

## How to submit this form

# Submission form: Consultation on the Sustainable Biofuels Mandate

The Ministry of Business, Innovation and Employment (MBIE) and the Ministry of Transport (MoT) would like your feedback on a proposal to increase the use of sustainable liquid biofuels in New Zealand to reduce greenhouse gas (GHG) emissions from transport. Please provide your feedback by **5pm, 26 July 2021**.

When completing this submission form, please provide comments and supporting explanations for your reasoning where relevant. Your feedback provides valuable information and informs decisions about the proposals.

We appreciate your time and effort taken to respond to this consultation.

## Instructions

### To make a submission you will need to:

1. Fill out your name, email address, phone number and organisation. If you are representing an organisation, please provide a brief description of your organisation and its aims, and ensure you have the authority to represent its views.
2. Fill out your responses to the discussion document questions. You can answer any or all of these questions in the [discussion document](#). Where possible, please provide us with evidence to support your views. Examples can include references to independent research or facts and figures.
3. If your submission has any confidential information:
  - i. Please state this in the email accompanying your submission, and set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 (Official Information Act) that you believe apply. MBIE and MoT will take such declarations into account and will consult with submitters when responding to requests under the Official Information Act.
  - ii. Indicate this on the front of your submission (e.g. the first page header may state "In Confidence"). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
  - iii. Note that submissions are subject to the Official Information Act and may, therefore, be released in part or full. The Privacy Act 1993 also applies.

## How to submit this form

### 4. Submit your feedback:

i. As a Microsoft Word document by email to [energymarkets@mbie.govt.nz](mailto:energymarkets@mbie.govt.nz) with the subject line: *Consultation: Sustainable Biofuels Mandate*

ii. By mailing your submission to:

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

## Submitter information

### Submitter information

MBIE and MoT would appreciate if you would provide some information about yourself. If you choose to provide information in the section below, it will be used to help MBIE and MoT understand how different sectors view the Sustainable Biofuels Mandate proposal. Any information you provide will be stored securely.

#### Your name, email address, phone number and organisation

Name:

[REDACTED]

Email address:

[REDACTED]

Withheld under section 9(2)(a)

Phone number:

[REDACTED]

Organisation:

Foodstuffs NZ

- The Privacy Act 1993 applies to submissions. Please tick the box if you do **not** wish your name or other personal information to be included in any information about submissions that MBIE and MoT may publish.
- MBIE and MoT may upload submissions and potentially a summary of submissions to the website(s), [www.mbie.govt.nz](http://www.mbie.govt.nz) and/or [www.transport.govt.nz](http://www.transport.govt.nz). If you do **not** want your submission or a summary of your submission to be placed on either of these websites, please tick the box and type an explanation below:

I do not want my submission placed on MBIE's website and/or MoT's website because... [insert reasoning here]

#### Please check if your submission contains confidential information

- I would like my submission (or identifiable parts of my submission) to be kept confidential, and **have stated** my reasons and ground under section 9 of the Official Information Act that I believe apply, for consideration by MBIE and MoT.

## Sustainable Biofuels Mandate

### How the Sustainable Biofuels Mandate would work

#### 1. Do you support having a GHG emissions reduction mandate?

Yes
  Yes, with changes
  No
  Not sure/No preference

Please explain your views.

As a 100% New Zealand owned and operated company, we have our community's interests at heart. We are part of the Climate Leaders Coalition, working together to tackle climate change and help New Zealand become a low emissions economy.

While in principle we support the concept of a Sustainable Biofuels Mandate (**Mandate**), we feel that there are a few matters that require additional attention and potential modification, including the following:

##### 1. Impact to consumers

Consumers are at the heart of what we do, and this Mandate could potentially have a cost impact on them. The Sustainable Biofuels Mandate Consultation Paper (**Paper**) acknowledges that there will be an economic cost of the Mandate as fuel prices will increase as biofuels cost more to produce, but that New Zealand has made a commitment to decarbonise and become a net zero emission economy. What is not clear is the extent of the economic costs of the Mandate and how this could impact the end consumer.

At a meeting with MBIE on 8 July 2021, concerns were raised by some of those present that the cost modelling in the Paper appeared to underestimate the potential costs. We support the proposal discussed at that meeting to review the cost modelling. It is important that the Government fully understands the cost impacts before any final decisions are made on the detail in the Mandate.

##### 2. Commencement date

It is proposed that the emissions reductions targets commence from 2023. Foodstuffs has concerns that the proposed implementation timeframe may be unrealistic, particularly given New Zealand does not have a commercial domestic biofuel industry. We feel it is premature to set an implementation date at this stage, and that a greater understanding of the roadmap for implementation is required before an implementation date is set. Nevertheless, we feel that a minimum implementation timeframe should be three years.

##### 3. Impacts of blending biofuels on the heavy road fleet

The Paper states that the *"conventional biofuel blends as high as 20 percent can be used in some large trucks<sup>1</sup>"* and *"the potential for uptake is greater in the heavy road freight<sup>2</sup>"*. It goes on to state that due to the existing Engine Fuel Specifications Regulations 2011 that fuel *"consumers can be confident that an expansion on biofuel supply will not pose risk to vehicles and engines"*. In checking with some heavy road freight vehicle suppliers, we understand warranties might be impacted, especially for engines not built to run on biofuels. While these comments pertain to the heavy vehicle fleet, we are unsure of the ramifications of the above on any light vehicle fleet warranty. Additionally, there may need to be consumer education on this issue to allay consumer fears about potential damage to their vehicles, address the warranty issue, and build public support for the mandate.

