

Re: Comments of Red Rock Biofuels on **Increasing the use of biofuels in transport:  
Consultation Paper on the Sustainable Biofuels Mandate**

Dear Hon Dr. Megan Woods and Hon Dr Michael Wood:

Red Rock Biofuels (“RRB”) appreciates the opportunity to provide comments and responses to the consultation paper on New Zealand’s proposed Sustainable Biofuels Mandate. RRB was founded in 2011 and is positioned to be the leading producer of drop-in, renewable, low-carbon sustainable aviation fuel (SAF) and diesel fuel made from waste woody biomass. RRB’s low-carbon renewable fuels will help reduce greenhouse gas emissions and diversify the supply of heavy transport fuels while simultaneously helping to reduce waste streams by converting low-value forest residue into valuable fuel and reducing the risk of catastrophic wildfires by removing waste biomass from areas with overgrown forests.

In partnership with the United States Department of Agriculture (“USDA”), the Department of Energy (“DOE”) and the Department of Defense (“DOD”), RRB currently operates under a cooperative Technical Investment Agreement (“TIA”) (#FA8650-13-2-5505) under 10 U.S.C. 2358 & Title III of the Defense Production Act of 1950 (the “Title III DPA”) in the Advanced Drop-In Biofuels Production Project and continues to perform its scope of work as it has evolved over the course of almost eight years.

RRB is currently constructing a 16.1 million gallon per year biorefinery in Lakeview, Oregon and is planning to complete construction in December 2021. RRB is 10 years into its Lakeview biorefinery project, which has been a major engine of new manufacturing and construction jobs in a very rural area. RRB’s Lakeview biorefinery is located in south central Oregon. Lakeview has a population of approximately 2,300 people, the most populous town in Lake County (a Frontier area), which has a population of about 8,000 people. Lake County’s rural economy is primarily based on cattle ranching and manufacturing operations in Lakeview, including a sawmill, door mill, and a perlite manufacturing plant. RRB is planning to utilize the Goose Lake Railway short line to ship its renewable fuels to Southwest Airlines, FedEx and other customers. You can learn more details about RRB by clicking through to our recent [RRB Overview Presentation](#).

### **PART 3A: How the Sustainable Biofuels Mandate would work**

- ***Do you support having a GHG emissions reduction mandate? If not, why? (pg. 14)***

Yes, we support a GHG emissions reduction mandate to focus fuel suppliers on reducing emissions.

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- ***Do you support the proposal to require certification of lifecycle emissions of biofuels sold in New Zealand using international standards? If not, why? (pg. 14)***

Yes, review and certification of lifecycle emissions of biofuels are needed to ensure GHG emissions reduction claims are accurate and lifecycle emissions are evaluated following a consistent methodology.

- ***Do you support applying the Sustainable Biofuels Mandate to all liquid transport fuel? If not, why? (pg. 15)***

Yes, we support applying the Sustainable Biofuels Mandate to all liquid transport fuel.

- ***Are the proposed initial emission reduction percentages for 2023-2025 appropriate for New Zealand? If not, what should they be? (pg. 16)***

RRB has no comment.

- ***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? (pg. 17)***

No, we do not support a single GHG emissions reduction percentage across all fuel types.

We propose a separate baseline for sustainable aviation fuel (SAF). Decarbonization of aviation requires energy-dense liquid SAF. Due to the technology and production cost disadvantages to producing SAF as compared to ground transportation fuels, a separate SAF policy would be required to specifically drive procurement and advance commercialization of SAF in New Zealand.

Alongside a SAF-specific mandate, additional policies and investments are needed to support development of a SAF industry in New Zealand. To accelerate development of a SAF industry, investment for construction of SAF-production facilities is critical.

- ***Do you support provisional emission reduction percentages being set for 2026-2030 and 2031-2035 with the percentages being finalized in 2024 and 2029 respectively? If not, why? (pg. 18)***

Yes, provisional targets are helpful in providing estimates for biofuels project development and financing purposes.

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- ***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? If not, why? (pg. 18)***

Generally, we support the proposal that biofuel producers must be certified against an established sustainability standard. However, certain feedstock supply chains, such as forestry, may already be highly regulated to ensure sustainable practices. In these cases, existing sustainability requirements should be evaluated and, if sufficient, should continue to be used. Where robust sustainability practices already exist, additional layers of sustainability requirements may add time and costs that inhibit the timely development of a domestic biofuels industry.

- ***Do you support having a joint fuel industry/government information campaign to inform New Zealanders about biofuels and the Sustainable Biofuels Mandate? If not, why? (pg. 19)***

Yes, a joint fuel industry/government information campaign is important in fostering public support for biofuels, especially in communities where biofuels facilities will be developed. The public education and information campaigns are also critical in making consumers comfortable that these new biofuels are reliable and safe to use.

- ***Do you support the labelling proposal that informs consumers about specific biofuels at the point of sale? If not, why? (pg. 19)***

Yes, we support the labelling proposal.

- ***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? (pg. 19)***

To accelerate production of biofuels in New Zealand, support for access to affordable supplies of domestically produced feedstock is required. New Zealand could support access to affordable feedstock by providing research and investments for feedstock supply development, collection, transport, and delivery of feedstock to biofuel production facilities.

### **PART 3B: How could the Sustainable Transport Biofuels Mandate be implemented?**

- ***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? (pg. 20)***

RRB has no comment.

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- ***Do you agree with the method for calculating a supplier's GHG emission reduction? If not, why? (pg. 21)***

Yes, we agree with the method for calculating a supplier's GHG emission reduction.

- ***Do you think the annual reporting regime, including its offences and fines, is practical and appropriate? If not, why? (pg. 21)***

RRB has no comment.

- ***Do you support the performance of fuel suppliers being published to enable consumers to reward the industry leaders in reducing GHG emissions? If not, why? (pg. 22)***

RRB has no comment.

- ***Will the proposed penalties encourage fuel suppliers to achieve the required emission reductions? If not, would level should they be? (pg. 22)***

RRB has no comment.

- ***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? If not, why? (pg. 23)***

Yes, there will need to be flexibility for the first few years of this new industry.

- ***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? If not, why? (pg. 24)***

Yes, we support the provision for fuel suppliers to bank any surplus emissions reductions for use in the following year.

- ***Do you support fuel suppliers borrowing for shortfalls in emissions reductions in a year, and making the shortfall up the following year? If not, why? (pg. 24)***

Yes, we support the provision for fuel suppliers to borrow for shortfalls in emissions reductions in a year and making up the shortfall in the following year.

- ***Do you agree with the proposal to allow trading through the use of entitlement agreements? If not, why? (pg. 24)***

Yes, we support the proposal to allow trading through the use of entitlement agreements. Trading through the use of entitlement agreements provides a critical market-based mechanism that financially rewards low GHG biofuels and enables

biofuels producer to compete with the incumbent fossil fuels. Strong revenue streams attract investors and enable biofuels producers to scale deployment of production facilities. Furthermore, existing biofuels policies in the US, Canada, and Europe have market-based trading schemes that have created financially attractive markets for biofuels. New Zealand will be at a severe disadvantage for attracting imported supplies of biofuels as well as development of domestic biorefineries without a trading scheme for entitlement agreements or other financial incentives for low GHG emissions biofuels.

Respectfully,

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