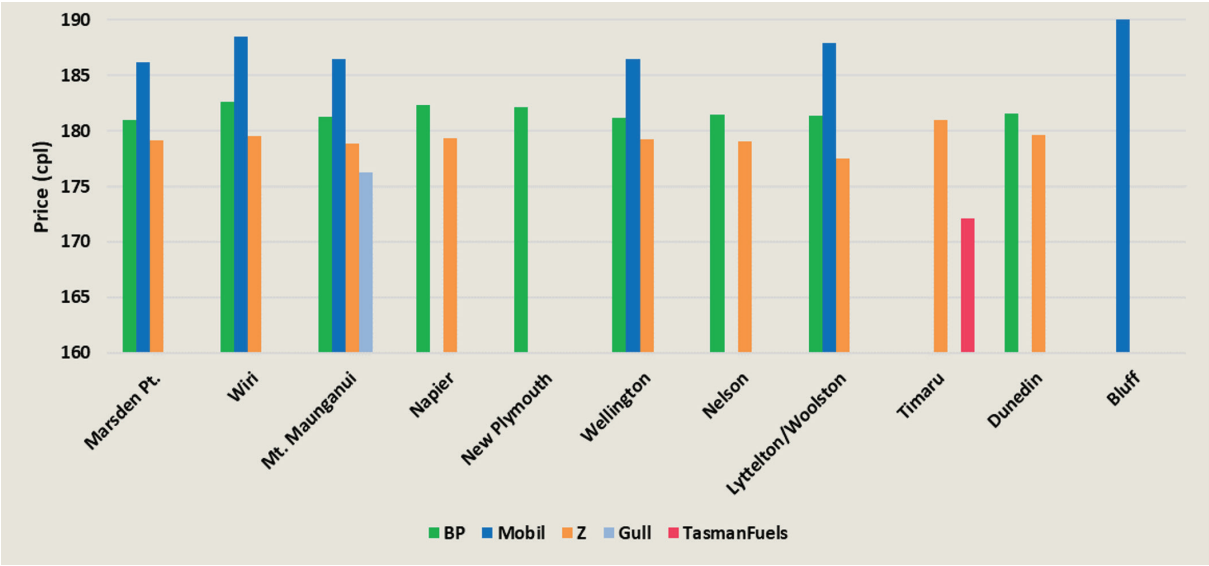
65 Commerce Commission "Market study into the retail fuel sector: Final report" 5 December 2019, at 273.
66 As discussed earlier, the TGPs posted by the fuel importers are adjusted to exclude taxes, levies, and ETS costs (estimated by MBIE) applicable to each fuel type.

Figure 22 - Average TGPs (excluding taxes, levies, ETS costs) for Regular 91 – September 2022 quarter



