



5th July 2010

Media Statement

BANZ Welcomes Grant Scheme “boost”

Following today's announcement from Energy and Resources Minister Hon Gerry Brownlee that the Biodiesel Grants Scheme is to be extended from its current B20 focus to B100, the Bioenergy Association of New Zealand (BANZ) said the news was “a real boost to the sector”.

Andre Hamman, Convener of the Association's Liquid Biofuel Interest Group welcomed the news. Mr Hamman said,

“This announcement is really good news for NZ producers and their customers. BANZ has always given its full support to the Scheme but recently we have become more aware of situations in which the Scheme's focus on the B20 blend was actually limiting market growth and consumer choice.

Because the Grant Scheme was limited to blending with diesel in a blend up to B20 we know of several situations where prior to the Scheme people were using B30 and B40 blends but with the grant making B20 more attractive price wise, they had opted to reduce the proportion of the biodiesel in the blends they were using.

As a result, perversely, overall biodiesel consumption to these customers decreased significantly and production output has been hampered. This aspect reduced the flexibility of the industry to respond to market demands and we advised the Minister of this recently.

We indicated to the Minister that changing the Scheme criteria would significantly increase the uptake of biodiesel sales under the Scheme, with an immediate doubling, and by a factor of around 600% by early 2011.

Mr Hamman was hopeful that the new criteria could boost grant uptake to 4-5 million litres per year, up from current levels of between 700,000 – 840,000 litres a year. He added,

We noted the many situations in which biodiesel is being used already in higher blends - including tourist operations, fleet and haulage vehicles and also where those currently happy with using B20 have expressed a strong desire to move to higher blends if the price was right. From nearly a year's experience of operating under the Scheme our members advise us that current use of blends greater than B20 would increase the uptake of Biodiesel significantly. In some sectors of the market this could be by up to 300% above current sale levels.

Industry Support for Criteria Amendment

BANZ Members have overwhelmingly indicated their support for the expansion of the criteria ensuring the flexibility to market of a broader range of biodiesel blends. More generally, they are keen to support the efforts of New Zealand - on a world stage – to be seen to be reducing GHG emissions as much as possible.

Brian Cox, Executive Officer of BANZ has noted previously that for some of the Associations smaller sized producers, the changes to the criteria announced today

“may just be what is needed to keep them in business”.

Whilst the short to medium term industry growth stimulus is welcomed, consideration should also be given to the larger scale projects which need significant capital investment in process equipment and distribution infrastructure. The current Biodiesel Grant scheme is set to lapse within two years and as such is too short a timeframe for the scale of investment required.

Mr Cox has also noted that BANZ believes that a longer term strategy is needed to Unlock the Bioenergy potential of New Zealand in order to:

- provide an attractive capital investment environment
- maximize the job creation opportunities for New Zealanders
- reduce our reliance on imported fossil fuels and improve security of supply
- fully utilize the biomass opportunity in NZ
- fully harness the opportunity to mitigate our GHG emissions, and
- fully enable producers to sell their product for a range of end uses.

Background

The Bioenergy Association:

- Mission Statement is “to promote the maximum utilisation of all forms of sustainable bioenergy in New Zealand”.
- Vision is that “Bioenergy in all its forms is in widespread use across all sectors of NZ energy use by 2020.”
- has over 300 hundred members working across the length and breadth of the various supply chains.
- provides a central focus point for liaison with Government agencies, the dissemination of information amongst the industry and long-term positioning of bioenergy into New Zealand's energy system.
- works closely with the Energy Efficiency and Conservation Authority (EECA)
- has four Interest Groups which enables a focus on key areas:
 - Liquid Biofuels
 - Wood Pellets
 - Biogas
 - Wood Fuel.

Further Details

For further information see www.bioenergy.org.nz and www.liquidbiofuels.org.nz

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