



## Overview

bp's purpose is to reimagine energy for people and our planet. Our ambition is to become a net-zero company by 2050; and to help the world get there, too. We are committed to playing our part by delivering progressively more low carbon solutions and providing cleaner, more affordable, and reliable energy. We aim to actively advocate for policies that advance net zero, including well-designed carbon pricing systems.

As such, bp welcomes an opportunity to provide feedback on the consultation document *Proposed changes to New Zealand Emission Trading Scheme (ETS) regulations 2022*. A well-designed carbon price is the most efficient way to reduce greenhouse gas emissions and we support the approach that the long-term development of the Emissions Trading Scheme remains the primary policy instrument to achieve New Zealand's net zero goals.

bp is submitting on the *fourth proposal* outlined in the consultation document which relates specifically to updates to the Climate Change (liquid fossil fuel) regulations 2008, where the Ministry for the Environment is proposing to change the prescribed methodologies for how obligation fuel suppliers and opt-in participants calculate emissions in two ways:

- a. First, change the methodology for an opt-in participant to require them to collect the volume of biofuel they have supplied in the year to their airport fuel hydrant and used by other airlines. This figure is then deducted from their fuel consumption calculation.
- b. Secondly, change the methodology for obligation fuel suppliers so that the emissions from fuel that the biofuel has displaced for non-opt-in participants is added to their obligations. This would avoid double counting the emissions benefits of biofuel use.

SAF has a significant potential to reduce emissions from aviation and is expected to play a key role in decarbonising the aviation industry given it is one of the lowest cost options for direct emissions reductions for the sector. However, SAF is significantly more expensive than fossil fuel alternatives, so it is important that those airlines that pay for the SAF receive the full incentive from the reduce carbon emissions resulting from that SAF under the NZ ETS.

bp agrees with the Ministry that methods are needed that recognise once SAF has been delivered into the common supply tank that it is not possible to trace the SAF to specific planes. This is because all jet fuel, including SAF, is mixed into a common supply tank known as the airport fuel hydrant. The airport fuel hydrant blends all fuel supplies and distributes it to each airline's planes. All users of fuel from the airport fuel hydrant have reduced emissions if SAF is added, not just the user who has paid for the SAF. The chain of custody for the SAF component should be tracked not the molecule.

Bp supports the proposal and welcomes improved arrangements to better align incentives provided by the NZ ETS to encouraging the use of Sustainable Aviation Fuel (SAF) and that recognise the specific challenges for the industry given the use of shared infrastructure.

bp notes the proposal would require the ETS participant who supplies the SAF to others, to provide information of the volume of that SAF so the appropriate adjustments can be made to

their own fuel consumption calculations but also the corresponding adjustment to the upstream liquid fuel supplier obligations. Care should be taken to ensure this doesn't inadvertently require the disclosure of SAF price information.

## Closing

For more than 20 years, bp has advocated for a well-designed carbon price as the most efficient way to reduce greenhouse gas emissions. Rapid reductions in emissions is urgently required for the world to meet the Paris goals. bp also welcomes well-designed, stable, and long-term policy frameworks to incentivize and support investment in sustainable aviation fuels.

We look forward to working with the government on policy measures that will support a rapid transition to net zero emissions.

## bp Contact

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