



30th July 2010

Media Statement

Current biofuels provide an important stepping stone to biofuels made from wood feedstocks

The Executive Officer of the Bioenergy Association of New Zealand (BANZ), Brian Cox, welcomed the report released yesterday by the Parliamentary Commissioner for the Environment but said that if we are to achieve the potential for biofuels from wood we need to first consolidate the demand for biofuels produced from current feedstocks.

Mr Cox said it was well known that the longer term future of biofuels would involve wood which is one of our largest underutilized natural resources available throughout New Zealand. So in that respect BANZ agrees with the Commissioner. As for today's feedstocks, and in response to the Commissioner's points, Mr Cox added,

"We shouldn't underestimate the importance of current production of bioethanol and biodiesel as they are allowing us to develop the biofuels market. Much of our biofuels are being made from food processing by-products, or is grown as a crop which provides additional value to farmers. However there are finite amounts of these feedstocks from which to produce biodiesel and ethanol and so over the longer term we will have to get that from wood which is our only large scale option. It's important to understand that while current feedstocks meet our current needs, they are just a stepping stone to the large volumes a growing market would need. In New Zealand, these 'large' volumes can only come from wood."

"The current production of biofuels produces adequate volumes to start growing the market by giving vehicle users confidence in the fuel. However we will soon require additional production capacity and this is constrained by the need to attract investment. The industry needs a longer term development strategy to attract that investment."

Mr Cox added that "The NZ Bioenergy Strategy which has been prepared by the Bioenergy and Forest Owner Associations has indicated that up to 30% of New Zealand's transport fuels could come from biofuels by 2040. Most of this would come from wood - also known as 'cellulosic' feedstocks - but the fact is that we are not there yet. Strategically though we should be heading towards that goal by consolidating the market and attracting investors using existing feedstocks."

"As regards the sustainability issues noted in the report we would agree that there is no need for additional legislation. New Zealand companies are unlikely to import Palm Oil that is unsustainably grown as the power of the consumer will stop them. I think we saw this recently with consumers of Cadbury's chocolate where public pressure was brought on Cadbury to stop using palm oil. The power of the consumer is not to be underestimated. Anyone in New Zealand thinking of importing unsustainably grown palm oil would be embarking on commercial suicide. Add to this, companies are disclosing to EECA where their source materials come from as part of a sustainability statement, I think this is enough and meets our needs currently."

“At present, as an industry what we are trying to do is establish a market, get vehicle users comfortable with using biofuels, and get growth. We are making great progress and each week more and more vehicle users are starting to use biofuels and recognising that it is already a viable fuel option with financial and environmental benefits. This is why the gradual growth path is beneficial as we are able to address the basic building blocks and thus be ready for when the wood-to-energy technology is feasible and economic.”

“We agree with the Commissioner that wood will in time be a major resource in the production of biofuels but we are not there yet. I would encourage the Commissioner to focus on changing hearts and minds on the biofuels we have today. In order to get to that ‘future biofuel market’ where wood is the main feedstock, we must establish a strong basis for a biofuel sector here and now so that it has a future. Our current biofuels are indeed in the main blended with mineral fuels but that is the situation internationally. Let’s build on that as a starting point. We know where we want to get to and we have a sound sector already producing biofuels. It’s now a case of growing the market and making sure that the industry succeeds.”

“Finally, I would also agree with the Commissioner that the current uncertainty around the duration of the Biodiesel Grant Scheme (due to finish in 2012) is holding back investment in the sector. We have written to the Minister to encourage him to give a clear signal that the Scheme has a longer life. The industry needs this signal if it is to successfully attract investors.”

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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