

15 October 2009



**Oral submission from the Bioenergy Association of NZ (BANZ) on:
Climate Change Response (moderated Emissions Trading) Amendment Bill**

Presented by Brian Cox, BANZ Executive Officer

1. BANZ represents a wide range of people involved in the bioenergy sector from feedstock producers, biofuel producers through to investors in bioenergy facilities. Membership covers all bioenergy fuels and technologies including;
 - liquid biofuels producers and distributors
 - wood energy fuel and equipment suppliers (including wood chip, wood pellets)
 - Biogas (landfill gas collection, users of biogas fuel for transport)In essence any opportunity for using biomass for conversion to energy and its subsequent use.
2. BANZ supports the development of the ETS provided there are complementary mechanisms to support the objective of reducing carbon emissions. The ETS must also provide a long term surety of policy on which to base investment decisions.
3. The current proposals alone do not provide the certainty needed for investment in capital intensive bioenergy facilities.
4. Bioenergy can be a significant contributor to reduction in carbon emissions. Currently around 20% of our forest production is wasted – it can be turned into energy. NZ could become self-sufficient in the production of liquid biofuels for transport.

5. Essentially bioenergy can assist national and regional economic and environmental objectives, while contributing to climate change emission reductions:
 - Production of wood fuel from forest harvest residues can provide a significant revenue stream for forest owners.
 - It can be a significant contributor to employment.
 - It can also assist firming the profitability of wood processors who are currently struggling to remain viable.
 - In urban areas the use of wood pellets can also reduce air emissions within affected airsheds.
6. The ETS as a “stick” mechanism requires some complementary “carrot” mechanisms to give recognition to the reductions in carbon emissions that are possible through increased investment in renewable energy bioenergy plant.
7. The uncertainty of an ETS based variable carbon tax will not provide the confidence necessary to attract investors until such a scheme had been operating for a number of years.. We need immediate action- not a mechanism that will not be effective for a number of years.
8. A particular concern is where forests are cut down and replaced with other energy crops such as *miscanthus* or *willow* which are ideal wood fuels for use in heat plant or the conversion to liquid biofuels. The production of energy crops should be allowed as a replacement for deforestation.
9. A “carrot” mechanism that would have an immediate bite and cover all renewable energy technologies would be the introduction of accelerated depreciation on renewable energy capital plant. Other “carrot” mechanisms such as additional demonstration plant that could be funded under the very successful EECA managed Wood Energy programme could provide confidence.