SUBMISSION:
ACCERLERATING RENEWABLE ENERGY AND ENERGY EFFECIENCY

Engineering New Zealand (formerly IPENZ) is New Zealand's professional home for engineers. We are New Zealand's strongest and most influential voice on engineering issues, with more than 22,000 members who want to help shape the public policy agenda and engineer better lives for New Zealanders.

Thank you for the opportunity to provide comment on the Ministry of Business, Innovation & Employment's (MBIE)'s discussion document *Accelerating renewable energy and energy efficiency*.

Accelerating renewable energy and energy efficiency is a large and multifaceted document, covering two components of the Government's Renewable Energy Strategy, process heat and renewable electricity generation. As MBIE outlines in the discussion document, its proposals overlap the work of several other Central Government offices, notably the Ministry for the Environment (the Resource Management Review) and the Climate Change Commission. We understand MBIE's discussion document is intended to frame a discussion on national policy direction, however we are uncertain how this will be prioritised considering the other work being undertaken across Government. We would value further information on this, as we work to understand the interplay between this work and that of the others.

As we have previously stated in submissions, we support the Government's work to develop policy settings to support a low emissions economy. We support the **Government's Climate Change Response (Zero Carbon) Bill 2019** and welcome the Government's on-going consideration of its role in supporting New Zealand to carbon neutrality.

Many engineers are employed in the industries mentioned in *Accelerating renewable energy and energy generation.* Engineers are central to the provision of New Zealand's energy needs and will be central in New Zealand's transition to a low emissions economy.

This submission is intended to be high level and raise common considerations expressed by members.

Structure of this submission

MBIE have provided a series of questions for submitters to respond to. These questions range from options to phase out fossil fuels in process heat to the introduction of levies, options to change the Resource Management Act 1991 (the RMA) and supporting local and community engagement in renewable energy and energy efficiency. Some of the questions asked pertain directly to the work of engineers, while others do not. In our work to respond to the discussion document, questions were raised about the framework MBIE is working within to develop its series of options. In some places the document dives deep into select opportunities, while in other areas options are left unexplored (for example, solar energy generation in section 8).

This submission will not address each of the questions asked by MBIE. Instead we have a few high-level themes/comments we wish to convey. Accordingly, the following themes are captured in this submission:

- We support the Government's work to develop policy settings to support a low emissions economy.
- We support work to increase renewable energy generation.
- We advise caution when looking to drive energy efficiency within the industrial sector.
- We encourage greater transparency on the framework driving the Resource Management Strategy, as well as its connection with the work of the Ministry for the Environment and the Climate Change Commission, among others.

WE ADVISE CAUTION ON IMPLEMENTING GOVENRMENT LEVERS TO DRIVE ENERGY EFFICIENCY IN THE INDUSTRIAL SECTOR

Part A of the discussion document focuses on possible Government levers to encourage energy efficiency within industry and the transition from fossil fuels to renewable energy sources. In principle, we support the Government's intent to encourage energy efficiency, recognising, as the discussion document outlines, that the market, particularly competing energy costs and the implementation of the New Zealand Emissions Trading Scheme, are powerful levers for this. The discussion document outlines other levers for driving energy efficiency, including 'corporate energy transition plans', which are similar to proposals put out by MBIE and the Ministry for the Environment on requirements for NZ Stock Exchange companies to undertake climate-related financial disclosures. While we are supportive of the intent of these requirements, we consider MBIE may underestimate compliance costs (MBIE states there will be 'incremental annual costs of gathering and collating energy consumption data, record keeping', etc). We also have concerns that MBIE may consider requirements for blanket reduction targets once disclosure is required. Blanket reduction targets have the potential to cripple some industries, resulting in large impacts on the New Zealand economy. We advise caution and further conversation with industry before any levers are implemented.

As already stated, we support the transition from fossil fuels to renewable energy sources. We are thoughtful of New Zealand's limited renewable energy capability at present. The discussion document discusses, at length, the need to transition process heat supplied by fossil fuels to renewables. Part B covers this in more detail. We cannot have progress on Part A without progress on Part B.