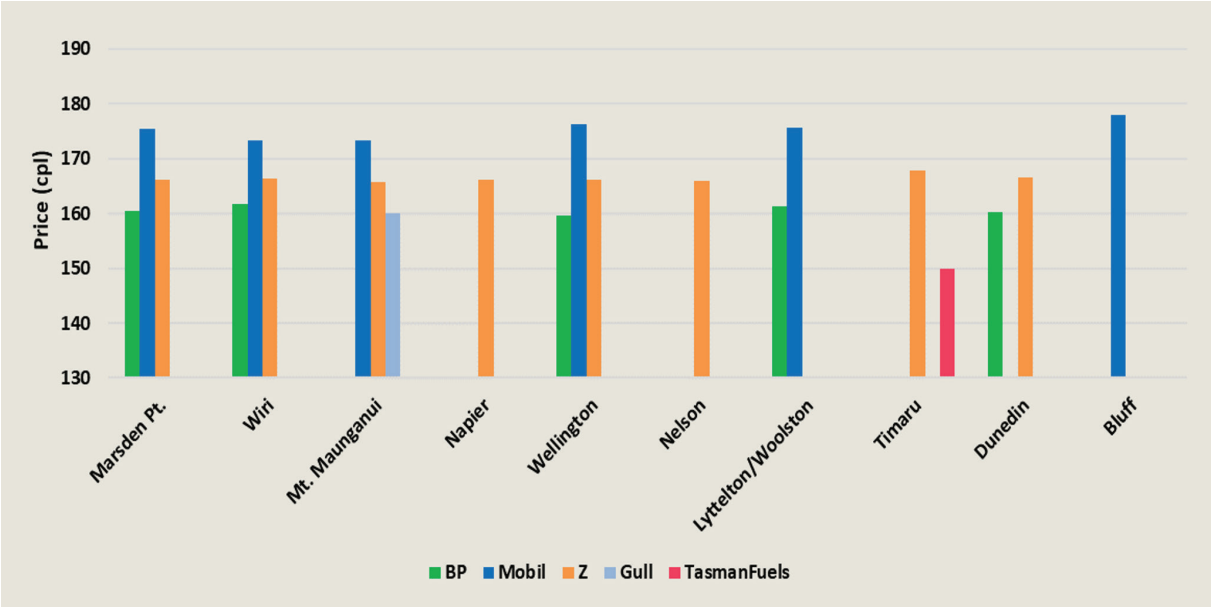
Source: ID data, MBIE weekly fuel monitoring data and ETS costs.

Figure 23 - Average TGPs (excluding taxes, levies, ETS costs) for Diesel - September 2022 quarter



Source: ID data, MBIE weekly fuel monitoring data and ETS costs.

Figure 24 - Average TGPs (excluding taxes, levies, ETS costs) for Premium 95 - September 2022 quarter



Source: ID data, MBIE weekly fuel monitoring data and ETS costs.

Fuel importers that operate multiple terminals have not shown a relationship between their TGPs at a given location and the number of competitors at that location. TGPs did, however, vary across different locations. We found variation in TGPs offered by fuel importers at different terminals:

- Mobil had the largest spread in TGPs during the quarter (approx. 4.6 cpl);
- BP's TGP spreads were between 1.3 cpl (for Regular 91) and 2.2 cpl (for Premium 95); and
- Z Energy's TGP spreads were between 2.1 (for Premium 95) and 3.5 cpl (for Diesel).

Of the importers with multiple terminals, Mobil typically had the highest TGPs at each location across all fuel types. Z Energy, on the other hand, had the lowest TGPs for Regular 91 and Diesel. BP had the lowest TGPs for Premium 95. During the September 2022 quarter, Tasman Fuels' TGPs for Premium 95 and Diesel continued to be the lowest at any terminal location, while its TGPs for Regular 91 were also some of the lowest in the country.

Terminal-specific TGP reviews and comparisons

In our June 2022 quarter report, we examined the TGPs offered at a number of specific locations – Mount Maunganui, Timaru, Wellington, and Nelson – noting that we would look at TGPs at other locations in subsequent quarterly reports.

We took a closer look at TGPs over the September 2022 quarter at the following locations:

- Marsden Point: the largest terminal facility by storage capacity
- Wiri: largest terminal facility in the country by volumes sold
- Christchurch: three fuel importers operating across two sites; and
- Bluff: a single fuel importer in operation.

We have compared the average TGPs offered by the fuel importers at each of the above locations with the TGPs observed in Australia.

We intend to continue to analyse terminal locations as part of future quarterly reports.

Marsden Point

Marsden Point has recently been converted from an import and refining facility to an import and

storage facility. It has become the largest terminal facility by storage capacity. It has three fuel importers operating (BP, Mobil and Z Energy) and is connected to Auckland's Wiri terminal facility by a fuel pipeline.

- For Regular 91, Z's TGPs were the lowest and were approx. 8 cpl higher than the Australian TGPs;
- For Premium 95, BP's TGPs were the lowest and were approx. 11 cpl higher than the Australian TGPs;
- For Diesel, Z had the lowest TGPs which were approx. 11 cpl higher than the Australian TGPs.

