

Govt report sees frontline job for Marsden in biocrude

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Marsden Pt oil refinery, Whangarei. Photo: Carbon News

THE MARSDEN POINT oil refinery could be used to catapult New Zealand into the age of making low-carbon crude from forest waste.

A new report identifies biocrude, liquid biofuels for use in heavy transport and steelmaking without coal as low-carbon technologies the Government should be pursuing now.

"These technologies, chosen carefully, bring flexibility to pursue different markets or different carbon emission targets over time, and to use wider biomass sources than forestry, including municipal waste, which make their investment cases more robust," says the [Wood Fibre Futures report](#), commissioned by Te Uru Rākau.

Lack of leadership

It says the Government should talk to the New Zealand Refining Company, which owns the Marsden Point oil refinery, and Glenbrook steel mill operator New Zealand Steel about ways to transition to low-carbon production as soon as possible.

But Bioenergy Association chief executive Brian Cox says the refining company is failing to show leadership on the issue.

"This report shows that biocrude from forestry is one of the products which should be encouraged by Government," he told Carbon News.

"You don't need a ministry report to say that as it is self-evident. Our problem is that we have companies like the refinery who are not hungry for doing anything new."

The refinery's owner, New Zealand Refining, has applied to the Northland Regional Council to renew its resource consents, but says this doesn't mean the future is settled.

No connection

"The consent is renewed periodically and defines the conditions under which Refining NZ uses the Marsden Point site," a spokesperson told Carbon News.

"This is unconnected with the strategic review process."

The company has already decided to scale back the refinery's operations to supplying fuels to Northland and Auckland only, and is considering whether to stop refining altogether and to use the site as a terminal for imported fuels.

"Simplification of our refinery creates the time and optionality to continue refining operations in the near-term while we assess the potential option to transition to an import terminal in the future," the spokesperson said.

"A further update on the strategic review process is expected to be made around the end of the third quarter."

The refinery, on Whangarei Harbour, was built by the Government in the 1960s at a cost of \$10 billion.

Not economically viable

In the 1980s, the assets plus \$80 million were transferred to the New Zealand Refining Company, a consortium of fuel retailers operating in New Zealand.

The spokesperson says the company knows the facility could play a part in developing this country's alternative fuels industry, but it is not economically viable at the moment.

"There is no demand for hydrogen as a transport fuel today, and biofuels produced elsewhere in the world are supplied into markets providing incentives for these products, like California and Europe," she said.

"We will be exploring what options might exist in the future to repurpose, reuse or redeploy the refinery facilities and capabilities we have."

But Cox says the company should be taking an active part in developing the country's alternative fuel industry through research and development.

"The equipment at the refinery could provide a solid foundation for looking at how biocrude can be created in New Zealand," he said.

Passive investor

"The refinery is sitting back and wanting people to come to them. If they really wanted to maximise the use of their assets, then they would be leading consortia to seek out the opportunities.

“They are acting as a passive rather than an active investor.”

Cox says higher carbon prices are not the answer to driving change.

“The carbon price is a slow blunt tool which just prolongs the agony,” he said.

“If we want action, then we need to have a visionary government which is prepared to put some money to achieving its transport objectives.

“You can see how the Government has poured money into hydrogen, which is less economic than many other opportunities, and how the Government support for hydrogen and electric vehicles has started to stimulate action.

Existing technologies

“If we did the same for other alternative fuels, we would make progress. Attitude is a faster and stronger driver than the carbon price.”

Cox says the Wood Fibre Futures report overlooks the potential to cut greenhouse gas emissions by using wood waste in existing technologies.

"It is great that the Government has recognised that using wood waste to produce energy and other products is good for business and communities, and that proactive climate change policies can have a very positive upside to communities and the economy," he said.

"We just need to have a greater sense of urgency by initially focusing on what can be achieved by 2030 while we investigate the longer term investments outlined in the Wood Fibre Futures report."

The association says emissions could be cut by 1.8 million tonnes if coal was replaced as a heat source by wood.

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