

Astra Energy Cross-Submission on points raised in Z Energy submission on Statement of Preliminary Issues

Continued commitment to low priced fuel

Astra Energy Group Limited (**Astra Energy**) confirms that the Proposed Transaction between Gull New Zealand Limited (**Gull**) and NPD Group Investments Limited (**NPD**) will continue to deliver lower cost fuel to New Zealand consumers, and will not give rise to any material change in Gull's ongoing compliance with its Minimum Stock Obligation (**MSO**) requirements.

Astra Energy plans to keep both Gull and NPD brands, given their regional strengths and strong reputations for fairness and low prices. Z Energy is incorrect to suggest that they no longer act as market disruptors. This is not reflective of their brand perception or the role they play in site level competition. Gull and NPD are drivers of lower cost fuel to consumers, and this is embedded in the strategies of both parties, and will continue to be a key value proposition for the merged entity. Gull's recent successful entry into Mangawhai is evidence of this.¹ These pricing effects will not change as a result of the Proposed Transaction.

Lowest Terminal Gate Price and continued regulatory compliance

The Proposed Transaction will not affect Gull's MSO obligations under the Fuel Industry Act 2020.

The MSO requirements apply to fuel industry participants who import fuel and own or operate a bulk storage facility for that fuel or have the right to draw that fuel from one (initial period, now ended) and every fuel industry participant who is of a type specified in regulations. NPD is not a fuel importer within the meaning of the regulations as it does not own or operate a bulk storage facility for fuel and is not a fuel industry participant of a type specified in the regulations. MSO holding levels are based on daily averages drawn down at fuel storage terminals across the country. For Gull, this is only applicable for the single terminal it operates.

Gull has a single terminal at Mount Maunganui, from which it supplies fuel. The MSO obligation applies for this terminal. To the extent NPD volumes were to come through this Terminal post-merger, to a level which significantly changed the daily volumes through the site, Gull would adjust its stockholdings if necessary to continue to meet its MSO obligations accordingly.

This requirement is not relevant to the Commission's consideration of the Proposed Transaction, other than over time it may lessen NPD's dependence on holding volumes at competitor tanks in the North Island, enabling it to bring more competition to the market, particularly for commercial customers. Unlike Z Energy (or Mobil or BP), Gull only has one storage facility and so cannot spread the obligation across multiple storage facilities across the country. That is, it is unable to offset a stockholding requirement based on daily take volumes from one regional storage facility against an increased volume in a facility at another region at any particular time.

¹ <https://www.rnz.co.nz/news/national/585873/tiny-northland-town-becomes-centre-of-impressive-low-petrol-prices>