Wiri

Three fuel importers (BP, Mobil and Z Energy) operate at Auckland's Wiri terminal. Since the closure of the fuel terminal at Wynyard Wharf, Wiri is the sole terminal facility in New Zealand's largest city and is the largest terminal facility in the country by volumes sold. Wiri is also the only terminal subject to the ARFT of 10 cpl. This additional tax is accounted for in our comparisons with TGPs at other locations.

- For Regular 91, Z's TGPs were the lowest and were approx. 8 cpl higher than the Australian TGPs;
- For Premium 95, BP's TGPs were the lowest and were approx. 12 cpl higher than the Australian TGPs;
- For Diesel, Z had the lowest TGPs which were approx. 11 cpl higher than the Australian TGPs.

Christchurch

Three fuel importers operate terminal facilities in Lyttelton (BP, Mobil and Z Energy). Mobil also

operates a terminal facility in Woolston which is connected to the terminal facilities at Lyttelton Port

by a pipeline. Mobil's Woolston facility means that it can distribute fuel to the surrounding region

from a more convenient location and can avoid the transport restrictions associated with the Lyttelton tunnel. The two locations constitute the largest terminal facility in the South Island by volumes processed.

- For Regular 91, Z's TGPs were the lowest and were approx. 6 cpl higher than the Australian TGPs;
- For Premium 95, BP's TGPs were the lowest and were approx. 12 cpl higher than the Australian TGPs;
- For Diesel, Z had the lowest TGPs which were approx. 9 cpl higher than the Australian TGPs.

