

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 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:

John Gifford

Email address:

[REDACTED]

Phone number:

[REDACTED]

Withheld under section 9(2)(a)

Organisation:

Gifford Consulting

- 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 and/or 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.

This is a good approach as it is directly targeting the correct outcome – which must be to lower the concentration of CO₂ in the global atmosphere. Though I agree that this approach will add complexity to the compliance regime. However, there are good examples from the international literature on how this can be done and administered. The use of RINS in the US essentially uses a GHG emission approach.

The benefits of deploying biofuels, such as bio-based ethanol, are further demonstrated from the latest statistics from Europe. It was shown that renewable ethanol reduced GHG emissions by an average of more than 75% compared to fossil fuels and is one of the best tools for reducing fossil fuel GHG emissions (June 2021: <https://www.epure.org/press-release/eu-ethanol-sets-new-record-for-greenhouse-gas-reduction-increasing-its-importance-to-europes-green-deal-goals/>).

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.

This is a logical approach. But clear guidelines will be need to ensure that this works effectively and has integrity. Although ISO LCA Standards are appropriate – further guidance will be required to allow these to be operationalised at a regular commercial scale.

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.

Ultimately, the answer to this is yes – but in the short term it may be advisable to focus on blends for gasoline and diesel and renewable diesel. There is a wealth of experience for these fuels and minimum risk to the current vehicle fleet probably up to around 15% fuel blends. Renewable diesel can be a direct substitute for fossil fuel derived diesel and blending restrictions do not need to apply. A focus on these fuels would also contribute mostly to the domestic transport GHG emission reduction in the short term.

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?

The proposed emission reductions are very modest and should be achievable by all importers of fuel. The most important thing is to start the process and to demonstrate that GHG emission reductions can be achieved via this route. The use of renewable carbon in our economy is going to become

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increasingly relevant – so the sooner we start to get our heads around how to do it the better.
Renewable carbon is going to be needed for many materials other than just fuels for transport energy!

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

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

It would make sense not to get too complicated from the start – complexity could kill the approach before it has had time to demonstrate its real worth to the whole economy. Focus on the priority fuel categories first, diesel and gasoline blends and renewable diesel. The cost of renewable diesel is likely to decrease within a relatively short time frame as larger existing oil companies use existing infrastructure to hydrogenate plant and animal oils. There is a lot of pressure to also address biojet (SAF) – and there are many global initiatives currently addressing this issue. Let's see where this is at in say 2 years' time and then look at a biofuel mandate for the aviation sector.

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?

To provide a longer-term expectation to the market should be beneficial in providing guidance to the industry. Once again, the important thing here is to start the process and learn. Remember, our economy is going to need renewable carbon – so the sooner we get on with it the better!

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?

This is a critical element of the proposed biofuels mandate. Refer to my response to Question 1.

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?

Absolutely. New Zealand is going to have to transition to renewable carbon sources and an early example will be the use of this renewable carbon for transport fuels. The sooner we understand how this is going to fit into our economy the better!

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

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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, this would directly complement the information campaign proposed in Question 8 and grow the public awareness of the role of renewable transport fuels and the role that they would play in the longer term substitution of non-renewable carbon (i.e. from fossil fuels) with renewable sources of carbon.

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?

Ultimately, New Zealand is going to have to overcome this challenge. The NZ economy is totally dependent on carbon for liquid fuels and materials (currently largely sourced from non-renewable sources i.e. fossil fuels), though by 2050 the economy will need to switch to renewable forms of carbon. Unfortunately, we can not largely decarbonise the economy. However, we can decarbonise sources of energy by using electricity. If NZ does not decarbonise its economy, it will effectively export its emissions for materials offshore to other jurisdictions where new low carbon technologies exist. This is effectively as bad as using biofuels that do not meet quality certification standards for low GHG emissions as pointed out in the consultation document.

The shift to renewable carbon, and hence biofuels, will be driven by technology development, the integrated development of fuels, chemicals, and materials at a range of scales that work for our economy. Our review of the global literature and technology status at giffordconsulting.co.nz provide up to date information on many research and development and commercial scale applications of such technologies. Running in parallel with the deployment of technology will be changes to land use and waste utilisation policy that supports efficient use of all carbon captured by biomass and passing through the economy. There needs to be a shift to carbon use efficiency in the economy as well as energy efficiency. Carbon is going to have to be regarded as relatively scarce and valuable resource – until such time that we can efficiently extract it from the air (or water) using carbon capture systems. Methane from anaerobic digestion (or other waste sources) will also be an important source of carbon and used in multiple ways for fuels, chemicals, and materials. Biogas could be included in the biofuel mandate.

The consultation document makes the point that international demand for biofuel feedstocks will push the price of New Zealand supplies of animal tallow and vegetable oil beyond the means of the local industry. This statement fails to consider that the existing economics of using current supplies is totally dependent on cheap fossil fuels (which is the problem we are trying to solve with the introduction of this mandate) and is largely not going to be able to be used beyond 2050. Especially, if we are going to be carbon neutral by this time. It is going to be hard to have your cake and eat it as well! If fossil fuels are either prohibited, reduced significantly, or priced out (through emissions pricing) then there would be an absolute requirement for NZ bio-based feedstock producers to provide materials at a price that the economy can bear to remain viable. This may have a range of flow on effects (for example the value of land) – but such changes are going to be largely unavoidable in the longer term to support a renewable carbon-based economy.

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?

[insert response here]

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?

[insert response here]

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?

[insert response here]

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?

[insert response here]

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?

[insert response here]

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

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

[insert response here]

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?

[insert response here]

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?

[insert response here]

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?

[insert response here]