



Wood Energy Action Plan

OCTOBER 2025





Ministry of Business, Innovation and Employment (MBIE) Hīkina Whakatutuki – Lifting to make successful

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

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Online: ISBN 978-1-991409-73-7

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Ministerial foreword

New Zealand's forestry and wood processing sectors already make a significant contribution toward our *Going for Growth* agenda by boosting economic growth and productivity.

There are opportunities to make greater use of forestry residues and wood processing co-products to create home-grown, secure, and affordable energy, particularly to ease pressure on energy supplies. With the right settings in place, this could be a win-win for New Zealand industry, our wood sector, the environment, and climate.

Our goal for forestry is to restore confidence and support further investment in forests and wood processing as part of our plan to rebuild the economy. We want to see a growing forestry sector that processes more logs into timber and other valued added wood products to create jobs and move this country up the export value chain.

Wood energy also can help us strengthen our energy system by diversifying the available energy fuels and powering our economy, reducing pressure on electricity supply, imported fuels and domestic gas. Locally produced wood energy can also support regional employment and create new economic opportunities in forestry and wood processing and manufacturing. There are also opportunities to sell wood energy on a global scale to support our goal of doubling the value of exports by 2034.

We want to enable private investment in wood energy. To support this we formed a ministerial Wood Energy Taskforce in late 2024 as part of our second Emissions Reduction Plan – to investigate barriers to growth and identify ways to help drive investment.

The Wood Energy Strategy reflects our commitment to this important sector, setting out our vision, objectives and desired outcomes.

This supporting Action Plan shows the current work underway to achieve our objectives.

We look forward to continuing work with the sector to enable abundant, affordable wood energy.



Hon Simon Watts
Minister for Energy



Hon Todd McClay
Minister of Forestry

Wood Energy Strategy – snapshot

Diversifying New Zealand's energy mix

- › Production forestry is our largest renewable biomass resource.
- › Around 40% of fossil fuelled process heat could be replaced by wood energy by 2050.

Our vision: New Zealand accelerates wood energy as a reliable, affordable and sustainable energy resource for domestic and export markets – creating new economic and employment opportunities for forest owners and wood producers in our regions.

Outcomes we are seeking:

 SECURITY OF ENERGY SUPPLY Enable additional supply of wood fuels to diversify our energy system and power our economy, reducing reliance on imported fuels and domestic gas, and supplement the existing forestry sector.	 REGIONAL ECONOMIC GROWTH Enable domestic wood energy production to support regional employment opportunities, increase productivity and the resilience of regional forestry and wood-processing sectors.	 EMISSIONS AND SUSTAINABILITY Enable sustainably sourced wood energy to be used to displace fossil fuels where it is economically efficient compared to other options.			
OBJECTIVES					
OBJECTIVE 1:	OBJECTIVE 2:	OBJECTIVE 3:	OBJECTIVE 4:	OBJECTIVE 5:	OBJECTIVE 6:
Improve availability of wood fibre supply	Enable private investment in production capacity	Reduce barriers for end users of wood energy	Promote export market access and attract foreign investment	Improve market transparency and coordination	Promote the use of sustainably sourced wood energy

Alignment with other Government priorities:

Building better markets for secure and affordable energy	Going for growth and doubling the value of exports	Biogas statement	Forestry Research Programme	Climate Strategy
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Wood energy from residues of forestry and wood manufacturing (e.g. sawdust, wood chip, and low-grade logs) can be used to generate electricity or generate heat for industrial processes as an alternative to coal, gas or electricity. Wood can also be used as an input to liquid biofuels (such as sustainable aviation fuel) and biogas.

Improve availability of wood fibre supply

The Government's work in this area mainly focuses on (1) improving the economics for in-forest residues, and (2) improving the case for short-rotation forestry.

Improve the economics for aggregating in-forest residues

- › **Demonstrate and de-risk aggregation facilities (The Energy Efficiency and Conservation Authority - EECA):** EECA will demonstrate the commercial and operational benefits of wood biomass aggregation facilities by supporting early projects. A request for proposals will go live in October 2025.
- › **Retrieval logistics research (EECA):** EECA plans to demonstrate how different in-forest harvesting and processing methods lead to greater volumes being recovered at lower costs. This will be done through sharing learnings with the industry from in-forest trials.

Demonstrate and de-risk short-rotation forestry

- › **Forestry research programme (The Ministry for Primary Industries - MPI):** Te Uru Rākau – New Zealand Forest Service's Forestry research programme aims to identify approaches to forestry management practices, that if applied could improve the silvicultural, economic, and operational variables to support forestry and wood energy in New Zealand (2022–2026).
- › **Planting 5000 ha of biomass forestry (MPI):** MPI is progressing a biomass forest planting programme of 5,000 hectares to increase the supply and to give insights for private investment in supply-side wood energy infrastructure from 2021-2030.
- › **Forestry management capability (MPI):** Te Uru Rākau - New Zealand Forest Service's Forestry Advisory Service is available and offers advisory services to support short rotation forestry.