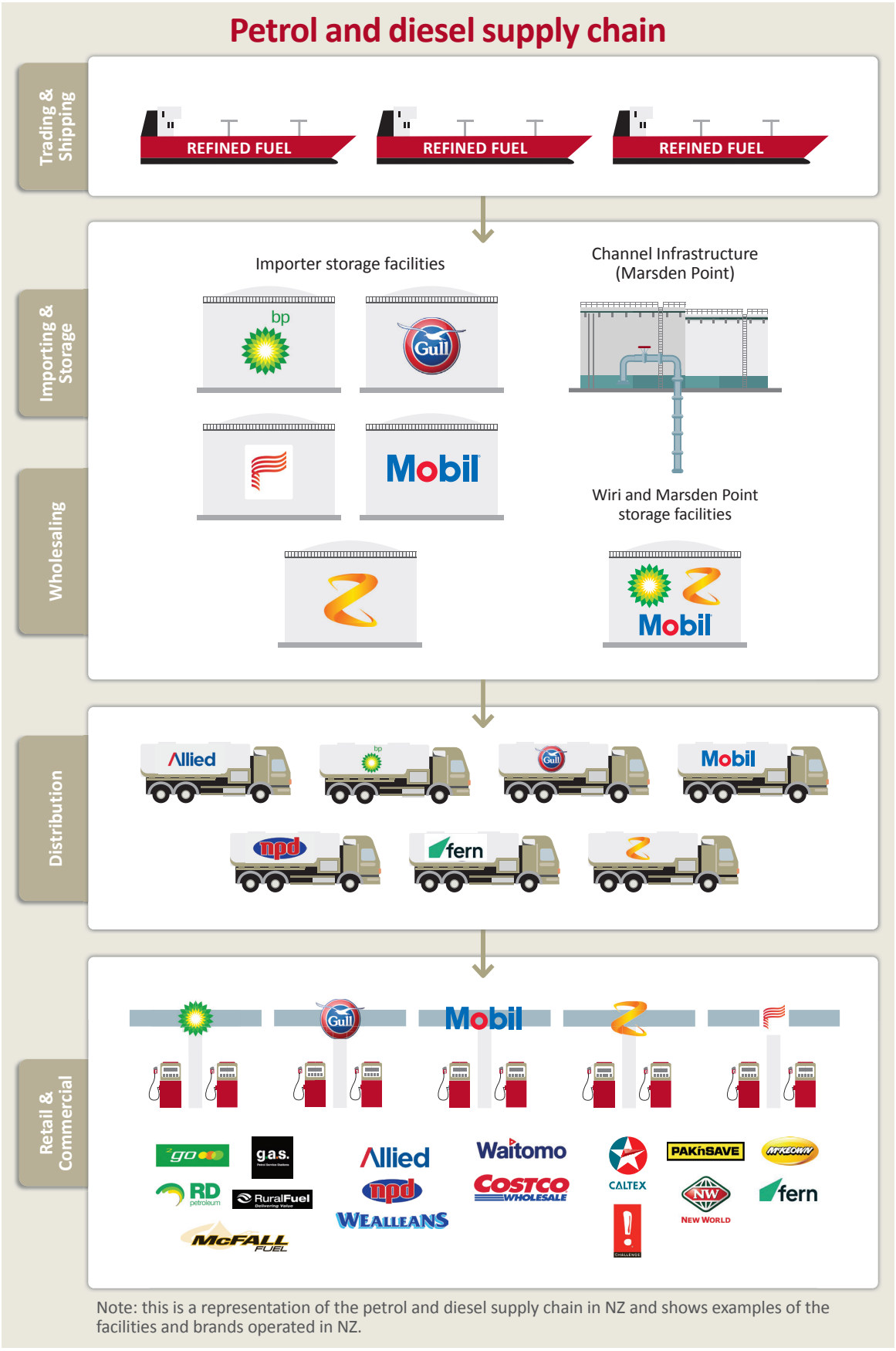
Bluff

Bluff is one of the smallest terminal facilities in the country by volumes sold and processed. It is also one of the most remote. Mobil is the sole terminal operator and importer at Bluff.

- For Regular 91, Mobil's TGPs were approx. 26 cpl higher than the Australian TGPs;
- For Premium 95, Mobil's TGPs were approx. 28 cpl higher than the Australian TGPs;
- For Diesel, Mobil's TGPs were approx. 22 cpl higher than the Australian TGPs.

Given Bluff's isolation from major ports and small size, we would expect somewhat higher operating costs and, therefore, higher prices than terminals at other larger ports. We have not yet investigated Bluff pricing in detail to determine whether prices are in line with what we would expect in a competitive market.

Appendix 1: New Zealand's fuel supply chain



Note: this is a representation of the petrol and diesel supply chain in NZ and shows examples of the facilities and brands operated in NZ.

Appendix 2: Explanatory notes

Explanatory Note 1: Fuel Regime Key Dates

Table 16 - Fuel regime timeline

Item	Date
Commission directed to carry out Retail Fuel Market Study	December 2018
Retail Fuel Market Study published	December 2019
Fuel Industry Act passed – August 2020	August 2020
Fuel Industry Regulations passed – July 2021	July 2021
TGP regime and Wholesale contract provisions came into effect	August 2021
Fuel Industry Amendment Regulations passed	December 2021, February 2022, April 2022, July 2022
Consumer Information Requirements came into effect	February 2022
First ID period commenced	April 2022
First quarterly ID due	August 2022
First annual ID of wholesale contracts due	September 2022
First annual ID due	June 2023

Explanatory Note 2: ID Data

The ID regime under the Act requires certain fuel industry participants to provide the Commission with information relating to specific elements of their fuel business including prices, costs and volumes. This enables the Commission to analyse and monitor the competitive performance of fuel markets. The ID requirements are both quarterly and annual, with different types of information required at these intervals. Quarterly disclosure obligations apply to fuel importers, while various annual disclosure obligations apply to fuel importers, wholesale suppliers, or distributors.

