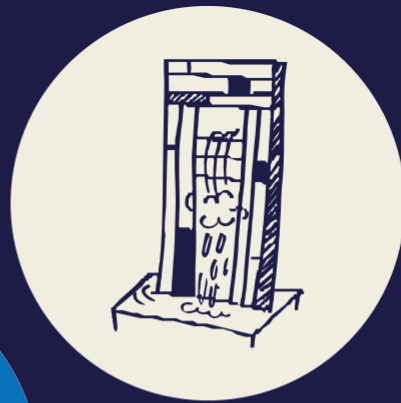


# HAMILTON CITY COUNCIL STAFF SUBMISSION

## The Sustainable Biofuels Obligation: Proposals for Regulations

Ministry of Business, Innovation and Employment



6 July 2022



**Hamilton  
City Council**  
Te kaunihera o Kirikiriroa

# Improving the Wellbeing of Hamiltonians

Hamilton City Council is focused on improving the wellbeing of Hamiltonians through delivering to our five priorities of shaping:

- **A city that's easy to live in**
- **A city where our people thrive**
- **A central city where our people love to be**
- **A fun city with lots to do**
- **A green city**

The topic of this submission is aligned to the priority '**A green city**'.

The focus of this priority is to become a sustainable city by challenging the way we grow our city and how we live within our city.

## Council Approval and Reference

This submission was approved by Hamilton City Council's Chief Executive on 6 July 2022.

Hamilton City Council Reference D-4268703 - Submission # 692

It should be noted that the following submission is from staff at Hamilton City Council and does not necessarily represent the views of the Council itself.

## Introduction

1. Hamilton City Council staff welcome the opportunity to make a submission to the Ministry of Business, Innovation and Employment's June 2022 consultation document **The Sustainable Biofuels Obligation: Proposals for Regulations**.
2. Hamilton City Council staff regard biofuels as an important low carbon fuel source to reduce New Zealand's Greenhouse House Gas (GHG) transport emissions. There are many types of vehicles that cannot easily switch to alternative fuel sources in the short-term due to available technology or energy capacity required. Examples include heavy trucks for freight, and in the Waikato, agricultural machinery such as tractors and harvesters.
3. The Biofuels Obligation provides a way to reduce GHG emissions across the fuel supply chain and provides us access to existing biofuel supplies. There is a need for a significant sustainable domestic biofuel supply (perhaps underpinned by a large nationwide freight company). The Biofuels Obligation goes some way towards this, although there is no explicit domestic target. Increasing New Zealand's resilience to fuel disruptions and fuel supply security must also be a priority.
4. We would like to see more opportunities to develop sustainably sourced biofuels from both recycled sources and sustainably grown crops in New Zealand. This is so that we can be accountable ourselves for the sustainability, are less reliant on a global market and global supply chain issues, support a local and sustainable (circular) economy, diversify our own national market, and increase our percentage targets for biofuels.
5. Diversifying the use of our agricultural land is another opportunity to reduce our emissions and build our resilience to climate change, as well as assist in reducing our dependence on dairy.
6. Whilst keeping biofuel targets low would help ensure the fuels are sustainably sourced, the low target of only 9 percent mix by 2035 means that we are limiting potential opportunities to achieve net zero. Instead, we should be building on all the opportunities that we can.
7. The response/feedback from Hamilton City Council staff is outlined in the Ministry of Business, Innovation and Employment's official Submission Form - copy attached.

## Further Information and Opportunity to Discuss Our Submission

8. Should the Ministry of Ministry of Business, Innovation and Employment require clarification of the submission from Hamilton City Council staff, or additional information, please contact **Martin Lynch** (Energy Consultant – Development Group) on 021 501 637 or email [martin.lynch@hcc.govt.nz](mailto:martin.lynch@hcc.govt.nz) in the first instance.
9. **Hamilton City Council staff would welcome the opportunity to discuss the content of our submission in more detail with the Ministry of Business, Innovation and Employment.**

Yours faithfully



**Lance Vervoort**  
**CHIEF EXECUTIVE**

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## How to submit this form

### Submission form: Consultation on the Sustainable Biofuels Obligation

The Ministry of Business, Innovation and Employment (MBIE) and the Ministry of Transport (MoT) would like your feedback on the proposals for regulation to enact the Sustainable Biofuels Obligation. Please provide your feedback by **5pm, 1 July 2022**.

When completing this submission form, please provide comments and supporting explanations for your reasoning where relevant. Your feedback provides valuable information and informs decisions about the proposals.

