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Peter Mersi
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Ministry of Transport
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Sent via email: energymarkets@mbie.govt.nz.

Dear Peter

Increasing the use of biofuels in transport

Firstgas Group welcomes the opportunity to submit on the consultation paper “*Increasing the use of biofuels in transport: consultation paper on the Sustainable Biofuels Mandate*”. We support having a greenhouse gas (GHG) emissions mandate given that liquid fuels emissions make up a significant portion of New Zealand’s total emissions. We believe that a carefully thought-out mandate can help to achieve our country’s decarbonisation goals.

We focus our comments on three areas:

- The development of domestic biofuels production facilities in New Zealand, which we believe is key to developing a low-carbon economy. A productive and efficient biofuels industry will also provide associated social and economic benefits.
- The most common advanced biofuels production technology (hydro-processing) uses hydrogen as a feedstock and produces bioLPG as a by-product. Liquid biofuels production is currently the source of more than 99% of all bioLPG produced globally, meaning that there is a significant interplay between liquid biofuels and low carbon gases.
- We support the recommendation to have a single GHG emissions reduction percentage across all fuel types. Extending this principle, we encourage the Ministry of Transport (MoT) and the Ministry of Business, Innovation and Employment (MBIE) to further investigate how suppliers can receive credit for any low-carbon by-products produced, such as bioLPG.

Firstgas’ interest in biofuels

Firstgas Group is made up of Rockgas, Firstgas, Flexgas and Gas Services NZ. Firstgas and Rockgas are energy service providers that supply natural gas and LPG to over 430,000 customers through gas networks of over 2,500 kilometres of high-pressure transmission pipeline and 4,800 kilometres of distribution pipelines in the North Island, 36 local LPG suppliers, and over 180 Refill and Save locations across New Zealand. Flexgas and Gas Services NZ are energy storage, operations and maintenance providers who make sure gas can be delivered safely and continuously.

Firstgas is investigating opportunities for using our assets in ways that help to reduce New Zealand’s carbon emissions. Our gas transmission and distribution networks cover much of the North Island and are ideally placed to support the development, transfer, and use of zero carbon gases such as hydrogen and / or biogas.



We recently released our Hydrogen Feasibility Study that shows that we can introduce hydrogen into the Firstgas pipeline network from 2030 and convert to 100% hydrogen by 2050. We have also released a joint Biogas study with Beca, Fonterra and EECA that revealed that biomethane is a viable, untapped solution to decarbonising New Zealand's natural gas network right now, with the potential to replace nearly 20% of New Zealand's total gas usage by 2050. We are looking at how we can support the development of a zero carbon gas and biofuels industry in New Zealand.

More information can be found on our website www.gasischanging.co.nz.

Development of domestic biofuels production is key to a low carbon economy

The consultation paper concentrates on liquid fuels production in New Zealand. Our view is that liquid fuels are one aspect of the shift to a low carbon economy. The jobs, skills and associated industries supporting biofuels production are comparable with many in the existing oil and gas industry. The development of domestic biofuels production is therefore a way to provide a just transition of the businesses and individuals that will be affected by a shift away from conventional fuels. Development of domestic biofuels industry is also a key mechanism to ensure the retention of a highly skilled and innovative workforce in New Zealand that may otherwise seek opportunities offshore.

Investment in domestic biofuels production facilities will act as a catalyst for the development of biofuels technologies that harness New Zealand's competitive advantages. Promising technologies exist that can convert agricultural waste and forestry products to biofuels and zero carbon gases. With significant agricultural and forestry production, this could be a significant advantage for New Zealand as the rest of the world competes for scarce biofuel feedstocks. Firstgas believes that domestic technology development related to liquid biofuels will have synergies across all of the energy industry, including zero carbon gases, and will be the cornerstone of a domestic biofuels production economy in New Zealand.

Synergies across energy types exist and should be exploited as a mandate is developed

The most common advanced biofuels production technologies use hydrogen as a feedstock and generate bioLPG as a by-product. Both of these fuels are components in shifting the gas sector to a low emissions future. Firstgas encourages the MoT and MBIE to consider the interplay between these industries, and leverage synergies for the benefit of the wider New Zealand energy sector.

Development of the biofuels industry in New Zealand with domestic production could:

- Underpin investments in a green hydrogen economy at the early stages of development
- Simultaneously help to decarbonise both the liquid fuels and gas industries.

Recognition of low-carbon biofuels by-products warrants further investigation

As noted above, bioLPG production from biofuels plants makes up virtually all the bioLPG produced globally today. BioLPG is a drop-in replacement for conventional LPG requiring no modifications to infrastructure or end user's equipment.

With this in mind, Firstgas encourages MoT and MBIE to further investigate whether producers should receive emissions reduction credits for bioLPG (and other low-carbon associated by-products) as part of the calculation of a supplier's GHG emission reduction. We believe that the additional credit associated with this low carbon product will better reflect the true lifecycle benefit of a biofuels plant, while also improving project economics to attract investment.



Contact details

If you have any questions regarding this submission, please contact Tony Vranjes, Strategy Advisor, or [REDACTED] or via email at [REDACTED]

Yours sincerely



Withheld under section 9(2)(a)

Karen Collins
Regulatory and Policy Manager