

Peter Mersi
Chief Executive
Ministry of Transport
PO Box 3175
WELLINGTON 6140

Sent via email: energymarkets@mbie.govt.nz.

Dear Peter

Increasing the use of biofuels in transport

The LPG Association 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.

LPG Association of New Zealand

The LPG Association represents all major LPG companies in New Zealand. LPG supplies 9 PJ to approximately 190,000 industrial, commercial and residential customers (this does not include BBQs, camping and mobile users). The Association is responsible for:

- Setting industry technical and safety standards, and working with members and other stakeholders to promote the safe and efficient use of LPG;
- Working with Government and officials to develop effective and responsible legislative and regulatory environments;
- Producing Codes of Practice and contributing to relevant Standards;
- Ensuring appropriate cylinder filling training is available for industry personnel and producing training materials;
- Support members efforts to promote LPG;
- Gathering statistical information on LPG use in New Zealand;
- Providing a forum for members to share relevant information and keep up with date with developments.

Development of domestic biofuels production is key 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 municipal and 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. The Association 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. There are also farm waste based production facilities producing renewable Dimethyl Ether (rDME), which can be blended with LPG for use as an automotive fuel or non-automotive uses.

All of these options are components in shifting the gas sector to a low emissions future. The Association 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

BioLPG is a drop-in replacement for conventional LPG requiring no modifications to infrastructure or end user's equipment. rDME is being blended with LPG in the US for use in engines and work is going on around the world on using rDME/LPG blends in conventional appliances. The production of either of these options will increase the viability and therefore the likelihood of the of the main bio fuels operation.

The Association strongly recommends 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 Peter Gilbert, Executive Director, on Privacy of natural persons or via email at Privacy of natural persons