



Submission

bp welcomes and appreciates this opportunity to feedback on the workability of the bill. Further to our submission on the regulations (July 2022), bp has strong interests in the success of New Zealand's biofuels mandate and wants to see it is as ambitious as possible while being achievable.

As outlined in both our previous submissions, to transition terminal infrastructure to transport and store biofuels will involve an investment of tens of millions of dollars over two and a half years. Commitments to these investments are only possible once the legislation is in place. Under the current timetable, this leaves obligated parties around three months to deliver the necessary infrastructure investments. The workability of the bill is therefore implausible as 3 months is not the 'reasonable amount of time' referenced in Section 11(3)(iv) to have the necessary biofuels infrastructure in place. When obligations were similarly made in Europe and California, parties had at least three years to transition infrastructure.

bp notes that the Bill is labelled 'Sustainable **Biofuels** Obligation' and specific to biogenic feedstock. We welcome the proposed review after the mandate has been in effect for two years which may expand the mandate to include other fuels. bp proposes naming and drafting the Bill wide enough to allow easy expansion into electricity, hydrogen, e-fuels or recycled carbon fuels as outlined in the December 2021 cabinet paper.

The proposed obligation uses many elements from the European Renewable Energy Directive (RED) II, whilst the Bill refers to other local New Zealand legislation such as the Climate Change Response Act. bp recommends reviewing elements such as the carbon dioxide equivalent (section 5) to ensure the two are consistent and that consideration is made within the Bill in the event that the RED II is updated.

Regarding flexibility provisions, bp has concerns over the timing proposed for deferring obligations (schedule 1) and reporting (section 22). At the maximum timing allowed, there is the potential to be less than seven days before the audited annual report is due. bp also notes GHG reporting is a relatively specialised area. If audit requirements are extensive, a period of three months may be insufficient for all obligated parties to meet annual reporting requirements.

As the Bill is currently written, bp has concerns around the sharing of commercially sensitive information relating to Biofuels given the reporting requirements that the 'EPA must publish certain information' (Section 23). bp proposes that only high-level information is published e.g. Energy supplied, Energy fossil fuels, emissions reduction. It is also necessary to see the required information as early as possible to set up systems to capture this ahead of purchasing biofuels.

bp continues to raise concerns around the penalties in the Bill given under the current timetable this would leave bp and other obligated parties around three months to deliver the necessary infrastructure investments which is not realistic. As the aim of the legislation is to reduce GHG emissions, bp recommends any penalties are split out and applied towards reducing New Zealand's

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overall emissions. bp notes that stipulating penalties in the legislation (vs regulation) may reduce the flexibility to ensure they are above the marginal cost of compliance.

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