In October 2019, we submitted to MBIE on their Green Paper ***A Vision for Hydrogen***. In that submission we outlined our concerns that renewable energy is a valuable resource and must be utilised well for maximum efficiency. That argument is the same for compelling a transition from fossil fuels to renewables in the industrial sector.

To that effect, we encourage MBIE, in this work, to map out its various options, the benefits to be gained in terms of CO_2 reduction and the costs/losses associated with each, in consultation with industry. Many of the options proposed in Part A require considerable Government substructures to implement. This is also a cost, either to be owned by the Government or industry. The discussion document proposes a levy to support this activity. Further costings pertaining to preferred options would support ongoing engagement and an understanding of impact.

WE SUPPORT EXPLORATION OF OPPORTUNITIES TO INCREASE RENEWABLE ENERGY

Changes to the RMA

Part B of the discussion document focuses on opportunities to accelerate renewable electricity generation. In the first instance, the document outlines options to enable renewable energy development under the RMA. As the document points out, the Government has appointed a Resource Management Review Panel to consider opportunities for improving the resource management system. Recently the Panel released a document *Transforming the resource management system: opportunities for change.* Engineering New Zealand provided a **submission** on this document. In our submission we considered that utilising the RMA to address climate change (in this case through improving consenting processes for renewables) requires significant guidance, training, leadership and funding. MBIE proposes amending the National Policy Statements (NPSs) for electricity transition, freshwater management and coastal, as well as the National Environmental Standards for Air Quality and the National Planning Standards. MBIE's proposed actions are in line with providing further guidance. Further guidance may also be needed on the National Policy Statement for Indigenous Biodiversity.

In addition to the Resource Management Review Panel's work, we note the work of the Interim Climate Change Commission (ICCC) on opportunities to support increased electrification. The ICCC's advice is that the RMA is likely to require some form of national prioritisation process in terms of consenting for renewables. We support this direction, with the caveats outlined above.

In the discussion document, MBIE seek views on whether stronger spatial planning could be undertaken under status quo arrangements. In our submission on the Review Panel's work, we pointed out that spatial plans add an additional layer of complexity to already complex planning and accountability arrangements. Any use of spatial plans needs to be clearly defined and the relationship between these plans and other planning documents need to be clearly articulated. It is our view that non-statutory spatial planning techniques will not be effective within the current system.

Other renewables and enabling new connections

The discussion document outlines options for offshore wind. We support incentivising new technologies for renewables. We note the document does not discuss options for solar, but also encourage incentivising this alongside other options.

Section 10 of the discussion document outlines options for supporting connection to the national grid. MBIE point out work undertaken by Transpower on a project called "Enabling New Connections". We support the work of Transpower to consider barriers to connection and options to improve connection to the grid. Section 11 of the discussion document outlines local network connections and trading arrangements. As with review of options pertaining to connection to the national gird, we support ongoing work in place to improve existing arrangements to connect to local networks. We also support further

consideration of enabling decarbonisation through price-quality regulation, as outlined by the Commerce Commission in its recent work.

CONCLUSION

Thank you for the opportunity to provide comment on MBIE's discussion document *Accelerating renewable energy and energy efficiency*. As outlined above, the discussion document is large with an extensive list of questions for feedback. We have not sought to address each question in depth but, instead, have raised key points for your consideration.

The discussion document raises some valuable opportunities for future work, however we have concerns about the approach used by MBIE to dive deep into some 'solutions' without mapping out all the options, the benefits to be gained in terms of CO_2 reduction and the costs/losses associated with each. We encourage further transparency on the framework for the Renewable Energy Strategy. Furthermore, we welcome a greater understanding of how MBIE's work on the Renewable Energy Strategy interfaces with the work of the Ministry for the Environment and the Climate Change Commission, among others.

Engineers are at the forefront of the work needed to support New Zealand to transition to a low-emissions economy. As such, we would value the opportunity to be involved in the ongoing conversation. If we can be of additional support, please do not hesitate to contact Jodi Caughley, Policy and Projects Lead at Engineering New Zealand (**jodi.caughley@engineeringnz.org**).