



Energy Markets Policy
Building, Resources and Markets
Ministry of Business, Innovation and Employment
PO Box 1473, Wellington 6140
New Zealand

Consultation: Sustainable Biofuels Obligation

As one of New Zealand's largest bus operators, with operations across the North and South Island, we write to suggest that there are significant challenges that present when considering a move to biofuels.

When discussing the possible impacts with our vehicle and fuel suppliers, the following should be considered:

1. As it currently stands, it is thought that there is not enough tallow and used cooking oil etc. available to supply the expected national level of consumption, that will be required under this proposal.
2. Additional additive products can be sourced from overseas to supplement local supply, however overseas suppliers are suggesting numbers like \$5.50 per litre, for the additives (tallow, cooking oil etc). With a 10% dilution rate, \$5.50 would add \$0.55 p/l to our fuel cost. These values are yet to be confirmed, however it's likely that the costs could be even greater.
3. Our Euro VI (6) generation engines that are currently in service, are unable to be run on biofuel. New engines can be ordered that are designed for this requirement, however there is a significant expense associated with this (The estimated Cost to swap-out an existing engine with an approved engine would be between \$100,000 - \$120,000 per vehicle). We would suggest that the likely financial and reliability risks associated with running Euro VI six engines on biofuel, will outweigh any benefit. If the existing Euro VI engines are not swapped with new biofuel rated Euro VI engines, then we (and presumably the whole diesel supply industry) would require an additional separate non-biodiesel tank and dispensing equipment - which would come with considerable implication and cost to the whole diesel reliant economy.
4. Our manufacturers are suggesting that Euro V (5) and IV (4) engines may require modifications to run on biofuels and of a requirement for increased maintenance.
5. A requirement to only use biofuels will greatly increase complexity to the supply chain, this will increase risk to our operations.
6. There is an increased risk around storage of product, this is due to the product breaking down or separating whilst in storage, over time.

7. There is therefore an increased requirement for sampling, cleaning and maintenance of fuel storage and dispensing equipment, given the above risks as stated in point 6 above.

When considering the above information, there is a high likelihood that there will be serious cost implications that will require financial support to implement across industry.

Attached to the submission email are presentations:

A – Marine Fuel Forum – Road Sector Experience, October 2010

B – Marine Fuel Forum – Fuel and Tank Cleaning, October 2010

Kind regards

Go Bus Transport Ltd.



Withheld under section 9(2)(a)

Terry Campbell
ENGINEERING DIRECTOR

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