



Call for evidence: response form

We are looking for responses that are evidence-based, with data and references included where possible. Please limit your response to each question to a maximum of 400 words, plus links to supporting evidence, using the template provided. Please answer only those questions where you have particular expertise or experience.

We recommend that you refer to the Climate Change Response (Zero Carbon) Amendment Bill when considering your answers, which can be found [here](#).

If you have any questions about completing the call for evidence, please contact us via feedback@ICCC.mfe.govt.nz. Please include a contact number in case we need to talk to you about your query.

Please email your completed form by **12 noon, Friday 15 November 2019** to feedback@ICCC.mfe.govt.nz. We may follow up for more detail where appropriate.

Contact details

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Submissions on similar topics

Please indicate any other submissions you have made on relevant topics, noting the particular material or information you think we should be aware of.
Answer: NZWEA has previously submitted on: <ul style="list-style-type: none">▪ Productivity Commission's Low Carbon Inquiry (issues paper and draft report)▪ Our Climate Your Say Discussion Document▪ Climate Change Response (Zero Carbon) Amendment Bill

- *Moving the Light vehicle Fleet to Low-emissions Discussion Paper*
- *Action for Healthy Waterways Discussion Document*
- *Transmission Pricing Consultation*

Commercially sensitive information

Do you have any objection to the release of any information contained in your response, including commercially sensitive information?

If yes, which part(s) do you consider should be withheld, together with the reason(s) for withholding this information.

Answer: No

Questions for consideration:

Section A The first three emissions budgets

Under the proposed Zero Carbon Bill, the proposed Commission will have to provide advice to government on the levels of emissions budgets over the coming decades.

Currently, the Zero Carbon Bill requires budgets to be set from 2022-2035 (three separate budgets covering 2022-2025, 2026-2030, and 2031-2035). When preparing this advice the proposed Commission will have to consider the implications of those budgets for meeting the 2050 target. The Commission will also need to consider the likely economic effects (positive and negative) of its advice.

Question 1:

In your area of expertise or experience, what are the specific proven and emerging options to reduce emissions to 2035? What are the likely costs, benefits and wider impacts of these options? Please provide evidence and/or data to support your assessment.

Answer:

The increased use of renewable electricity generation both in the electricity sector and across the wider energy sector by replacing fossil fuel use is a key opportunity to reduce emissions.

The cost of renewable technologies continues to decrease and in most geographies is now cheaper than thermal generation alternatives.

The most recent Lazard Levelized Cost of Energy Report (November 2019) highlights these trends including:

- *The 10-year decline in cost for wind (70%) and solar (89%).*
- *That new wind and solar total LCOE costs are now comparable with the marginal cost of coal generation.*
- *That policies designed to shift power generation towards wind and utility scale solar could be a particularly cost effective means of reducing carbon emissions.*

The Lazard Report also highlights the importance of strategies to manage peak electricity usage with gas peaking costs being 4 to 5 times higher than wind generation.

<https://www.lazard.com/media/451079/download-icon-lcoe.png>

The Association supports the recommendations to reduce emissions contained in the ICCC's Accelerated Electrification Report.

https://www.iccc.mfe.govt.nz/assets/PDF_Library/daed426432/FINAL-ICCC-Electricity-report.pdf

Question 2:

In your areas of expertise or experience, what actions or interventions may be required by 2035 to prepare for meeting the 2050 target set out in the Bill? Please provide evidence and/or data to support your assessment.

Answer:

Greater policy support for renewable electricity generation and transmission as identified in the Productivity Commission's Low-emissions Inquiry Report

https://www.productivity.govt.nz/assets/Documents/4e01d69a83/Productivity-Commission_Low-emissions-economy_Final-Report.pdf

and the ICCC's Accelerated Electrification Report.

The Ministry for the Environment's 2016 Outcome Evaluation Report also confirmed the National Policy for Renewable Electricity Generation had not resulted in a nationally consistent approach and had no significant impact on the time and costs associated with resource consents.

http://www.mfe.govt.nz/sites/default/files/media/RMA/npsreg-evaluation-report-final_0_0.pdf

Question 3:

In your areas of expertise or experience, what potential is there for changes in consumer, individual or household behaviour to deliver emissions reductions to 2035? Please provide evidence and/or data to support your assessment.