In addition, fuel importers must record and retain copies of all fixed wholesale contracts that are in force on 1 April 2022 or that come into force after that date, including a copy of any material changes to the provisions of the contract. They must disclose a copy of a fixed wholesale contract to the Commission upon our request.[67]

67 Regulation 17C(2) of the Fuel Industry Regulations 2021.

Table 17 - Information disclosure requirements as set out in the Regulations[68]

Participant	Reg	Disclosure	Frequency	Deadline[69]	First period for which information must be disclosed	First disclosure date
Fuel importer	17D	Fixed wholesale contracts	Annual	1 September each year	Contracts in force as at 11 August 2022[70]	1 September 2022
	17F	Certain formulas and volumes	Annual	1 September each year	1 April 2022 – 31 March 2023	1 September 2023
	17H	Certain discounting or loyalty programmes	Annual	1 September each year	1 April 2022 – 31 March 2023	1 September 2023
	17I	Storage capacity	Annual	1 September each year	1 April 2022 – 31 March 2023	1 September 2023
	17K	Fuel supply	Quarterly	30 days after end of financial quarter	1 April 2022 – 30 June 2022	1 August 2022
	17G	Certain travel distances	Annual	1 September each year	1 April 2022 – 31 March 2023	1 September 2023
	17L	Retail fuel sites	Quarterly	30 days after end of financial quarter	1 April 2022 – 30 June 2022	1 August 2022
Wholesale supplier or distributor	17E	Certain financial statements	Annual	5 months after balance date	First balance date after 1 April 2022	Varies according to balance date
	17J	Retail supply	Annual	1 September each year	1 April 2022 – 31 March 2023	1 September 2023

To facilitate the submission of ID, the Commission has created an online disclosure portal for ID upload, which feeds into the Commission's secure data platform, ensuring data integrity and security.

Explanatory Note 3: Non-ID Data

For the purposes of our analysis, ID data may be supplemented by the use of data from other sources (which we refer to as non-ID data). This includes such as information on international benchmark oil prices and exchange rates.

68 Fuel Industry Regulations 2021, Part 3A.
69 If any deadline falls on a weekend or public holiday, submitting on the next working day will meet requirements.
70 Fuel Industry Regulations 2021, Schedule 1.

Explanatory Note 4: TGP

A TGP is a wholesale price offered by fuel importers for spot sales of fuel supplied at the 'terminal gate'. Fuel importers have been required to offer TGP for certain types of fuel, Regular 91, Premium 95 and Diesel) at their terminal facilities since 11 August 2021. Fuel importers are required to provide TGP information as part of their quarterly information disclosures.

In addition to the TGP disclosure for the June 2022 quarter, we have received TGP information provided from the fuel importers on a voluntary basis, covering the period from August 2021 to 31 March 2022. This larger dataset has enabled us to develop a more in-depth view of how the regime is operating.

Explanatory Note 5: Terminal size definition

Table 18 - Terminal sizes

Size	Definition
Large	Three or more importers operating
Small	One or two importers operating

Explanatory Note 6: Wholesale Market Background

In the market study, the Commission identified that an active wholesale market for fuel did not exist in New Zealand. As a result, wholesale prices were higher than would be expected in a competitive market, and this was flowing through to consumers paying higher pump prices.

To stimulate greater competition in the wholesale market, the Fuel Industry Act 2020:

- set rules governing contracts between wholesale fuel suppliers and their wholesale customers to allow greater contractual freedom for resellers to compare offers and switch suppliers; and
- introduced a TGP regime.[71]

The rules governing wholesale contracts were intended to provide opportunities for distributors to shop around for better wholesale prices – including by providing rights of termination and placing limits on exclusive-supply contracts.

The TGP regime was introduced to:

- allow the potential for a liquid wholesale spot market to develop;
- reduce barriers to entry and expansion for both importers and distributors;
- provide greater pricing transparency for distributors and dealers, to rebalance bargaining power and increase the likelihood of switching; and
- provide transparent benchmark information for industry and government to reveal any use of market power in regions where importer competition is weak.[72]

71 https://comcom.govt.nz/regulated-industries/fuel.
72 Ministry of Business, Innovation and Employment, Regulatory impact statement: https://www.mbie.govt.nz/dmsdocument/11217-regulatory-impact-statement-fuel-industry-bill p.28.

