

1 July 2022

Consultation: Sustainable Biofuels Obligation  
Energy Markets Policy  
Building, Resources and Markets  
Ministry of Business, Innovation and Employment  
PO Box 1473, Wellington 6140  
New Zealand

Tēnā koe,  
Re: Consultation on the Sustainable Biofuels Obligation

Scion welcomes the opportunity to provide input on proposals for regulations to support the implementation and administration of the Sustainable Biofuels Obligation for Aotearoa New Zealand. Scion supports the development and adoption of sustainability criteria for biofuels, in ways that work for New Zealand.

However, we see some significant risks from the approach set out in the consultation document and, as drafted, the proposed sustainability criteria could significantly undermine efforts to produce sustainable biofuels in New Zealand.

We have two main concerns. The first relates to the proposal to adopt international biofuel sustainability standards for biofuel meeting the Sustainable Biofuels Obligation. International standards – the Roundtable for Sustainable Biofuels (RSB) criteria notably – create significant uncertainty around the use of wood for biofuel. In particular, the RSB criteria currently prohibit use of roundwood (i.e. logs) for biofuel production, and instead limit production only to residues from other wood processing. While those residual materials are an important feedstock for potential biofuel production, producing biofuel at scale may require the use of whole logs, including from forests grown and harvested specifically for biofuel production. If the RSB standard was adopted this could stop development of wood-based biofuel in New Zealand which could use logs (i.e. roundwood) from short rotation forests grown for bioenergy production, or from logs currently used for other low-value/industrial end uses (e.g. those currently exported for pulp).

This is a significant problem, and risks undermining current Government initiatives to develop high-value products from a range of potential feedstocks, including through significant initiatives announced in Budget 2022. The RSB standard would not allow use of short-rotation forests as a feedstock, and would close out potential domestic market demand for lower-value and industrial grade logs, some of which are currently felled to waste in production forests.

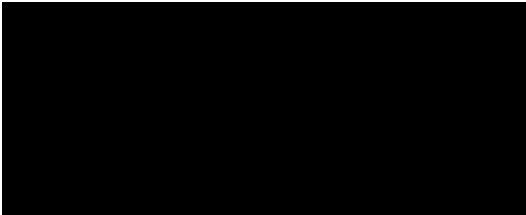
Our second concern is that international standards could create unintended consequences around land use change. New Zealand's climate change response, including through the Emissions Reduction Plan, will result in significant planting of new areas of forest – of both exotic as well as indigenous species. Most (if not all) of this will be on land that is currently used for food production in the form of extensive pastoral agriculture, and we can anticipate that some of that forest could be used as feedstock for biofuel production. Scion support efforts to ensure that demand for biofuel feedstocks does not contribute to food insecurity. But particular care will need to be taken in the design or adoption of biofuel sustainability standards to make sure that those standards do not unduly limit the kind of land use change that is common in New Zealand, is covered by existing sustainability or environmental standards and provisions, or might otherwise be expected as part of a market-responsive primary sector.

There are already several forest management certification or regulatory provisions that could help

ensure biofuels produced from wood in New Zealand meet the sustainability objectives of the Sustainable Biofuels Obligation. Some of these are already applied to forest products exported from New Zealand. These include the National Environmental Standards for Production Forestry, the Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) certification, and sustainable land use provisions of regional and local authority plans.  
Regards.

Scion strongly supports the role that sustainable bioenergy must play in New Zealand's climate change response and the transition to a prosperous circular bioeconomy for Aotearoa New Zealand. We would be happy to work with the Energy Markets Team to make sure that the sustainability criteria of the Sustainable Biofuels Obligation do not undermine that objective.

Ngā mihi nui, na



Dr Florian Graichen  
General Manager, Forests to Biobased Products