

Q1: Do you support having a GHG emissions reduction mandate? If not, why?

Response: Yes.

Q2: Do you support the proposal to require certification of lifecycle emissions of biofuels sold in New Zealand using international standards? If not, why?

Response: Yes. The certification needs to be transparent, accepted by GHG auditors and not materially adding to the fuel cost.

Q3: Do you support applying the Sustainable Biofuels Mandate to all liquid transport fuel? If not, why?

Response: Yes. However, domestic biofuel production also poses significant environmental and social risks (impacts on food, water, forest, monoculture, genetic and invasive species, concentration, habitat loss on biodiversity, land clearance etc.). We support the mandate only if necessary policy/regulatory standards are adopted to ensure that the mandate does not trigger the substitution of fuel for food crops, the endangerment of clean water supplies, the deterioration of the land, and the inequitable distribution of profits biofuel production.

Q4: Are the proposed initial emission reduction percentages for 2023–2025 appropriate for New Zealand? If not, what should they be?

Response: No. The emissions reduction percentages should be higher than proposed in the significantly changed context of impending regional and national GHG emissions reduction targets and climate emergencies. We should also strive to recover the lost opportunity of absolute emission reduction between 2008 to 2021 as soon as possible. The higher percentage at the early stage will better complement and contribute to the emissions reduction in the transition period of ICE to low emissions electric/hydrogen fuel-cell based transport. The emissions reductions percentage should be commensurate with the 'blend-wall' threshold for conventional biofuel (10% of bio-ethanol petrol and 20% biodiesel for diesel).

Q5: Do you support having single GHG emissions reduction percentages across all fuel types, or do you favour separate reduction percentages? Why and how many separate percentages would you suggest we have?

Response: We should have separate and higher reduction percentage for some fuels targeting vehicles types (for example diesel vehicles should require higher percentage, especially in high utilisation commercial heavy motor vehicles and buses).

The emissions reductions percentage should be commensurate with the 'blend-wall' threshold for conventional biofuel (Mandatory: 10% of bio-ethanol in petrol and 20% biodiesel for diesel with additional provision to promote the use of drop-in advanced biofuel).

Q6: Do you support provisional emission reduction percentages being set for 2026–2030 and 2031–2035 with the percentages being finalised in 2024 and 2029 respectively? If not, why?

Response: As above. Note that biofuel percentages are irrelevant to public buses beyond 2035, when all are required to be zero-emission technology.

Q7: Do you support the proposal that biofuel producers must be certified against an established sustainability standard to count towards achievement of the emissions reduction percentage? If not, why?

Response: Yes -the certification of producers ensures ethical sourcing of the supply chain of biofuel production. Ethical sourcing helps avoid environmental and social risks (as above discussed in response to Q3) associated with biofuel production domestically and internationally. The certification needs to be transparent, accepted by GHG auditors and not materially adding to the fuel cost.

**Q8: Do you support having a joint fuel industry/government information campaign to inform New Zealanders about biofuels and the Sustainable Biofuels Mandate? If not, why?
Do you support the labelling proposal that informs consumers about specific biofuels at the point of sale? If not, why?**

Response: Yes. There are many misconceptions (<https://sustainable.org.nz/biofuels-dispelling-the-myths/>) about biofuels, life costs of assets, impact on engine, fuel economy and minimal co-benefit of lower exhaust emissions (<https://www.energy.gov/sites/prod/files/edg/media/BiofuelsMythVFact.pdf>). This should be better explained in a balanced view as opposed to the 'marketing' of biofuels.

Q9: Should New Zealand try to overcome the challenges that domestic biofuel producers face in maintaining access to affordable supplies of domestically produced feedstocks? Do you have any suggestions for how this challenge could be overcome?

Response: Yes.

Some suggestions to overcome the challenges are as follows:

- Implement an incentive mechanism by lowering tax on biofuel compared to fossil fuel.
- Increase R&D support for both conventional and advanced biofuel.
- Guarantee the market by enforcing sustainable biofuel mandate.
- Develop standards and regulations to address the environmental and social risks associated with biofuel uptake.
- Remove financial and technical barriers to produce advanced biofuel locally.
- Enforce a higher export duty of the feedstock.

Q10: Do you think the minimum threshold for compliance of 10 million litres of transport fuel in a calendar year in New Zealand is appropriate? If not, what level would you change it to?

Response: N/A

Q11: Do you agree with the method for calculating a supplier's GHG emission reduction? If not, why?

Response: Yes, if the mandate goes as proposed now. However, there should be a review of the formulas if the different percentages apply for different fuel types, vehicle types, etc.

Q12: Do you think the annual reporting regime, including its offences and fines, is practical and appropriate? If not, why?

Response: Yes – but blended fuels will make robust measuring and monitoring of compliance challenging.

Q13: Do you support the performance of fuel suppliers being published to enable consumers to reward the industry leaders in reducing GHG emissions? If not, why?

Response: Yes. The regulator should evaluate the emissions reduction performance of the fuel supplier with a grading system. The regulator should make the suppliers display the grade mandatory on pumps/stations price billboards and invoices.

Q14: Will the proposed penalties encourage fuel suppliers to achieve the required emission reductions? If not, would level should they be?

Response: Yes. The proposed penalties encourage fuel suppliers to achieve the required emission reductions. However, this also requires a robust measuring and monitoring system to evaluate whether the fuel suppliers met the compliance or not.

Q15: Do you support the proposal for fuel suppliers to defer achieving their emissions reductions for years 1 and/or 2, in full or in part, to the following year? If not, why?

Response: Partially support. yes, only for the initial 1-2 years to recognise that all suppliers might not secure the source of biofuel in the initial years. However, the proposed additional 0.1 percentage penalty seems too low. The penalty threshold needs reviewing to ensure that the suppliers put maximum effort to deliver the target rather than take the penalty as an easy alternative.

Q16: Do you support fuel suppliers banking any surplus emissions reductions in a year and using it to reduce the percentage needed to be achieved the following year? If not, why?

Do you support fuel suppliers borrowing for shortfalls in emissions reductions in a year, and making the shortfall up the following year? If not, why?

Do you agree with the proposal to allow trading through the use of entitlement agreements? If not, why?

Response: Partially Yes.

However, borrowing, trading and banking emission reductions might open the scheme to market manipulation and create a risk of delaying emissions reductions. A transparently managed process needs to be in place to address any manipulation. In addition to this, recognising the additional emissions reduction with public acknowledgement, awards, incentives might motivate the suppliers and accelerate emissions reductions.