<sup>1</sup> Consultation Document, page 9

<sup>2</sup> Consultation Document, page 11

## Sustainable Biofuels Mandate

### 4. Obligations

Currently the Mandate confers obligations on “fuel suppliers”. Fuel suppliers are not specifically defined in the Paper, and would need to be clearly defined in regulations, but liable fuel suppliers are named as those selling more than 10 million litres of transport fuel in New Zealand in a calendar year. It is recommended that the Mandate distinguishes between retail fuel suppliers and wholesale suppliers. Thereby allowing administrative obligations to fall to one or other group, to avoid duplication, the potential for double counting of emissions reductions, and additional cost to administer the Mandate.

Foodstuffs supports the opportunity for further consultation with the fuel industry before the detail of the regulations is developed.

2. Do you support the proposal to require certification of lifecycle emissions of biofuels sold in New Zealand using international standards?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Please explain your views.

While we are not best placed to address questions of a technical nature, it is our view that there should be certification based on an international standard to help ensure consistency across biofuel producers/suppliers.

3. Do you support applying the Sustainable Biofuels Mandate to all liquid transport fuel?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Please explain your views.

We are not best placed to address questions of a technical nature. However, no fuel supplier should be disadvantaged as a consequence of the product mix available.

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

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

We are not best placed to address questions of a technical nature. However, we do have concerns around the availability of the biofuel product in the market at a commercial price. While there is a proposal in the Mandate to ameliorate this by allowing emissions deferrals, we are not sure if this will be enough to address this problem. We have concerns that the timeframes are overly ambitious and the commencement date for the Mandate should be delayed to allow for the development of a commercial biofuel supply and to allow for the development of supporting infrastructure. Alternatively, the Mandate should have a mechanism to allow for a review of the targets.

5. 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?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

## Sustainable Biofuels Mandate

Is there anything you would like to tell us about the reason(s) for your choice?

We are not best placed to address questions of a technical nature. However, would favour a Mandate which keeps administrative and compliance cost to a minimum to reduce the likely impact on the consumer.

6. 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?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

We are not best placed to address questions of a technical nature.

7. 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?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

We are not best placed to address questions of a technical nature.

8. Do you support having a joint fuel industry/government information campaign to inform New Zealanders about biofuels and the Sustainable Biofuels Mandate?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Public education will be a necessary component of the Mandate and we support the concept of Government consumer education campaign.

9. Do you support the labelling proposal that informs consumers about specific biofuels at the point of sale?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Yes, we support having mandated labelling requirements common to all. The actual nature / label content needs further consideration. Fuel retailers are able to purchase fuels from multiple suppliers so information on product origin and conversion process could be inaccurate if printed on stickers or similar for display on the forecourt. It is also important that consumers can have access to information on the biofuel they are purchasing so they can check it against warranty obligations. Where necessary, additional information can be detailed on the retailer website or instore.

10. 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?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

We are not best placed to answer questions of a technical nature.

## Sustainable Biofuels Mandate

**How could the Sustainable Transport Biofuels Mandate be implemented?**

11. 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?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

The proposed threshold of 10 million litres would capture all significant fuel suppliers. However, as stated above, consideration should be given to where administrative burdens fall to avoid duplication and unnecessary costs.

12. Do you agree with the method for calculating a supplier's GHG emission reduction?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

We are not best placed to answer questions of a technical nature.

13. Do you think the annual reporting regime, including its offences and fines, is practical and appropriate?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Generally, we support the annual reporting of emissions reductions. However, should the Government decide to publish emissions targets data, the reporting should represent aggregate emissions reductions, but should also differentiate between trade sales (for business consumption e.g. for customer fleet vehicles) and retail sales (from a fuel supplier-to-end consumer basis). This is because one of the justifications in the Paper for publication of emissions targets it to influence consumer patronage. As stated above, it would appear that some fuel suppliers will be able to supply certain sectors which means they may not have to supply retail consumers, or only do so on a small scale, to meet their targets. There should be a level playing field in the publication of any data so that there is a like-for-like comparison of data if it is being produced for consumers. However, there may need to be a consideration of the need to protect commercial sensitivities.

14. Do you support the performance of fuel suppliers being published to enable consumers to reward the industry leaders in reducing GHG emissions?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Yes, in part, though we would require further information to understand this better. In particular, we would want to understand how reporting would be transparent and equitable given some fuel suppliers only supply some sectors. We would recommend further industry consultation on this matter.

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

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

## Sustainable Biofuels Mandate

There is insufficient information available at this stage to form a view. There should be a review mechanism in the Mandate to review the penalties. It would not be reasonable for there to be penalties if there is insufficient biofuel available to purchase on a commercial basis for resale, even with the two-year deferral proposal.

16. 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?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

This not our area of expertise. But we envisage that some factors will be outside of our control, particularly in regard to the availability of sufficient biofuel at a commercial price. Having a deferral option could also mitigate against any potential operational issues that could arise.

17. 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?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

18. Do you support fuel suppliers borrowing for shortfalls in emissions reductions in a year, and making the shortfall up the following year?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

19. Do you agree with the proposal to allow trading through the use of entitlement agreements?

Yes, I agree     I agree in part     No, I don't agree     Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

We feel that there is insufficient information provided in the Paper to form a view.