

Higher oil price needed for viable biofuels - Bodger

Kate Barker – Energy News Fri, 31 Oct 2014



The price of oil would have to reach USD \$250 per barrel before biofuel becomes an economically viable option, Gull Petroleum general manager Dave Bodger says.

Biofuels currently make up around 3 per cent of global transport fuel demand. Bodger says about 1 per cent of Gull customers use the ethanol product offered by the fuel retailer.

Gull Force 10 contains 10 per cent ethanol, locally made using dairy waste from Fonterra.

Brent Crude Oil was today trading at around USD \$87 per barrel. Getting wider uptake of biofuels will need a helping hand from central government, Bodger told delegates at the New Zealand Transport Fuels Summit yesterday.

“It’s going to require some form of subsidy or some form of compulsion to get there.”

Earlier in the conference, Bodger said the only areas in the world where biofuels are taking off is where they have been subsidised.

Bodger was speaking yesterday as part of a leaders’ panel on next generation biofuels. He was joined by Patrick Hartley, research director of oil and fuels at the Commonwealth Scientific and Industrial Research Organisation in Australia.

Bioenergy Association of New Zealand executive officer Brian Cox was also on the panel, along with Scion bioenergy and biofuels research leader Dr Ian Suckling and Green Fuels managing director Martin Johnston.

Future focus

Cox says people trying to make a profit from biofuels in today's market are more likely to be cynical. But he says the industry needs to take a longer term perspective on uptake.

“What we are looking at here is actually a long-term game,” he says, out to at least 2040.

Cox says BANZ has always indicated that uptake of the alternative fuel would be slow to start, but would pick up in later years.

He is confident that New Zealand can produce 30 per cent of its transport fuel from biofuel in 26 years.

We’re talking 2040; we’re not talking tomorrow.”

Cox says opportunities for greater increasing distribution may come from the “niche” industries, such as marine.

Last year, major energy user Kiwirail sought a biofuel supply for its fleet of Interislander ferries. The ferries consume between 37 million and 39 million litres of fuel annually.

The project was delayed because of technical issues earlier this year with the Aratere ferry, but the firm is keen to continue the work next year.

“There’s a whole lot of niche products and markets which I think is where we’re actually going to get the move from,” Cox says.

Incentives

CSIRO's Hartley said the government should develop policy that promotes economic opportunities from greater use of biofuels.

In a talk on alternative fuel technologies earlier in the day, he said the industry has to consider the whole value chain for delivering alternative options.

He said not to expect any massive changes this decade, and noted substantial growth in alternative fuels would likely be from 2025 onwards.

Suckling says biofuel implementation also depends on access to stock. Meeting 30 per cent of the country's transport fuel needs with biofuel would require around 2.6 billion litres a year.

He says a "back of the envelope" equation shows that New Zealand would need a wood supply from about 800,000 hectares of forest to meet that level of demand.

Suckling was involved in Norske Skog and Z Energy's 'Stump to Pump' programme, which wrapped up last month. The work also had support from Ministry for Primary Industries.

The \$3.62 million [study](#) found that there is "significant potential" in technologies that can convert the lignum in wood to fuel, but that they are not commercially viable at this stage.

The partners plan to spend the next two to three years looking at whether fuel produced using wood can meet New Zealand quality standards.