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Untapped wood from forestry to help fuel New Zealand industry

The country's supply of sustainable wood fuel is ramping up with work underway to capture previously unused forestry material and investigate new wood energy manufacturing plants.

"When businesses are looking at energy options, woody biomass could provide an economic alternative to help keep manufacturer's processes running and jobs in regions across New Zealand," said Richard Briggs, EECA Group Manager, Delivery & Partnerships

"We know from regional analysis by EECA (Energy Efficiency and Conservation Authority) that there's a significant, untapped supply of wood fibre from the forest that could be fuelling our industries."

Woody biomass provides lower lifecycle greenhouse gas emissions than fossil fuels when sustainably sourced and managed.

Capturing forestry potential

"New Zealand has 8 million tonnes of wood out of commercial forests per year that could sustainably be used as fuel," said Briggs.

"While the opportunity is there, the upfront costs of establishing collection points has been a barrier."

"This is the next step in helping open up opportunities for New Zealand to make better use of our resources and power industry."

EECA is investing in five new wood energy aggregation facilities to secure low-grade wood from commercial forestry alongside the private sector.

Spread between Southland and Waikato. The sites will provide a central repository for nearby forestry operations to collect, store, and prepare wood that would otherwise go unused or left in the forest.

"We know there's plenty of wood available, it's just not being collected or stored in a considered way," said Briggs.

"By capturing this material there's an opportunity for nearby businesses, and even mature biomass operations, to ramp up their use of it as a fuel. Plus, it's a win for the forestry industry and adds a potential additional revenue source."

Once operational, the sites will have a combined capacity to process 200,000 tonnes per year of wood chip fuel – enough to supply around 2 petajoules (PJ) of energy annually or meet the annual fuel demand of around 10–20 industrial businesses like dairy and meat processors, food manufacturers, or laundries.

In total EECA is contributing \$3.7M in funding, helping to unlock an estimated \$11.6 million in private investment across the five projects.

Turning wood into fuel – businesses look to new manufacturing facilities

Following a request for proposal, an additional four projects looking to establish wood energy manufacturing facilities have received repayable grants to develop their investment case for getting up and running.

“Developing robust investment cases has been a critical barrier to building New Zealand’s wood energy supply. By supporting businesses to make this detailed step, we’re helping unlock low carbon, future fuels and build out a much-needed supply chain,” said Briggs.

Wood energy manufacturing plants being explored around the country could significantly expand New Zealand’s energy supply, giving businesses using coal and gas greater choice in how they power their operations.

If brought to market, the four projects could produce over half a million tonnes of wood fuel annually, spread across torrefied biomass and white wood pellets. That’s the energy equivalent of an around 10PJs, or close to a quarter of industrial gas demand.

“With gas prices rising, and challenges in securing long-term supply, more wood energy coming to market will offer businesses more choice and therefore improve energy security. Importantly, it will give certainty to large energy users that there’s fuel available if they convert their gas or coal fired systems to biomass.”

If found to be feasible the four proposed projects collectively represent \$450 million in potential private capital investment in new biomass supply.

The initiatives are part of the Government’s [Wood Energy Strategy and Action Plan](#) announced late last year which aims to accelerate wood energy as a reliable, affordable and sustainable energy resource for domestic and export markets.

“We know demand already exceeds supply and is set to grow, so building the supply chain will deliver for Kiwi businesses and potentially export markets too,” said Briggs.

Note to Editors

- Manufacturing Facility Investment cases funding covers up to \$6 million in repayable grants to support with the cost of developing detailed information required for final investment decisions. The recipients were required to have already developed feasibility studies, business cases, and preliminary designs and have positive signals from investors before receiving the grants.
- Manufacturing facility investment case projects:

- **Carbona:** Situated in the central North Island, this facility is estimated to produce 180,000 tonnes of torrefied biomass per year. *Funding: \$2.5 million*
- **Oceania Wood Pellets, two projects:** A 90,000 – 120,000 tonnes per year white wood pellet manufacturing facility located on the West Coast of the South Island near Stillwater. A 180,000 tonnes per year white wood pellet manufacturing facility located in Matawhero, Gisborne. *Funding: \$2.19 million*
- **Transition (Bio) Energy:** Situated near Reporoa, the first phase of this facility is estimated to produce 37,500 tonnes torrefied biomass per year. *Funding: \$1.25 million*
- Wood energy aggregation facility co-funding covers up to 30% of total capital costs (excluding land and other ineligible costs) up to a value of \$1 million for eligible projects.
- Aggregation facility projects:
 - **Canterbury Energy Centre Limited:** 52,000 tonne per year capacity industrial wood chip fuel site near Christchurch. *Funding \$893,600*
 - **Goodwood Limited:** 60,000 tonne per year capacity industrial wood chip fuel site near Hamilton. *Funding \$800,000*
 - **Kiwi Lumber:** 50,000 tonne per year capacity industrial wood chip fuel site near Masterton. *Funding \$1,002,000*
 - **MG Contracting Marlborough:** 25,000 tonne per year capacity industrial wood chip fuel site near Blenheim. *Funding \$574,018*
 - **AWT Wood Fuels Limited:** An industrial wood chip fuel storage, production and distribution facility near Winton with a scalable capacity. *Funding \$461,510*

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