

Industry blames Beehive for plant closure

Carbon News 13 May 2020



Z's biodiesel plant at Wiri

Artist's impression

NEW ZEALAND'S only large biodiesel plant is being mothballed in a move the industry says is a direct result of the Government's failure to plan for the future of the country's energy production.

Z Energy says there will be no production at the \$35 million plant at Wiri, in South Auckland, for at least a year.

"Z will look to restart production of biodiesel if the economic and regulatory environment for local production of biofuels improves," chief executive Mike Bennetts said in a [statement to the NZX](#).

The company says the economics of the plant have become untenable, as the commodity price of the tallow it uses to produce biodiesel has been bid up by international biodiesel companies operating in subsidised markets.

A spokesperson told Carbon News the company has suggested a number of options for Government intervention, including regulation of the unfair tallow market, a capital grant from the Green Investment Fund or an enforceable greenhouse gas reduction programme for transport energy like California's [Low-Carbon Fuel Standard](#).



Mike Bennetts

NO SUBSIDY

The Wiri biodiesel plant project was started by local company Ecodiesel.

[Development stopped](#) in 2011 when the National Government discontinued the grant scheme it had put in place to encourage biodiesel production, after its earlier cancellation of Labour's requirement for all diesel to be blended with biodiesel.

In 2014, Z Energy took the project over and completed it without any Government subsidy, making it what Bennetts said was the [only unsubsidised large-scale biodiesel plants in the world.](#)

Energy production and use is responsible for 40 per cent of New Zealand's total greenhouse gas emissions. The country's energy emissions have grown by 34.3 per cent since 1990, and emissions from road transport have more than doubled over that time.

Bioenergy Association chief executive Brian Cox says the Government is setting emissions reduction targets without putting in place the means to achieve them.



Brian Cox

NO CLEAR PLAN

“There are lots of proven technologies we could use now that would cut our emissions and give us energy security, but we (the industry) are talking to ourselves,” he told Carbon News.

“There is no-one with the authority to make things happen.”

Without a clear national energy plan in place to give companies the confidence they need to move into low-emissions energy production, the country risks losing what it already has, let alone missing out on new developments, he said.

Low oil prices as a result of the global economic shut-down caused by the covid-19 pandemic have further jeopardised the viability of the Marsden Point oil refinery, which was already under strategic review by its owners.

Cox says if that happens, New Zealand could lose the opportunity for projects like the joint-venture proposed by wood company Oji and Australian low-carbon energy company Licella to turn waste plastic into fuel at the Marsden Point refinery.

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