



BANZ Bio-Flash

Dear Bioenergy Association Members and friends

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Welcome to the BANZ BIO-FLASH.

In this issue – BIOENERGY SUCCESSES HIT THE NEWS!!

- **Biodiesel Flows in Queenstown – an NZ First**
- **Solid Energy opens Wood Pellets Plant in Taupo and Exports to Italy**

Biodiesel Flows in Queenstown – an NZ First - New Zealand's first biodiesel refuelling facility will be launched in Queenstown next week. The Queenstown Lakes Biodiesel Consortium is the first of its kind in New Zealand and provides access to a supply of B20 blended biodiesel for commercial vehicles.

The consortium has been set up by the Otago Polytechnic's Centre for Sustainable Practice. The polytechnic's sustainable tourism adviser, Sharon Schindler, said the long-term aim was to introduce the commercial use of biodiesel in Otago and Southland. "The aim of the consortium is to run a pilot for New Zealand-made biodiesel . . . to help increase the uptake of biodiesel through enabling more fuel self-sufficiency, long-term supply and price security," she said. The centre would bring together potential biodiesel users to create a "sizeable hub" and broker a commercial supply contract. It needed to get sufficient volumes to enable supply at a price close to mineral diesel, she said.

Together, interested parties are responsible for around an annual demand of 1.5 million litres of diesel from Queenstown refuelling stations alone. Most potential users, however, first wanted to pilot the use of biodiesel before any full switch of their fleets to biodiesel fuels. On average, emissions of carbon dioxide (CO₂) from biodiesel are 80% lower than from mineral diesel. The consortium has secured a supply of B20 blended biodiesel (20% biodiesel, 80% mineral diesel) to run the pilot with commercial business vehicles this year to test summer and winter blends and to check the commercial viability. Domestically grown rapeseed oil and used cooking oil form the basis of the biodiesel.

Each consortium member has a swipe card for each registered vehicle to access the refuelling facility, located at Cemetery Rd in Queenstown. The joining fee is \$50 per vehicle. The partners in the consortium aim to deliver a competitive price for fuel, which is set each week by Allied Petroleum. The biodiesel price is subsidised by the Government at 42.5c a litre and the consortium levies 3c a litre to cover running costs. The scheme will be launched at Lakeview Holiday Park, Cemetery Rd at 10.30am on Monday.

Solid Energy opens Wood Pellets Plant in Taupo and Exports to Italy - New Zealand's largest wood pellet fuel plant was opened today by the Prime Minister, the Hon John Key. Built by Solid Energy business, Nature's Flame, the \$34 million Taupo plant will initially produce up to 40,000 tonnes a year of the clean-burning, low-carbon fuel with a substantial proportion of its output exported.

The plant, in Taupo's Aratiatia industrial park, processes large volumes of pine wood residues from central North Island sawmillers and wood-product manufacturers. These are screened, ground, dried and compressed into wood pellets for bulk delivery in New Zealand and overseas.

Solid Energy Chief Executive Officer, Dr Don Elder, says commissioning of the Taupo plant confirms Solid Energy's position as the largest wood pellet producer in the Southern Hemisphere (based on actual production). The scale of its output lifts wood pellets into the mainstream of New Zealand energy options and signals the beginning of a new income stream for New Zealand exports.

"Worldwide, wood pellet use is now about 11 million tonnes (mt) a year and growing strongly, with about 3mt of that in ocean trade," Dr Elder says. "We believe there is much more demand to come – both as a result of rapidly increasing prices for other home-heating energy forms and from industry seeking to reduce emissions. Our substantial plantation forestry resource means New Zealand has the potential to be a leading supplier of quality wood pellet fuel and we are confident that Nature's Flame can compete very well in the premium end of this market."

Overseas demand for home heating and industrial use - Figures for the first three months of 2009 suggest that Europe's wood pellet imports are now worth about €200 million a year (NZ\$400m). In Japan, utility companies are also investigating the incorporation of wood pellets in the fuel mix for their thermal electricity generating stations and Nature's Flame is working with prospective customers there. Andy Matheson, Solid Energy General Manager Renewable Energy, says the pellets' clean-burning properties and low ash content are attracting demand from both the higher-value home-heating market in Europe and from industry in Europe and Asia. "We are shipping into Italy for the domestic market. Other home-heating energy, electricity and oil, is very expensive and consequently Italy now has more than a million pellet fires in homes. So the market is already very well established, with demand for up to 2 million tonnes of top-grade fuel a year."

New Zealand market growth continues - In New Zealand, the popularity of wood pellets continues to grow. Specialist home heating retailers and building supply chains now stock a variety of wood pellet fires and central-heating boilers. Nature's Flame is having particular success in the education sector, with more than 40 schools having converted to pellet fuel. Some other Government facilities, such as the Department of Corrections' Rangipo facility, have also recently begun using wood pellets for heating. Radford Yarn Technologies, an innovative Christchurch manufacturer of high-quality carpet yarns, last year won the Energy Efficiency and Conservation Authority's supreme award for its conversion from electricity to wood pellets for its primary energy.

Read the full press release [here](#).

BIO-FLASH - BIO-FLASH is brought to you as a BANZ initiative to improve communication throughout the bioenergy sector. The BIO-FLASH will be produced roughly fortnightly to give quick news headlines on recent and current activities and links to where the news can be read in greater depth. We welcome your contributions and will also include paid product and service announcements. If you have something that you would like others to know about then let us know.

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