Answer:

Question 4:

When advising on the first three emissions budgets and how to achieve the 2050 target, what do you think the proposed Commission should take into account when considering the balance between reducing greenhouse gas emissions and removing carbon dioxide from the atmosphere (including via forestry)?

Answer:

The Association has a preference for removing carbon dioxide as this a long-life gas and removing emissions provides certainty.

NZWEA notes the risks around reliance on forestry offsets and managing a long-term problem with a relatively short-term fix and references the Parliamentary Commissioner for the Environment's March 2019 Report.

<https://www.pce.parliament.nz/publications/farms-forests-and-fossil-fuels-the-next-great-landscape-transformation>

Question 5:

What circumstances and/or reasons do you think would justify permitting the use of offshore mitigation for meeting each of the first three emissions budgets? And if so, how could the proposed Commission determine an appropriate limit on their use?

Answer:

The Association's preference is for domestic mitigation action as this reflects the ultimate responsibility of each country under the Paris Agreement.

The NZWEA's key concern with offshore mitigation is ensuring the integrity of any arrangements to not derail domestic carbon reduction initiatives as occurred during the 2013 to 2015 period with the purchase of ERU's which significantly depressed the price of NZ units.

The impact of past poor policy decisions is heightened in Motu's April 2016 Report.

Section B Emissions reduction policies and interventions

The proposed Commission will also need to consider the types of policies required to achieve the budgets it proposes. This consideration should include:

- sector-specific policies (for example in transport or industrial heat) to reduce emissions and increase removals, and
- the interactions between sectors and the capability of those sectors to adapt to the effects of climate change.

Question 6:

What sector-specific policies do you think the proposed Commission should consider to help meet the first emissions budgets from 2022-35? What evidence is there to suggest they would be effective?

Answer:

The Association supports the recommendations of the Productivity Commission's Low-emissions Economy Report and notes the opportunities to reduce emissions in the transport, electricity, heat and industrial process areas.

The Association also supports the recommendations of the ICCC's Accelerated Electrification Report which has a high level of alignment with the work of the Productivity Commission.

Question 7:

What cross-sector policies do you think the proposed Commission should consider to help meet the first emissions budgets from 2022-35? What evidence is there to suggest they would be effective?

Answer:

The cross-sector policies identified in the Productivity Commission's Low-emissions Report and ICCC's Accelerated Electrification Report are supported.

Question 8:

What policies (sector-specific or cross-sector) do you think are needed now to prepare for meeting budgets beyond 2035? What evidence supports your answer?

Answer:

The cross-sector policies identified in the Productivity Commission's Low-emissions Report and ICC's Accelerated Electrification Report are supported.

Section C Impacts of emissions budgets

The proposed Commission will need to consider the potential social, cultural, economic and environmental impacts of emission budgets on New Zealanders, including how any impacts may fall across regions and communities, and from generation to generation. Potential impacts may be either positive or negative.

Question 9:

What evidence do you think the proposed Commission should draw upon to assess the impacts of emissions budgets?

Answer:

Question 10:

What policies do you think the proposed Commission should consider to manage any impacts of meeting emissions budgets? Please provide evidence and/or data to support your assessment.

Answer:

Section D Other considerations, evidence or experience

Question 11:

Do you have any further evidence which you believe would support the future Commission's work on emissions budgets and emissions reduction policies and interventions?

Answer:

The Association highlights the importance of policy alignment to ensure emission reductions can be achieved. Given current and future regulatory and policy interventions there is a real risk of unintended consequences and a need for the CCC to provide advice so as to enable alignment.

Recent examples include:

- ***The Action for Healthy Waterways Discussion Document and draft National Policy Statement for Freshwater Management which has the potential to limit the hydro generation necessary to support the variability of wind and solar.***
- ***The Transmission Pricing Review, being undertaken by the Electricity Authority, which results in increased peak electricity usage which is potentially inconsistent with the Government's climate change agenda.***

The Association's submissions on both can be found here:

<http://www.windenergy.org.nz/consultation-on-freshwater-management-reforms>

<http://www.windenergy.org.nz/transmission-pricing-review>

The Association also notes the draft National Policy Statement for Indigenous Biodiversity will be released shortly for consultation. Based on the draft that is publicly available the broad criterion for identifying significant natural areas and the must avoid conditions have the potential to materially limit future renewables development.

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