

# Draft New Zealand Energy Efficiency and Conservation Strategy 2017 - 2022

NZ Wind Energy Association Submission

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Submissions  
Energy Markets Policy  
Ministry of Business Innovation and Employment  
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## Introduction

The New Zealand Wind Energy Association (NZWEA) appreciates the Ministry of Business Innovation and Employment (MBIE) consultation and welcomes the opportunity to comment on the Draft New Zealand's Energy Efficiency and Conservation Strategy (NZECS) 2017 - 2022.

NZWEA also submitted on the Strategy Refresh Targeted Consultation Document in July 2016.

## Executive Summary

In principle, NZWEA supports the draft strategy and considers it a significant improvement on the 2011 - 2016 strategy it replaces as it more closely aligns with EECA's statutory objective as set out in the Energy Efficiency and Conservation Act which includes the promotion and use of renewable sources of energy.

The draft strategy places considerably more focus on leveraging New Zealand's renewable electricity generation advantage to displace the use of fossil fuels in high emission sectors which is timely and necessary if New Zealand is to make real progress towards meeting its agreed 2030 carbon reduction target.

The Association has several areas where we consider the strategy can be enhanced. These primarily relate to:

- Identifying specific actions to ensure the 90% renewable electricity generation target is achieved by 2025.
- Ensuring the alignment of goals and objectives across Government Departments and Crown Entities in support of renewable energy.
- Including in the Strategy an assessment of the effectiveness of achievement of the objectives and targets detailed in the 2011 - 2016 NEECS.
- Providing an annual report on the progress towards implementation of strategy actions and the achievement of targets.
- Specifying the expected level of investment required to enable strategy targets to be achieved and confirming the commercial value of the investment including the benefit from reducing carbon emissions.

The Association also notes that it would be preferable to have the wider energy sector targets agreed before the draft NEECS is finalised as the setting of an energy sector renewables target is directly relevant to NEECS.

It would also be beneficial to confirm a target for the level of carbon emissions from the energy sector as this would be an input into the development of the Plan to meet the Paris Agreement goal.

More detailed comments on the draft strategy are as follows:

### **Strategy Title**

The Energy Efficiency and Conservation Act's purpose is to promote energy efficiency, conservation and the use of renewable sources of energy. NZWEA therefore supports the strategy title of "Unlocking our Energy Productivity and Renewable Potential".

### **Goal**

NZWEA agrees with the goal of "supporting New Zealand to be an energy efficient, productive and low emissions economy". In particular the addition of a "low emissions economy" is welcome as this is reflective of the need to significantly reduce New Zealand's carbon omissions to meet an agreed target and supports a continued increase in renewable energy.

### **Priority Areas and Targets**

The three areas identified of process heat, transport and electricity represent the highest potential sectors to improve efficiency, increase renewable generation and reduce emissions and are supported.

NZWEA notes that the achievement of the process heat and transport targets will increase for electricity demand. Potential changes in electricity demand has been addressed in the August 2016 update of the Electricity Demand and Generation Scenarios (EDGS).

The EDGS also highlights (in figure 14) that that the 90% renewable generation target by 2025 is not achieved under any of the 5 scenarios modelled. NZWEA therefore considers the NEECS should specifically address the achievability of the 90% renewable target and identify actions to ensure it is met.

### **Assessment of 2011 – 2016 Strategy**

The previous strategy contained an economy wide target to achieve a rate of energy intensity improvement of 1.3% pa and a number of sector objectives and targets. For accountability and governance reasons the draft strategy should contain a section which reports on the effectiveness of the strategy that is being replaced.

### **Wider Alignment of Strategy across Government Departments and Crown Entities**

The role and impact of relevant Government Departments and Crown Entities in supporting innovations which lead to improved energy efficiency, energy conservation and use of renewable sources of energy should also be reviewed and aligned.

For example, the NZWEA considers the current Electricity Authority (EA) statutory objective to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers is too narrow in that as there is no requirement to consider pan-industry externality policies such as carbon emissions. This results in decisions which negatively impact New Zealand's renewable potential as NZWEA submitted in response

to the EA's Transmission Pricing Methodology and Distributed Generation Pricing Principles consultation papers.

### **Level of Investment**

The draft Strategy does not specify the level of investment required to achieve the targets. This is something that may give rise to wider business sector concern. As the achievement of the targets in the 3 priority areas can be expected to reduce carbon emissions the cost / benefit of the NEECS strategy should be considered in relation to the meeting of NZ's Paris Agreement goal either from purchasing overseas units or domestic mitigation actions.

#### **About the NZ Wind Energy Association (NZWEA)**

- The NZWEA is an industry association that promotes the development of wind as a reliable, sustainable, clean and commercially viable energy source.
- We aim to fairly represent wind energy to the public, Government and energy sector.
- Our members are involved in the wind energy sector and include electricity generators, wind farm developers, lines companies, turbine manufacturers, consulting organisations and other providers of services to the wind sector.
- By being a member of NZWEA you are assisting the development of wind energy in New Zealand and helping to reduce our greenhouse gas emissions to meet climate change targets.

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