Appendix 3: Adjusting Terminal Gate Prices for taxes and exchange rates

To ensure that TGP comparisons between New Zealand and Australia, and within New Zealand, are consistent, we adjusted TGPs to exclude taxes and levies applicable to fuel types.

Tables 19 and 20 below summarise the taxes, levies, and ETS costs that we have used to adjust TGPs in both countries.

Table 13 - New Zealand taxes, levies, and ETS costs applicable to fuel types

New Zealand (NZ cpl)			
	45.02	**45.02**	**-**
National Land Transport Fund (NLTF) [73]	6.00	6.00	-
ACC Levy	0.65	0.65	0.65
Petroleum Engine Fuels Monitoring Levy	0.66	0.66	0.33
Local Authority Fuels Tax	10.00	10.00	10.00
Regional Fuels Tax (Auckland)	MBIE estimates	MBIE estimates	MBIE estimates
ETS costs	15%	15%	15%
GST	15%	15%	15%

Source: MBIE https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-generation-and-markets/liquid-fuel-market/duties-taxes-and-direct-levies-on-motor-fuels-in-new-zealand/; https://www.mbie.govt.nz/assets/Data-Files/Energy/Weekly-fuel-price-monitoring/weekly-table.csv; and Inland Revenue https://www.ird.govt.nz/gst.

Table 14 - Australian taxes applicable to fuel types

Australia (A cpl)			
	Regular 91	**Premium 95**	**Diesel**
Excise tax	22.1	22.1	22.1
GST	10%	10%	10%

Source: Australian Taxation Office https://data.gov.au/data/dataset/0aa77454-d0f6-4499-b0a4-88dbdeee95d1/resource/b9227cdf-4c04-492d-bd84-65031adc408e/download/historicalexciserates-29-sep-22.xlsx; and https://www.ato.gov.au/business/gst/.

We have used daily exchange rates from the Reserve Bank of New Zealand to convert Australian TGPs into New Zealand currency.[74]

73 The NLTF rate was reduced from 70.02 cpl to 45.02 cpl on 15 March 2022.
74 https://www.rbnz.govt.nz/statistics/series/exchange-and-interest-rates/exchange-rates-and-the-trade-weighted-index

Appendix 4: Sales volumes recorded twice

When we analysed the data for the September 2022 quarter, we identified duplicate volumes were recorded in the June 2022 quarter analysis. The duplicated volumes that were recorded represented around 7% of the total volume of the June 2022 quarter. This has not caused significant changes to our analysis.

Table 21 – Duplicated volume by fuel grade (ML) for June 2022 quarter

Fuel grade	Duplicated volume (million litres)
91	25.9
Diesel	21.9
95	5.1
98	2.6
Total	55.5

Duplicated volumes were spread relatively evenly between the importing companies (see Table 22 below).

Table 22 – Duplicated volume by importer for June 2022 quarter

Importer	Duplicated volume (million litres)	Real volume	Sum of Duplicated %
Z Energy Limited	23.4	363.0	6.46%
Gull New Zealand Limited	12.8	100.3	12.79%
BP Oil New Zealand Limited	12.2	203.5	6.00%
Mobil Oil New Zealand Limited	7.1	108.8	6.51%
Total	**55.5**	**775.6**	**7.16%**

