



# Certified Energy

New Zealand Energy Certificate System

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Energy Market Policy  
Building, Resources and Markets  
Ministry of Business, Innovation and Employment  
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Dear Ministries,

We wish to contribute to the development of the sustainable biofuels mandate, in order to assist in ensuring its success. Our submission will focus on our area of specialty, namely provision of market-based mechanisms (energy certificates) in support of accelerated renewable energy development. We recognise the need to impose a meaningful purchasing obligation, whilst also recognising the commercial and practical challenges that fuel suppliers will have in complying with these obligations.

It is our belief that enabling the use of a domestic energy certificate system would greatly aid suppliers in meeting their obligations, through reduction of cost, maximisation of value, and minimisation of logistical challenges to compliance.

### **Introduction to Certified Energy**

Certified Energy has administered the New Zealand Energy Certificate System (NZECS) since its launch in 2018. The NZECS provides attribute tracking services to the New Zealand electricity market, enabling bundled and unbundled attribute transfer by way of energy certificate issuance, transfer and redemption.

The NZECS is expanding its services to provide renewable gas certification from 1 October 2022, initially providing verification and attribute transfer via energy certificate for biomethane and hydrogen in New Zealand. It is broadly accepted that the NZECS will play an important role in enabling renewable gas production, by enabling producers to reach market efficiently and attract maximum return for their products.

Certified Energy has as its mission to enable and promote impactful renewable energy purchasing. With this in mind, provision of services to other energy industries, such as transport, is of great interest.



## **Our submission**

As mentioned, our submission will relate to our field of expertise – the role of energy certificates in accelerating renewable energy development. In this case, we see there is a need for increased discussion around the mechanics of compliance with obligations, an area that could provide significant efficiency. Our comments are listed below:

1. We endorse the approach of seeking harmonisation with international best practice for sustainable biofuel certification, such as through the ISCC and RSB. Where fuels are imported, their production will need to be certified under an overseas scheme, and establishing recognition of schemes will provide clarity to parties as to how to ensure purchased fuels are compliant. However, we suggest that a domestic system for verification of production and explicit transfer of attributes via certificate (such as the NZECS) would be extremely valuable.
2. The proposal implies simply that suppliers will purchase compliant biofuels, and supply these to market, in quantities proportional to total supply as necessary to meet their obligations. It is likely that this approach would result in inefficiencies, as purchasing to meet a proportional target based on unknown future volumes would almost exclusively result in either the need to over-purchase compliant fuels, or the need for practically challenging fuel swaps and transfers at the end of each compliance period, in order to reach a balanced position.
3. Allowing unbundled attribute transfer would resolve this issue. By allowing parties to demonstrate compliance through the surrender of sufficient certificates proportional to their supply over a time period would allow parties to optimise purchase and trade behaviours while still having a high level of confidence of meeting their obligations.
4. Secondly, use of energy certificates would enable suppliers to maximise the commercial value of sustainable biofuels, supporting their ability to comply with targets. Use of certificates would enable suppliers to allocate the attributes of their sustainable fuels to specific consumers – those who valued this most highly and were willing to pay a premium for these fuels. Transfer of attributes via certificate would enable these end users to report use of sustainable biofuels within their emissions inventories, maximising value creation.
5. Finally, it is worth clarifying that a domestic scheme could fit easily within the proposed framework. It will be increasingly common for certification systems to interact globally as green products are shipped internationally, with the characteristics of imported product recognised and reflected within domestic certification systems and instruments. Further, it is generally not the role of the certificate system provider to make decisions as to parameters that determine acceptable use.

We wish to extend our appreciation for all your hard work in this area to date, and welcome the opportunity for further conversation.

Nāku iti noa, nā,

Tim Middlehurst

**Chief Executive Officer**

Certified Energy