We appreciate your time and effort taken to respond to this consultation.

### Instructions

#### To make a submission you will need to:

1. Fill out your name, email address, phone number and organisation. If you are representing an organisation, please provide a brief description of your organisation and its aims, and ensure you have the authority to represent its views.
2. Fill out your responses to the discussion document questions. You can answer any or all of these questions in the [discussion document](#). Where possible, please provide us with evidence to support your views. Examples can include references to independent research or facts and figures.
3. If your submission has any confidential information:
  - i. Please state this in the email accompanying your submission, and set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 (Official Information Act) that you believe apply. MBIE and MoT will take such declarations into account and will consult with submitters when responding to requests under the Official Information Act.
  - ii. Indicate this on the front of your submission (e.g. the first page header may state "In Confidence"). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
  - iii. Note that submissions are subject to the Official Information Act and may, therefore, be released in part or full. The Privacy Act 1993 also applies.
4. Submit your feedback:
  - i. As a Microsoft Word document by email to [energymarkets@mbie.govt.nz](mailto:energymarkets@mbie.govt.nz) with the subject line: *Consultation: Sustainable Biofuels Obligation*
  - ii. By mailing your submission to:

Consultation: Sustainable Biofuels Obligation  
Energy Markets Policy  
Building, Resources and Markets  
Ministry of Business, Innovation and Employment  
PO Box 1473, Wellington 6140  
New Zealand

## Submitter information

### Submitter information

MBIE and MoT would appreciate if you would provide some information about yourself. If you choose to provide information in the section below, it will be used to help MBIE and MoT understand how different sectors view the Sustainable Biofuels Mandate proposal. Any information you provide will be stored securely.

#### Your name, email address, phone number and organisation

Name:	Martin Lynch
Email address:	martin.lynch@hcc.govt.nz
Phone number:	021 501 637
Organisation:	Hamilton City Council

- The Privacy Act 1993 applies to submissions. Please tick the box if you do **not** wish your name or other personal information to be included in any information about submissions that MBIE and MoT may publish.
- MBIE and MoT may upload submissions and potentially a summary of submissions to the website(s), [www.mbie.govt.nz](http://www.mbie.govt.nz) and/or [www.transport.govt.nz](http://www.transport.govt.nz). If you do **not** want your submission or a summary of your submission to be placed on either of these websites, please tick the box and type an explanation below:

I do not want my submission placed on MBIE's website and/or MoT's website because... [insert reasoning here]

#### Please check if your submission contains confidential information

- I would like my submission (or identifiable parts of my submission) to be kept confidential and **have stated** my reasons and ground under section 9 of the Official Information Act that I believe apply, for consideration by MBIE and MoT.

## Sustainable Biofuels Mandate

### Calculating the Obligation

#### *Determining intensity of fossil fuels*

1. Do you agree with the proposal to allow the use of default values from the similar to the European Union's Renewable Energy Directive or actual values verified under sustainability schemes?

Yes       Yes, with changes       No       Not sure/No preference

Please explain your views.

In order to get the Obligation up and running as quickly as possible, it is agreed that default values should be used. It is suggested that a time limit be put on the use of default values and that suppliers be required to produce actual values verified under sustainability schemes within five years of entry into the New Zealand fuels market.

2. Apart from transport and distribution emissions, should we allow actual values that have been verified under the European Union's Renewable Energy Directive or the California Low Carbon Fuels Standard to be used? If not, why?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference

Please explain your views.

As long as there is confidence in the processes and auditing verified under the EU and California certification and that there is an ongoing process to confirm actual values each year (or when there is material change), then these values should be used instead of the default values.

3. Do you see value in developing a New Zealand-specific and inhouse GHG emissions model, similar to the GREET model? If not, who should pay for the model's development and upgrading? If not, why?

Yes, I do       I do in part       No, I don't see value       Not sure/no preference

Please explain your views.

No specific information was provided as to the likely ratio of imported biofuel to domestic production. It's assumed that most of the Biofuels Obligation will be met by imported biofuel for some time to come and local production is limited to one or two providers. In this case it does not seem cost effective to develop a New Zealand system similar to GREET, providing the transport component is aligned to New Zealand's location.

4. Do you agree with the proposal to use a default emissions factor that would apply to all fossil fuels? If not, why?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference

## Sustainable Biofuels Mandate

Is there anything you would like to tell us about the reason(s) for your choice?

