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PRESS RELEASE

Bioenergy Association welcomes Government decision to transition schools from diesel boilers, using homegrown energy that helps New Zealand's fuel resilience.

Brian Cox, Executive Officer of the Bioenergy Association, says that “The Government’s decision to phase out diesel boilers in schools is a major step forward for New Zealand’s energy resilience and regional economies. New Zealanders are being hit hard by soaring petrol and diesel prices, driven by global instability and the country’s overwhelming reliance on imported fuels.”

“For the bioenergy sector, it confirms what industry and communities have known for years: locally sourced wood energy is one of the most cost-effective, reliable, and future-proof fuel sources available.”

A Win for Energy Security and Regional Jobs

“The current crisis starkly illustrates that diesel dependence exposes schools, hospitals and businesses to volatile global fuel prices and availability. By contrast, wood fuel is produced domestically, creating stable demand for forestry residues, and supporting jobs in rural regions. This shift keeps more spending circulating within New Zealand rather than flowing offshore.”

Lowest Cost, Lowest Volatility

Independent analyses frequently show that wood energy delivers some of the lowest delivered heat costs in the country, especially for medium- and large-scale heat users. Several factors contribute to this:

- Lowest cost - wood fuel delivers heat at roughly half the cost of diesel.
- Stable pricing - wood fuel prices historically have far less volatility than diesel, electricity, or natural gas, giving heat users predictable long-term operating costs. Fixed price wood fuel contracts are available from some wood fuel suppliers today.
- High efficiency modern boilers - today’s wood fuel boiler systems achieve impressive performance with minimal maintenance costs, making them competitive even before considering carbon pricing.
- Diesel dependence has left many heat users - from schools and hospitals to horticultural and industrial heat users - exposed to volatile global fuel markets. Every price spike in international oil directly increases operating budgets here at home.
- Wood energy, by contrast, is produced domestically. It utilises forestry residues, slash and sawmill by-products, along with low-grade logs. This keeps energy spending circulating within New Zealand’s regions, supporting local jobs and strengthening rural economies.

Wood Energy: The Lowest-Cost Heat Source in New Zealand

Typical Delivered Heat Costs

- Wood chip: \$10–\$14 per GJ
- Wood pellets: \$20–\$22 per GJ
- Diesel: \$45–\$55 per GJ. (currently over \$70 per GJ)

This means switching from diesel to wood chips can immediately reduce fuel costs by 60–75%.

Why Wood Energy Stays Cheaper

- Local wood fuel supply arrangements reduce transport costs with local dispatchability, insulating users from global market shocks.
- Stable biomass feedstock availability from forestry and wood-processing sectors keeps pricing predictable.
- Diesel prices track global oil markets, which are highly volatile and influenced by international events.
- Utilises low value forestry slash saving ratepayer expense.

Example: A medium secondary school

Using 1,000 GJ of heat per year this school using wood pellets as fuel would need to spend:

- Diesel cost: \$45,000–\$55,000 per year
- Wood pellet cost: \$20,000–\$22,000 per year

The school will save up to \$33,000 a year which can be used for equipment and teacher's costs. A school pellet boiler system using off-the-shelf solutions can be implemented within months and will run automatically, as a direct replacement for a diesel boiler.

"Bioenergy gives New Zealand a real chance to take control of its fuel future," Mr Cox notes. "Every diesel boiler we transition locally is less fuel we need to import - and one more step toward stabilising energy prices for New Zealanders."

A Call to Action

"New Zealand has the feedstocks, the technology, and the industry capability. This investment in replacing fossil fuel boilers is a positive step towards future security. The next steps are coordinated investment decisions and a National Energy Strategy to unlock the full potential of bioenergy as a strategic national asset for all New Zealanders."

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