Appendix 5: Glossary

Term	Explanation
the Act	Fuel Industry Act 2020
Adjusted Australian TGPs	Australian posted TGPs, adjusted for taxes and exchange rates).
ARFT	Auckland Regional Fuel Tax, also referred to as Regional Fuels Tax (Auckland)
Australian TGPs	Australian posted TGPs
Borrow & Loan (B&L)	Where terminals and the refined product held within the terminals are declared as industry storage. Each participant can draw down fuel from anywhere in the system as long as they match it with an equivalent amount of fuel added somewhere in the system, but not necessarily at the same place.
BP	BP Oil New Zealand Limited
Bulk storage facility	Facility for the storage of five million litres or more of engine fuel
cpl	New Zealand cents per litre
(the) Commission	New Zealand Commerce Commission
Dealer	Means a reseller that sells and supplies engine fuel through its own
Diesel (including bio-diesel)	retail fuel sites using a brand owned by another person that is not an interconnected body corporate of the reseller.
Discounts	Means (a) a refined petroleum distillate, or other liquid hydrocarbon fuel, having a viscosity and distillation range that is intermediate between those of kerosene and light lubricating oil, whether or not it contains additives, and that is intended for use as fuel in compression-ignition internal combustion engines; and (b) includes diesel containing up to 5% bio-diesel by volume
Discount and loyalty programmes	Discounts off the retail board price for fuel. These discounts may be offered through discount and loyalty programmes or through fuel cards
Distributor	Programmes that offer discounts off the retail board price for fuel and may provide other benefits or rewards unrelated to fuel (eg, the accumulation of Fly Buys points or Air New Zealand AirPoints). These programmes are typically targeted at households rather than businesses. Examples include AA Smartfuel, supermarket discount vouchers, and Mobil Smiles
ETS	A reseller that is not a dealer
Fixed wholesale contract	A wholesale contract that governs, for a fixed period, the wholesale price and other conditions of sale and supply of engine fuel during the period; or for a fixed amount of engine fuel, the wholesale price and other conditions of sale and supply for that engine fuel; but does not include a wholesale contract for the sale and supply of engine fuel under the terminal gate pricing regime in subpart 1 of Part 2 of the Regulations.
Fuel	Petrol and diesel fuels (unless specified otherwise).
Fuel industry participant	a person that purchases, or sells and supplies, engine fuel other than as— (a) an end user; or (b) an incidental part of the hiring, leasing, or selling of motor vehicles
GST	Goods and Services Tax
Gull	Gull New Zealand Limited
Importers	Collective term used for BP, Mobil, Z, Gull, and TOSL. These companies each import fuel to New Zealand
ID	Information disclosure
Market study	Commerce Commission Retail Fuel Market Study

Term	Explanation
MBIE	Ministry of Business, Innovation and Employment
Mobil	Mobil Oil New Zealand Limited
NLTF	National Land Transport Fund
Premium 95	Petrol with a minimum Research Octane Number of 95
Premium 98	Petrol with a minimum Research Octane Number of 98
Premium petrol or Premium fuel	95 octane and 98 octane fuel
(the) Regulations	Fuel Industry Regulations 2021
Regular 91	Petrol with a minimum Research Octane Number of 91 and less than 95
Reseller	As per the Act, means a person that purchases, or intends to purchase, engine fuel from a wholesale supplier to sell and supply to another person; but does not include a person that does so, or intends to do so, only as an incidental part of their business.
Retail board price	The retail fuel price displayed on price boards outside retail sites
Retail sites	Collective term used to refer to a broad range of sites selling fuel, including service stations, unmanned sites and some truck stops (only those that are accessible to the public and light passenger vehicles)
Tasman Fuels	Tasman Fuels Limited
TGP	Terminal Gate Price
TGP premium	The premium that a customer would pay to buy at the TGP at a port against the average wholesale contract price at that port
TOSL	Timaru Oil Services Limited
Wholesale contract	A contract between a wholesale supplier and a reseller for the sale and supply of engine fuel
Wholesale supplier	A person that sells and supplies engine fuel, as the whole or part of its business, to persons other than end users.
Z	Z Energy Limited

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This is a guideline only and reflects the Commission's view. It is not intended to be definitive and should not be used in place of legal advice. You are responsible for staying up to date with legislative changes.

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