

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:

Cinch Munson

Email address:

[REDACTED]

Phone number:

[REDACTED]

Withheld under section 9(2)(a)

Organisation:

Oberon Fuels

- 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.

Yes, the New Zealand Government can play an important role in providing the framework to encourage the use of renewable fuels to reduce GHG emissions. It is important that the framework allow for continued innovations by not being overly prescriptive, which provides an opportunity for continued development of clean energy technologies. For example, Oberon Fuels is currently the only producer of renewable dimethyl ether (DME) in the world. Renewable DME is a powerful, enabling molecule that can decarbonize transportation and other markets as an ultra-low carbon to carbon-negative fuel that is 1) an energy-dense, cost-effective means to move renewable hydrogen, 2) a carbon-reducing blending agent for LPG, and 3) a cost-effective, low-carbon, zero-soot diesel replacement. The Biofuels Mandate can be a catalyst to bringing renewable DME, and other revolutionary fuels, into the New Zealand market.

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.

It is important to have guidelines for lifecycle analyses (LCA). Lifecycle analyses are complex and, depending on the approach used, can provide drastically different. A consistent standard across all energy sources can provide accurate, fair, and reliable comparisons. Without a standard, LCA results will not be useful. Another advantage of a consistent LCA process, is it can provide a consistent mechanism to consider emissions benefits fuels provide throughout the supply chain. For example, when made from dairy manure and food waste, DME offers significant carbon emission reduction potential. Because DME is a new fuel and cannot point to other pathways to estimate CI for financing purposes, the California Air Resources Board (CARB) agreed to review a dairy gas to DME pathway and provided a letter indicating its calculations on dairy gas-based DME's carbon intensity (CI) in September 2018. Using CARB's published, general pathway for renewable natural gas (CI = -150 g CO₂e/MJ), CARB's initial calculations, as indicated in a letter to Oberon dated September 10, 2018, show that dairy biogas converted to DME by the Oberon process results in CI = -278 g CO₂e/MJ.

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.

Yes, it should apply to all liquid transport fuel and similar mandates should apply to power generation for electric vehicles, as well. The guidelines and timelines for all transportation energy sources are important to the success of the program.

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?

Sustainable Biofuels Mandate

[insert response here]

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?

The pros and cons of each approach are understandable. Because of the different duty cycles across vehicle classes, it likely makes sense to have separate reduction percentages. This could also open up opportunities for game-changing solutions to enter the market by targeted specific applications where they can make the most impact.

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?

[insert response here]

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?

The costs of compliance of a certification program can be considerable for producers, which would likely result in higher fuel prices for consumers. An optional program with rewards or incentives for those who are certified would be a preferred approach as opposed to a mandatory program that dictates the producers' operations with associated penalties.

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?

A public information campaign is beneficial; however, in the early stages of the program, resources would likely be best directed to supporting the transition for producers, distributors, and retailers.

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?

Sustainable Biofuels Mandate

Biofuel information at the point of sale is interesting and valuable; however, the logistics of providing this information and keeping the information current could be burdensome to those in the supply chain. The biofuel percentage is important information for the consumer, while information about the feedstock, conversion process, and environmental sustainability of the fuel would likely be much less valued. The government should provide a template for providing the information to make it easier for the supply chain to provide the information that is valued.

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?

Feedstock supplies, competition for feedstocks, and the resulting feedstock prices are a challenge in biofuel production. There may not be a role for Government in the feedstock market dynamics, but a Biofuels Mandate will certainly impact feedstock availability and would increase demand and, thus, may have negative implications for the development of new processes. A mechanism to encourage domestic feedstock-production coalitions would be valuable. For example, for the past 10 years Oberon Fuels has challenged the status quo by introducing innovative solutions to the transportation sector to reduce its carbon footprint, lower vehicle emissions, and improve local air quality while creating economic opportunity for the communities where they operate. In 2013, Oberon Fuels' refinery in Brawley, Calif., produced the first fuel-grade DME in North America, which has been used in Volvo Trucks, Mack Trucks and Ford vehicles for demonstrations around the world. In 2021, Oberon Fuels began commercial production of the first-ever renewable DME in the U.S. at its facility in Brawley, Calif., using waste methanol from the pulp and paper industry. Other potential feedstocks include biogas from dairy waste, food wastes, agricultural waste, as well as excess electricity and CO₂. A well designed program would provide incentives for local supply chains to feed into biofuels for domestic transportation. This can be accomplished with modular and scalable production processes that create a local feedstock, local production, local use scenario to bring value to everyone throughout the supply chain while creating jobs and additional value for all participants.

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 threshold may be appropriate for the market. Regardless of the threshold, the program should provide an opportunity for any renewable fuel producer to participate voluntarily.

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?

Sustainable Biofuels Mandate

With the requirement for producers to provide their lifecycle emissions calculations, there should also be a requirement to provide the method of the calculations to provide transparency into what was included in the analysis, and what was excluded from the analysis, to assure the comparisons made are accurate and consistent.

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?

Government should provide a standard reporting template and support to allow for consistent reporting.

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?

As long as all technologies are evaluated using common criteria and methods, transparency of suppliers' performance would be useful.

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?

The potential for reducing emissions across different applications does vary, so it may be useful to have different targets for different applications, particularly if penalties are part of the equation.

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?

Setting targets while allowing flexibility to meet those targets will encourage innovation and greater benefit.

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?

Setting targets while allowing flexibility to meet those targets will encourage innovation and greater benefit.

Sustainable Biofuels Mandate

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?

Setting targets while allowing flexibility to meet those targets will encourage innovation and greater benefit.

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?

Yes, allowing suppliers to collaborate through entitlement agreements provides an incentive for everyone to achieve optimal emission reductions.