

17 November 2020



Hon Dr Megan Woods
Minister of Energy and Resources
Parliament Buildings
Wellington

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Dear Minister

Actions to Advance the Electrification of the Energy Sector

I am writing to share the Association's perspective on actions that can enable the decarbonisation of the energy sector and progress renewable electricity generation.

Firstly the Association wishes to thank you for your support of the renewables sector and congratulate you on your reappointment as Minister of Energy and Resources. Having continuity in a portfolio that is essential to addressing climate change is welcomed and the Wind Energy Association values the positive relationship we have developed.

You will have been inundated with suggestions from industry stakeholders, and in recognition of this, the Association has chosen to be brief in our key recommended actions. Indeed most will be familiar to you so require little expansion.

Energy Sector

1. Establish a target for all energy sector emissions. An energy sector target would be in addition to the Government's target for renewable electricity generation and should enhance a focus on lowest cost carbon abatement options.
2. Increase the investment in supporting low carbon transport. This includes introducing vehicle emission standards, incentives to purchase electric vehicles and supporting investment in vehicle charging infrastructure.
3. Expansion of programmes to incentivise process heat conversions and phase out coal-fuelled plants. It is noted that \$70 million has already been allocated to support the transition.
4. Continue the programme of reform of the Emissions Trading Scheme as the key mechanism to reduce emissions. The Association also considers there is considerable merit in directing the proceeds from the ETS into innovations to reduce emissions.

Electricity Sector

1. Strengthen the national direction planning instruments for the electricity sector including a standardised and simplified consent process for small scale and community developments. Without specific direction for small projects the cost of consenting will continue the drive for large projects to achieve economies of scale.

2. Ensure the integrated inclusion of renewable electricity across new resource management system legislation including consistency with other national instruments such as the draft National Policy Statement for Indigenous Biodiversity.
3. Retail tariff reform including the removal of low user charges so as to facilitate the introduction of more effective pricing signals to improve sector efficiency and lower costs to end consumers. The Association notes that peak electricity demand periods are often supported by fossil fuelled generation. Also supported are the legislative changes underway to enhance Electricity Authority's oversight of distribution businesses.
4. Progress the NZ Battery Project to assess dry year options. Having an answer to New Zealand's dry year issue is key to meeting the energy trilemma for an industry that is set to become more essential in securing economic prosperity and enhancing our quality of life. In doing so it will be important to ensure investor confidence is not undermined by market changes such as the Green Party's proposed solar subsidy.
5. Monitor the implementation of transmission pricing to ensure published timeframes are achieved and support a wider initiative to progress future focused transmission spend to enable renewables development. Both will increase generation investment certainty and will remove barriers to South Island renewables development.
6. Develop a wider programme of actions to support community energy projects. Actions could include the provision of information and expertise and potentially business case development funding. Key to community energy projects is addressing point 1 to simplify the consenting process and reduce cost.

In total 10 initiatives most of which are either a continuation of the Government's current work programme or are outlined in Labour's election fact sheet for clean energy. Progressing the development of an energy sector strategy and implementation plan, inclusive of the electricity industry, is supported. Doing so should, in consultation with the Climate Change Commission on their development of emission reduction budgets, accelerate progress in achieving carbon reductions at the lowest abatement cost and deliver on New Zealand's climate change aspirations.

As we have previously advised the wind industry has a number of projects awaiting appropriate market conditions to commit investment. Progressing the energy sector actions identified will create the electricity demand to underpin future renewables investment.

If you would like to discuss NZWEA's perspective further please contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Blair Walter', with a long horizontal flourish extending to the right.

Blair Walter

Chair, New Zealand Wind Energy Association