

## Way now clear for wood, say biomass champions

---

Carbon News 29 January 2020



Biomass... fuel for the future

**THE GOVERNMENT'S latest move towards getting rid of coal-fired boilers in hospitals and schools shows growing market confidence in the country's biomass supply, the Bioenergy Association says.**

A \$12 billion infrastructure package which was to be announced by Prime Minister Jacinda Ardern and finance minister Grant Robertson today will include \$10 million to replace coal with wood in some schools and hospitals.

The Government had already said that publicly owned facilities could not install new coal-powered heat sources. The new money means eight schools and two hospitals will replace their coal-fired boilers ahead of schedule, cutting greenhouse gas emissions by around 3000 tonnes a year.

The decision is welcomed by the Bioenergy Association as a sign the Government now has faith in the supply of biomass.

### **New confidence**

"This decision demonstrates the growing strength of the market to supply fuel," chief executive Brian Cox said this morning.

"You can now get fuel in most parts of the country, and this is giving confidence to Government and the private sector that moving to biomass is a good decision."

The association estimates that switching to biomass for processed heat could cut the country's greenhouse gas emissions by 1.8 million tonnes a year.

“How fast that happens is simply a matter of when we decide to do it,” Cox said.

“Supply can ramp up very quickly when the demand is there – as quickly as within a year, if you use crops like miscanthus.”

## **Carbon prices**

Rising carbon prices are also encouraging businesses in the private sector to seriously consider biomass as a fuel-source but are still insufficient to drive change on an economic basis alone, Cox says.

Spot NZUs are trading around \$29 a tonne. The Government has said it intends lifting the fixed-price option (the amount emitters can pay instead of surrendering a carbon credit) from \$25 to \$35 this year and that the new cost containment reserve is likely to be set at \$50.

Cox says carbon needs to be at \$80 a tonne make biomass cheaper than coal and gas.

Story copyright © Carbon News 2020

--- ends ---