



SEMAPHORE

Newsletter of the Maritime Law

Association of Australia and New Zealand



Refinery Closure Could Open the Door for Transport Biofuels

As the world at large grapples with the strident message from COP26 that powerful steps finally need to be taken to reduce emissions, in New Zealand there is a call to repurpose the Marsden Point refinery to produce transport biofuels by way of one positive initiative.

Refining NZ has confirmed Marsden Point will become an import-only terminal from April next year, after securing long-term supply agreements with its key customers BP, Mobil and Z Energy. The company will rename itself Channel Infrastructure New Zealand in the process.

Subsequently, the Bioenergy Association of New Zealand has asserted it is in “NZ Inc’s” interest that manufacturing equipment at Marsden Point be repurposed for biofuel manufacture before the machinery gets mothballed or scrapped.

The association advocates to Government on bioenergy-related policy, draws membership from a wide range of industries and has liquid biofuels as one of its core areas of expertise – waste-to-energy biogas and wood energy being the others.

Executive director Brian Cox believes the New Zealand maritime industry should be advocating strongly for a domestic supply of marine biofuel based on local processing, and that before the plant is decommissioned, serious consideration should be given to using the equipment for the refining of biocrude to produce renewable biofuels.

Moreover, he believes that producing biofuels for robust marine engines is the “low-hanging fruit” for this type of conversion. Marsden Point could, he believes, produce MARPOL VI-compliant biofuels at a scale for all of the New Zealand-flagged domestic fleet, as well as trucks, rail and aviation.

Replacing petroleum for transport and manufacturing can be achieved by the extraction of biochemicals from biomass and the manufacture of new bio-based products. Biofuel blends are seen as a flexible and easily-delivered renewable fuel for heavy land transport and marine engines, where other renewable fuels are uneconomic or inappropriate.

The Climate Change Commission has recommended greater use of low-carbon fuels, such as biofuels and hydrogen, in heavy trucks, trains, planes and ships, and remarked on the lack of local manufacturing capability.

A further factor to consider is that if Marsden Point’s refining capability is allowed to slip away, creating another such facility elsewhere in the country could be difficult. Obtaining resource consents to build new greenfield biorefineries and associated production capability could take years. At Marsden Point, it is an existing use.

The Bioenergy Association says that the Government may have to consider incentives for Refining NZ to keep assets that may be used for the refining of alternative fuels. However, there are plenty of “green” precedents, such as the electric vehicle subsidy.

Adding to the argument is the revelation by Minister for Climate Change James Shaw that New Zealand’s new net greenhouse gas emissions target for 2030 can only be achieved by purchasing offshore emission reductions.

Mr Cox counters by asserting that domestic greenhouse gas reductions are achievable nearly immediately from greater use of bioenergy and biofuels from proven technologies. The Bioenergy Association claims that about 15% of emissions could be reduced by 2050 choosing this option. That target date could be brought forward if a fraction of the money to be spent offshore was spent in New Zealand.

Producing biofuels would also create new employment and lay the foundations for a fully-sustainable bioeconomy.

The biofuels lobby may see encouragement in the document "Transitioning to a Low-Emissions and Climate-Resilient Future", released prior to COP26 by Minister Shaw.

The consultation document states that a sustainable biofuels mandate will be introduced to help overcome the cost and risk barriers facing biofuel manufacture. This will require fuel suppliers to reduce the emissions of the liquid transport fuels they supply in New Zealand by a set percentage each year.

The New Zealand Government will also consider additional support to encourage domestic production of biofuels, which would benefit regional economies. Another new initiative is likely to be a detailed study into the use of low-carbon and zero-carbon fuels for shipping, as part of a national action plan to reduce maritime emissions.

Consultation on the document ended on November 24 and the Government expects to release its final Emissions Reduction Plan by the end of May 2022, in line with next year's Budget.

There will be three emissions budgets covering 2022-2025, 2026-2030 and 2031-2035.

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