Using a single default emissions factor for all fossil fuels seems an unnecessary simplification. Incentivising efficiency improvements in the fossil fuel supply chain is a worthy objective and does not reduce the deployment of biofuel. The percentage targets for the biofuel obligation remain in place and improving supply chain efficiency of fossil fuels should (up to a point) reduce GHG emissions at a lower cost than producing biofuels.

5. Should we only allow biofuels that deliver a greater than 50 per cent emissions reduction, compared to fossil fuels, to be eligible for meeting the Obligation? If not, why?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

On the basis that eligible biofuels must meet the sustainability criteria, a further criteria of > 50 percent emissions reduction seems unnecessary. Reductions of GHG emissions smaller than 50 percent still outperform fossil fuels and get us to our targets. Limiting eligible biofuels further may increase costs and limit diversity of supply.

### Sustainability Criteria

6. Do you agree with the way that we propose to assess compliance with the sustainability criteria in legislation?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

We agree with the option of using international sustainability certification schemes, including the two proposed in order to address biodiversity, impact on carbon stocks, water quality and availability.

7. Are there any international sustainability certification schemes that you think should be included?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Not aware of others.

### Indirect Land Use Change

8. Do you agree with our assessment that indirect land use change emissions should not be included in the lifecycle GHG emissions analysis, due to the inherent uncertainty in the economic modelling that would be required to do this?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference



## Sustainable Biofuels Mandate

Is there anything you would like to tell us about the reason(s) for your choice?

Yes, at this stage it appears impracticable to include indirect land use changes into the lifecycle GHG emissions analysis.

9. What is your preferred option, or combination of options, for addressing the risk of indirect land use change caused by additional biofuels production?

**Option 1:** Set a cap on the maximum amount of food and feed-based biofuels, and ban feedstocks that have historically resulted in significant indirect land use change emissions.

**Option 2:** Require all biofuels to have certification showing they are considered at “low risk” of causing indirect land use change.

Is there anything you would like to tell us about the reason(s) for your choice?

Addressing adverse outcomes from indirect land use due to the production of biofuels is necessary. New Zealand should not be utilising biofuels to reduce its transport emissions if the use of these fuels results in loss of carbon sinks, biodiversity and food scarcity. Both options presented have advantages and disadvantages, but the key is whatever process or combination of options implemented is effective. Some filtering of biofuel sources by a cap on the amount of food and feed-based biofuels seems sensible, noting that the overall criteria will need to evolve as time goes on. What are the risks of feedstocks that presently don't cause indirect land use changes doing so in the future? It would be easier to monitor domestic and near neighbour country biofuel lifecycle emissions including indirect land use changes than that of far-flung suppliers.

10. Do you think these options will adequately address the risk of indirect land use change? If not, why and what alternatives would you suggest?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

Refer answer to question 9.

### ***Biofuels and Food Security***

11. What is your preferred option, or combination of options, for addressing the risk of the biofuels obligation adversely impacting food security and why?

**Option 1:** Require all biofuels produced from food-based feedstocks to be certified against the Food Security Standard or an equivalent standard

**Option 2:** Rely on the options outlined to address indirect land use change (ILUC) to mitigate any indirect impacts on food security (discussed in section 3.3)

**Sustainable Biofuels Mandate**

Is there anything you would like to tell us about the reason(s) for your choice?

As indirect land use change and food security is so closely linked the options set out in Section 3.3 (along with continuous improvement) should address the risk of the Biofuels Obligation adversely impacting food security.

***Use of waste and Classification of feedstocks***

**12.** Do you agree with our proposed approach to require biofuels derived from any of the waste streams to be certified against the relevant ISCC EU standard or RSB standard? If not, why?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

**13.** Do you agree with our proposed approach for allocating GHG emissions to products, co-products, residues and wastes according to Table 1, based on energy content? If not, why?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

**14.** Do you agree that feedstocks that are classified as agriculture, aquaculture, fisheries or forestry residues or co-products would need to meet the sustainability criteria? If not, why?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

**15.** Do you agree with our proposal to exclude or limit residues or co-products that may be excluded or limited under the other criteria (such as the ILUC options)? If not, why?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

## Sustainable Biofuels Mandate

### Other considerations for the implementation of the Obligation

#### *Interactions with the Fuel Industry Act and other regulations*

16. Do you agree with the risks outlined above? If you do, do you agree with the proposed approach?

Yes, I agree       I agree in part       No, I don't agree       Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?