



30th November 2009

Media Statement

Biodiesel Grant Scheme is a success

Following Labour's recent criticism of the Biodiesel Grant Scheme, Brian Cox, Executive Officer of the Bioenergy Association of New Zealand (BANZ) has maintained that the current biodiesel assistance scheme is producing benefits and giving confidence to the emerging biodiesel industry. Mr Cox said,

"The data reported by Labour is only for the first 3 months of a 3 year programme and is extremely premature. To be honest, all that it does is highlight a lack of understanding in what is required to establish a new industry and the associated time required to do so.

Earlier this year when the Scheme was announced BANZ gave it its full support – nothing there has changed - we are still 100% behind the Scheme. We are working closely with the relevant government authorities to promote take up and make biofuels more visible. To some extent this requires a lot of work behind the scenes and initiatives can take time to come to fruition. The information cited by Labour is a little misleading. It's important to understand that the numbers they quote only relate to B20 and not B100. The Grant Scheme only measures some of the Biodiesel sold in New Zealand (ie <B20 blends) as Biodiesel blends above B20 are not recorded). The Labour statement also ignores the work that is occurring in the background to build capacity, develop routes to market and distribution channels.

Biodiesel is a high quality product and this takes time to achieve. The stop-go policies at the end of 2008 knocked the confidence of fuel producers and they put a halt on investment. The current three year scheme has given them confidence to invest and secure sales contracts.

It was never anticipated that the Biodiesel Grant Scheme funds would be drawn on from the start. I would anticipate that the funds wouldn't fully be drawn on until the second and third years of the scheme. "

Mr Cox's words were further endorsed by Andre Hamman, Convener of the dedicated BANZ Liquid Biofuels Interest Group. Mr Hamman said,

"The NZ Biodiesel Grant Scheme is a pragmatic and practical way to establish an industry. Once this is done and there is existing capacity and issues pertaining to distribution/logistics as well as experience in use of biodiesel are achieved then other policies could be considered. It should be a responsible evolutionary process. The current scheme is giving confidence to existing and potential producers to invest and put in place the necessary quality production facilities.

The stimulus created by the Biodiesel Grant scheme has already secured multiple additional jobs and as well as further capital investment. But production takes time - you can't simply turn on capacity that doesn't exist.

The old mandate may well have resulted in imports from overseas of significant volumes of Biodiesel to the detriment of the local industry, as local capacity would not be available to meet the early demand. This would have resulted in significant price rises to the public as pump prices would reflect the full cost of imported Biodiesel including international transport and the costs of additional infrastructure associated with importation of the Biodiesel. Most of these costs are not necessary with a locally produced fuel under the current Scheme.”

The Association says that the design of the current scheme has allowed a high level of flexibility to the deployment of Biodiesel. It has allowed the voluntary uptake in applications where there is added value to NZ Inc. For example, Te Kuiti based EnvironFuels deal with Explore NZ is a boost to the NZ Tourism industry. EnvironFuels has spear-headed the first commercial scale marine bio-fuel agreement in New Zealand (more [here](#)). Biodiesel New Zealand in Christchurch is also making the news (see [here](#)) as they recently supplied the fuel for a tourist ship bound for the sub-Antarctic. And Auckland based Ecodiesel is currently completing construction of a 20 Million litre Biodiesel plant in South Auckland with the potential to upgrade this plant to 40 Million litres per annum. Ecodiesel has successfully trialled its product in the retail sector and remains confident of a viable Biodiesel industry in New Zealand. Ecodiesel is currently raising finance for the plant completion, and expects to be in production in 2010 (see [here](#)). BANZ says these are the very examples we need to boost interest in the sector, increase uptake and give some credibility to our so called ‘clean green image’. This is the evidence of a sector in growth mode.

BANZ also noted that there are countless trials and evaluations underway just now which will very soon see a jump in the acceptance and uptake of Biodiesel.

Mr Hamman, a medium sized producer himself noted,

“At New Zealand Ester Fuels we have around 10 trial/evaluations underway which all would result in some additional value other than mitigating GHG emissions, for example, workplace Health & Safety improvements, tourism promotion, reduced carbon footprint to add value to NZ exports .”

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.

Bioenergy Association of New Zealand Inc.



Further Details

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

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