

8 February 2010

BANZ AGM

Chairman's Report



Over the last year there has been some significant progress in getting bioenergy onto the NZ energy sector map. This progress is also reflected in the extreme interest from government agencies, forest owners, users of wood energy and liquid biofuel producers at the Bioenergy Strategy Workshop being held tomorrow.

Government has provided support to the sector through the EECA Wood Energy Programme, as well as the significant subsidy for biodiesel. As a result, a number of small scale wood chip boilers have been installed over the last year, many coal boilers have converted to pellets, and biodiesel producers are at last able to commission their plant and produce fuel. But if investments are to increase we need stability of policy.

Bioenergy now makes up 8.5% of consumer energy used in New Zealand. However the bulk of this is in the pulp and paper or wood processing industries. This is pretty paltry progress for a country that is so rich in feedstock – and whose energy costs are dictated by international fossil fuel prices. There can be no country in the OECD that is doing less in the area of bioenergy, yet has such large amounts of unused natural energy resources.

Internationally other countries are way ahead of New Zealand and gaining economic wealth – which we are missing out on – from the production and use of bioenergy in its full range of forms. For example:

- Very extensive research in Europe is being devoted to biofuel use, with an obligation that by 2020 biofuels must make up at least 10% of all liquid fuels
- In the US the President has set up the Biofuels Interagency Working Group, which is headed by the chiefs of the Environmental Protection Agency, the Department of Energy and the Department of Agriculture and Bioenergy
- The US EPA has proposed targets by 2022 of:
 - 16 billion gallons of cellulosic biofuels;
 - 15 billion gallons annually of conventional biofuels;
 - 4 billion gallons of advanced biofuels; and
 - 1 billion gallons of biomass-based diesel.

- The 2009 UK budget included a GBP 10 million funding package for the commissioning of new composting and anaerobic digestion facilities
- In England the government currently provides support worth GBP 47 million just for the development of energy crops, with grants covering 50% of the establishment costs.
- It has also committed GBP 1.5 million towards research on the feasibility of short rotation forestry and established a Biomass Sustainability Working Group.

The development and support of bioenergy in the UK and the US are just a reflection of that being carried out throughout all of Europe, and many other countries.

These countries are gaining wealth from these activities, building industries and creating jobs. Last week it was announced that NZ unemployment has climbed to a 10 year high. 53,000 jobs were lost last year. And yet we see no sign of a 'green deal' which could create and protect thousands of jobs.

In the wood energy area, work undertaken by BANZ indicates that up to 3 million tonnes of wood residue could be used for the production of heat, providing a significant displacement of coal in large heat plant such as at Fonterra, Huntly power station, and NZ's two cement works. And then there is all NZ heat-intensive processing industries who could also take advantage of proven technology and available feedstock – if they were given more encouragement.

Last year there were some big successes from the installation of smaller wood energy facilities in schools etc, but there is much more to do across all the fields of bioenergy if we are to get anywhere near the potential of this sector.

The growth in the bioenergy sector is not, however, just a matter of the supply of energy, but is an opportunity to provide significant environmental benefits and additional revenue streams to struggling land owners, foresters and wood processors. These stakeholders already have the infrastructure and capability to trade in wood fibre.

To conclude, we need to push all aspects of the Bioenergy cause harder. To do this we have a growing programme of workshops and study tours planned, as well as an increasing reservoir of case studies and demonstration projects to call upon. Importantly we also have the seeds of a National Bioenergy Strategy and – vitally – increasing engagement from officials. We look forwards to making big strides in 2010 on behalf of our members.

Rob Mallinson
BANZ Chair