Enable private investment in production capacity

The Government's work in this area is mainly aimed at providing business development supports, creating an enabling regulatory environment for investment, and promoting the development of the sector through place-based responses to address regionally-specific barriers to investment.

Business development support

- › **Business development support (various):** Wood energy producers can access business development support from MPI's Primary Sector Growth Fund, EECA's investment cases for wood energy supply manufacturing facilities, and Invest NZ, as well as loans and guarantees through the Export Credit Office (for producers that intend to export), applications through the Regional Infrastructure Fund (RIF), and depreciation of 20 per cent of the value of new assets through Investment Boost.
- › EECA released an RFP in September to support detailed engineering design studies for wood energy manufacturing facilities.

Leveraging government energy demand

- › **Request for Information (The Ministry of Business, Innovation and Employment – MBIE).** Energy sector investors and participants have told the Government that long term supply contracts for government energy could support increased investment in new energy supply. In response, the Government has released a Request for Information to understand how leveraging government demand could help, what sorts of contracts would be helpful for different types of projects, and which projects might have the most impact.

Promote place-based sector growth and enabling settings (various: EECA, Te Uru Rākau, InvestNZ, Kānoa)

- › **Support regions to develop critical enabling infrastructure,** such as logistics/freight networks, energy supply, and sector-specific innovation infrastructure. Government can play a coordination role to connect investors, local stakeholders, and decision-makers, or support investment through the RIF.
- › **Enabling cluster development to support efficiencies and scale.** The development of the wood energy sector could, in particular, occur in parallel with the Government's recently released draft Geothermal Strategy, which proposes enabling clusters and exploring incentives for manufacturers. Government can also play a role in connecting innovators, investors, and local stakeholders to enable collaboration and place-based sector growth.

Create an enabling regulatory environment

- › **Creating an enabling regulatory environment (various):** Other broad-based Government policies will also support wood energy investments, including reforms of the Overseas Investment Act, Resource Management Act (RMA), and immigration settings. Under changes to the RMA, consenting authorities are required to process and decide a resource consent application for a specified energy or wood processing activity within one year.
- › In relation to air quality consenting barriers for wood energy combustion, officials will undertake further policy work as part of the delivery of national direction for the new resource management system. Subject to Ministerial decisions, a suite of new standards, including replacement provisions to the National Environmental Standard for Air Quality (NES-AQ), are required to be in place by mid-2027. Developing the new standards will require consultation and testing with system users to get the settings right. This is likely to include consultation with stakeholders on possible consenting improvements for wood energy combustion facilities.



Nature's Flame, Taupō

Reduce barriers for end users of wood energy

The Government's work in this area mainly focuses on (1) providing information and practical guidance to support fuel switching, and (2) de-risking fuel switching.

Provide information and guidance to support switching to wood energy

- › **Information support (EECA):** EECA is working with Bioenergy Association of New Zealand (BANZ) to provide information and advice on the use of wood fuels. Switching to wood fuels can be complex. Access to quality, trusted information can support businesses to understand the potential benefits, make effective decisions, and manage risks.

De-risk new technologies and capital projects

- › **Technology and business development support (EECA):** Switching to wood energy can involve installation or modification of boilers which can be risky and technically complex. EECA will support technology demonstration for new-to-New Zealand wood energy technology through co-investment and detailed engineering studies.

OBJECTIVE 4

Promote export market access and attract foreign investment

The Government's actions in this area mainly relate to (1) promoting export market access, and (2) attracting foreign investment.

Promote market access

- › **Biofuels standards (MPI):** MPI is working with relevant agencies and industry stakeholders to ensure biofuel standards reflect the use of sustainably managed plantation forestry. This includes through multilateral cooperation and fora, engaging with sustainability certification schemes on evidence and research, and potential third party representation.
- › **Business development support for exporters (various):** Exporters can access information and investment support from NZTE, MPI and InvestNZ, potential capital support from the RIF, depreciation of 20 per cent of the value of new assets through Investment Boost, as well as loans and guarantees from the Export Credit Office.

Attract foreign investment

- › **Update the wood processing prospectus (InvestNZ, MPI):** InvestNZ and MPI have updated their Wood Processing Investment Prospectus to include opportunities to invest in wood energy. This will help to attract high-quality investment in wood energy opportunities in New Zealand.

Improve market transparency and coordination

The Government's work in this area largely aims to (1) improve market transparency, and (2) improve market coordination.

