

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: Jimmy Ormsby – Managing Director / Owner

Email address:

Phone number: [REDACTED] Withheld under section 9(2)(a)

Organisation: Waitomo Group

- 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.

Waitomo Group is supportive of collective NZ Inc. initiatives to reduce greenhouse gases (GHG) and reduce the impacts of climate change. That's why we're working in partnership with Hiringa Energy to develop New Zealand's first green hydrogen refueling network, aimed at reducing the impacts of heavy transport emissions. Heavy vehicles make up 4 percent of the New Zealand fleet, but 26 percent of total GHG emissions. By developing the first New Zealand hydrogen network with our partners, with the first sites opening in 2022, we can have a real and tangible impact on New Zealand's GHG reduction targets. This is achievable with industry working together and isn't reliant on consumer buy-in. Our view is that Government should be investing more in development of green hydrogen, especially given they have been in talks with other countries about exporting green hydrogen and developing New Zealand as a "home" of export hydrogen in Asia-Pacific:

<https://www.stuff.co.nz/business/125772167/nz-to-collaborate-with-singapore-on-hydrogen-export-potential>

Waitomo is also supportive of a biofuels mandate being introduced to the New Zealand market if:

1. The mandate is applied at an importer level and not at a reseller level. In our view, it makes sense for biofuels to enter the fuel supply chain as close to the top as possible. On this basis the point of obligation should be mandated to the importers / wholesale suppliers who own the terminal infrastructure, not with resellers like Waitomo. The New Zealand wholesale importers (the majors) are the only ones with the infrastructure and means to introduce biofuels into the New Zealand market. With the importers being the point of obligation, this will reduce the complexity of reporting and meeting the mandated guidelines. With the point of obligation at the importer level, the importers are incentivised to invest in the infrastructure to implement the mandate. Furthermore, this maintains competition in the wholesale market for the supply of biofuels. If importers are required to supply X percent of biofuels in their fuel supplied, as a reseller / distributor, Waitomo would simply continue to "shop around" to choose the fuel supplier that offers a sustainable biofuel option at the mandated levels. This would ensure a level-playing field in the wholesale market and ensure the intent of the Fuel Industry Act, to create a more competitive wholesale fuel market, is not unintentionally undermined or put at risk by importers profiteering or price gouging under the new regime.
2. There is a sustainable source for these biofuels, and that the lifecycle emissions of developing and introducing these biofuels into the New Zealand fuel market is taken into account. E.g., that the development of the infrastructure and transportation required doesn't actually result in even more GHG emissions, than the biofuel offsets. We would be against purchasing any wholesale fuel that includes biofuels that doesn't come from a sustainable (preferably domestically sourced) feedstock, or that has high lifecycle emissions.
3. That there is significant Government support (funding) for a public awareness campaign to encourage and educate consumers about the benefits of biofuels and to dissuade them of any negative impacts on their vehicles. Likewise, consumers should be incentivised e.g., (cents per litre off) to encourage faster uptake of biofuels, as has been done with EV vehicles. The Government needs to address the demand side of the biofuels equation, not just the supply side.
4. That the introduction of a biofuels mandate does not undo the work done as part of the Commerce Commission's study into the retail fuel market to reduce the cost of fuel for

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consumers. We are concerned that the likely cents per litre impact on Kiwis has been grossly underestimated i.e., a \$7.41 increase in weekly household expenditure in 2025. Fuel is a necessity for most Kiwi families and we are concerned about the added cost which they will have to absorb, leaving less for other essentials like food, electricity and heating. A biofuels incentive or rebate paid to consumers by Government would be one way to help offset this added cost.

Careful consideration needs to be given to the potential for unintended consequences of committing to a mandate when there are so many uncertainties and variables. Establishing a robust supply channel for sustainably produced biofuel at economically sustainable prices will be a significant challenge. The complexity and scale of blending biofuels is significant and will require long-term planning and significant capital investment to deliver the emissions reductions that are proposed. Consideration needs to be given to the impact of the Fuel Industry Act, Marsden Point Refinery switching to an import terminal, and pending/recent changes to the national inventory scheme. Adding the complexity of biofuels when all these changes are still being implemented adds another layer of cost and risk for market participants as well as consumers. We are concerned at the speed at which these changes are being proposed. Rushed legislation can have unintended consequences that will be detrimental for all Kiwis.

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.

Yes – we are only in favour of a biofuels mandate that requires lifecycle emissions of biofuels to be certified as sustainable. Otherwise, this is simply a PR exercise. There is no value in introducing a biofuels mandate that is met with biofuels that, in turn, actually result in more GHG emissions to introduce and transport around New Zealand. There is likely to be significant GHG emissions created in developing the necessary infrastructure, and importing and domestic transportation requirements to introduce biofuels into the New Zealand market, which could actually outweigh any GHG emissions reduction from introducing biofuels at a low level.

