



## NZ Must Tackle Rising Emissions from Electricity Sector

According to the latest figures from the Ministry of Business, Innovation and Employment<sup>i</sup>, New Zealand ranks sixth worst for emissions increases since 1990 among countries who have signed the United Nations Framework Convention on Climate Change.

NZ's biggest percentage increase in emissions came from electricity generation, which are up 88.3 per cent since 1990.

"The perception in New Zealand and internationally is that our electricity sector is very climate friendly," said Eric Pyle, CEO of the New Zealand Wind Energy Association. "However, last year 28 per cent of our electricity generation came from non-renewable sources. Compared to 1990 our coal-based emissions were up 463 per cent, while gas generation was up 21 per cent."

It has been reported that a second Huntly Power Station coal-fired unit will be mothballed by the end of the year and that the Taranaki Combined Cycle (TCC) Plant will not run next winter.

"The recent Intergovernmental Panel on Climate Change report has given us a clear message that we have to do more to stop global warming," said Mr Pyle. "Even with the Huntly unit and TCC out of action, New Zealand's electricity baseload still has gas-fired generation. We believe much of this could be retired or changed into peaker plant that supports wind."

"There is 2,500 MW of wind generation consented and waiting to be built and our grid is lauded internationally for its ability to cope with variable renewable generation," said Mr Pyle. "New Zealand needs to take steps to catch us up with countries like the USA and Germany, who are building renewable plant even in a flat demand market."

Just as New Zealand is attracting investment in the oil and gas sector – even with difficult geology – we could be attracting more investment in renewables, if we had investment grade policy supporting the sector. Currently New Zealand ranks in the top 15 countries for favourable oil and gas policies<sup>ii</sup> but has slipped out of the top 40 for renewables policies<sup>iii</sup>.

"Some large multinational companies have committed to renewables in New Zealand and more will do so if the policy settings are seen as investment grade," said Mr Pyle. "There is bipartisan support for the country reaching a target of 90% renewable generation by 2025, but we have no roadmap that will provide certainty for investors. Greater certainty reduces the cost of capital and will lead to cheaper electricity."

"A stronger renewables base in New Zealand would also enable companies to participate more effectively in the global renewables market, which is worth hundreds of billions of dollars per year."

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For comment, please contact Eric Pyle on 027 224 1049. For background information, please contact Ceridwyn Roberts on 021 243 6995.



**New Zealand Wind Energy Association**

Phone: +64 4 499 5046

Website: [www.windenergy.org.nz](http://www.windenergy.org.nz)

Twitter: [@NZWindEnergy](https://twitter.com/NZWindEnergy)

Facebook: [www.facebook.com/NZWindEnergyAssociation](https://www.facebook.com/NZWindEnergyAssociation)

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<sup>i</sup> MBIE - Energy Greenhouse Gas Emissions - <http://www.med.govt.nz/sectors-industries/energy/energy-modelling/publications/energy-greenhouse-gas-emissions>

<sup>ii</sup> Fraser Institute – Global Petroleum Survey 2013 - <http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/global-petroleum-survey-2013.pdf>

<sup>iii</sup> Ernst & Young - Renewable Energy Country Attractiveness Indices November 2013 - [http://www.ey.com/Publication/vwLUAssets/RECAI\\_39\\_-\\_Nov\\_2013/\\$FILE/RECAI%20Issue%2039\\_Nov%202013.pdf](http://www.ey.com/Publication/vwLUAssets/RECAI_39_-_Nov_2013/$FILE/RECAI%20Issue%2039_Nov%202013.pdf)