Improve market transparency

- › **Survey of wood energy supply and use (MBIE):** MBIE is developing an annual wood energy survey to understand volumes and trading arrangements. MBIE's current wood energy statistics, published in the annual Energy in New Zealand publication, include wood energy used in residential and wood processing sectors, but do not capture other uses (eg, heat requirements in commercial or other industrial sectors). Providing annual statistics on volumes and implied prices will help market participants across the value chain plan their activities and make more efficient trades. The first survey will be delivered in 2026.
- › **MPI data improvement roadmap (MPI):** MPI is undertaking work to improve data quality across the forestry and wood processing supply chain. It is comprised of three streams of work:
 - Identify government and sector data and information needs, particularly where improvements are necessary or there are gaps to fill.
 - Gather information in a consistent, centralised, and well-documented form to aid in (re)use with the focus on consolidation where possible to reduce survey burden and improve efficiencies for data gathering.
 - Create consistent and fit-for-purpose tools and resources for accessing data.

- › **Standardised contracts (EECA):** EECA is working with the Bioenergy Association of New Zealand (BANZ) to update and promote contract templates for wood energy and wood fibre markets. Standardised contracts can reduce transaction costs and lead to more efficient trading outcomes. EECA will initiate this work later this year.

Improve market coordination

- › **Regional wood energy co-ordination (EECA):** EECA has supported regional understanding of current and potential future woody bioenergy supply, demand, and costs at the regional level under its Regional Energy Transition Accelerator (RETA) programme. It provides a snapshot at the time of assessment rather than an ongoing information flow. EECA will continue working with stakeholders on both the demand and supply side to enable efficient co-ordination at the regional level.
- › **Investigating market transparency and coordination measures (MBIE & MPI):** MBIE and MPI are undertaking work to understand what further measures the Government could take to promote transparent and well-organised markets for wood energy and input wood fibre markets. Officials will advise Ministers in 2026.

OBJECTIVE 6

Promote the use of sustainably sourced wood energy

The Government's work in this area initially focuses on better understanding the sustainability and emissions impacts of wood energy. Once we have a better understanding, we will consider next steps.

Understand wood energy's life cycle emissions

- › **Life cycle analysis research (EECA/MPI):** EECA and Te Uru Rākau have contracted life cycle assessment research into wood energy's emissions and environmental impacts. This research project aims to better understand the environmental and emissions impact of woody biomass production and use for energy, as well as establishing the baseline for optimising the sustainable production and use of woody biomass in decarbonising New Zealand's energy related emissions. This will be completed early 2026.



Government actions to support wood energy

OBJECTIVES	GOVERNMENT ACTIONS
 OBJECTIVE 1: Improve availability of wood fibre supply	Improve the economics for aggregating in-forest residues › Demonstrate and de-risk aggregation facilities (EECA) › Retrieval logistics research (EECA) Demonstrate and de-risk short-rotation forestry › Forestry research programme (MPI) › Planting 5000ha of biomass forestry (MPI) › Forestry management capability (MPI)
 OBJECTIVE 2: Enable private investment in production capacity	Business development support › Primary Sector Growth Fund (MPI) › Investment cases for wood energy supply manufacturing facilities (EECA) › Invest NZ support › Loans and guarantees through the Export Credit Office (for producers that intend to export) › Depreciation of 20 per cent of the value of new assets through Investment Boost › Regional Infrastructure Fund applications (MBIE) Leveraging government energy demand (MBIE) › Request for Information Promote place-based sector growth › Various: EECA, Te Uru Rākau, InvestNZ, Kānoa Enabling regulatory settings › Creating an enabling regulatory environment (various agencies)
 OBJECTIVE 3: Reduce barriers for end users of wood energy	Provide information and guidance to support switching to wood energy › Information support (EECA) De-risk new technologies and capital projects › Technology and business development support

	OBJECTIVE 4: Promote export market access and attract foreign investment	Promote market access › Biofuel standards (MPI) › Business development supports (various agencies) Attract foreign investment › Update wood processing investment prospectus (InvestNZ/ MPI)
	OBJECTIVE 5: Improve market transparency and coordination	Improve market transparency › Survey of wood energy supply and use (MBIE) › MPI data improvement roadmap (MPI) › Standardised contracts (EECA) Improve market coordination › Regional wood energy co-ordination (EECA) › Investigating market transparency & coordination measures (MBIE & MPI)
	OBJECTIVE 6: Promote the use of sustainably sourced wood energy	Understand life cycle emissions › Complete life cycle analysis research (EECA/MPI) Biofuel standards (MPI)





Te Kāwanatanga o Aotearoa
New Zealand Government

BRM 12292