We are also concerned about the resources currently available in New Zealand to certify biofuels using international standards, and whether this can practically be achieved in the timeframes available, but this is up to Government and the importers / wholesale suppliers to determine.

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.

All fuels should be included, otherwise you will create inequity in the wholesale fuel market.

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?

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There is too little detail in the consultation document to form a view on this. We don't currently have enough insight into how the biofuels mandate would be met by the importers / wholesale suppliers, where they would source sufficient levels of sustainable biofuels to meet demand and then how the biofuels supply would enter the domestic supply chain. E.g., where, at what locations, how would it be transported around New Zealand domestically without creating more emissions, do we have or could the importers develop the required infrastructure in New Zealand to manufacture domestic biofuel stocks, how would it be transported from the Refinery, what would the cost implications and pricing be etc.

The complexity and scale of blending biofuels is significant and will require long-term planning and significant capital investment to deliver the emissions reductions that are proposed. Consideration needs to be given to the impact of the Fuel Industry Act, Marsden Point Refinery switching to an import terminal, and pending/recent changes to the national inventory scheme. Adding the complexity of biofuels when all these changes are still being implemented adds another layer of cost and risk for market participants as well as consumers. We are concerned at the speed at which these changes are being proposed. Rushed legislation can have unintended consequences that will be detrimental for all Kiwis.

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?

As above – there is a lack of detail and certainty in what is proposed, and too many unanswered questions to have a view on this. In our view, it is up to the importer / wholesale suppliers to work through the details of how this would work in practice first.

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?

As above.

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 would be essential to ensure that the biofuels supplied are being supplied from sustainable sources and can be relied on to comply with the existing Engine Fuel Specifications Regulations 2011. i.e., they must be able to demonstrate that the biofuel is of a suitable standard for motor vehicle use, without causing any engine or performance degradation.

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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?

Yes – getting consumer buy-in for mandatory biofuels in all fuels will require significant Government support (funding) for a public awareness campaign to encourage and educate consumers about the benefits of biofuels and to dissuade them of any negative impacts on their vehicles. Consumers will be wary of new fuel sources and there is also likely to be significant concern about the impacts on fuel prices.

Consumers should also be incentivised to increase their uptake of biofuels in the same way that EV purchases are being encouraged through rebates and taxes on diesel vehicles, such as utes. The Government should be offering a cents per litre biofuel rebate to consumers who use biofuels in their vehicles to encourage faster uptake. Consumers need to be incentivised to drive demand.

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?

We support labelling that informs consumers about specific biofuels at the point of sale, but this also creates complexity for resellers / distributors like us, as we may choose not to get our supply from only one wholesale supplier. If wholesalers use different biofuel percentages in their fuel, or choose to use differing feedstock and conversion processes impacting the sustainability / lifecycle emissions of the biofuel, this will be difficult for us to manage at the point of sale. In our view, the onus sits with the importers / wholesale suppliers who supply the product that is sold at pump.

There is also no information in the consultation paper about how consumer complaints or issues related to the mandatory use of biofuels will be handled, except to say that “biofuel use will continue to be regulated with the existing Engine Fuel Specifications Regulations 2011” and therefore “consumers can be confident that an expansion in biofuel supply will not pose risk to vehicles and engines.” Regardless, our view is that there will be significant consumer “noise” about the real or perceived impact of biofuels on engine performance.

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?

Like the consultation paper notes, we believe this will be a significant challenge for New Zealand biofuel producers. If international demand for our feedstock, such as tallow and vegetable oil, continues driving prices up, the only way to address this would be through incentives. Government needs to carefully consider how they support / incentivise domestic biofuel production – otherwise, as international demand continues to rise, New Zealand will be subjected to the volatility of rising prices for biofuels supplied internationally.

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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?

In our view, it makes sense for biofuels to enter the fuel supply chain as close to the top as possible. On this basis, the point of obligation should be mandated to the importers / wholesale suppliers who own the terminal infrastructure, not with resellers like Waitomo. This is consistent with the ETS and Fuel Industry Act.

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 have no further comment to make, as our view is that the mandate should apply at importer / wholesale supply level. If the importers / wholesale suppliers can supply the mandated biofuels in a sustainable way, as a reseller / distributor Waitomo will be able to purchase those biofuels as part of our supply arrangements.

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?

As above.

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 above.

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?

As above.

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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?

As above.

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?

As above.

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?

As above.

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?

As above.