

24th November 2021

Emissions reduction plan consultation
Ministry for the Environment
PO Box 10362
Wellington 6143
(submitted via Citizen Space)

To whom it may concern,

**Submission on the *Transitioning to a low-emissions and climate-resilient future*
discussion document**

The Electricity Networks Association (ENA) appreciates the opportunity to make this short submission to the Ministry for the Environment discussion document on *Transitioning to a low-emissions and climate-resilient future*. The ENA represents the 27 electricity distribution businesses (EDBs) in New Zealand (see Appendix B) which provide local and regional electricity networks. We wish to emphasise that the electricity system, and electricity distribution networks in particular, are critical not only to the well-being of communities and wider society, but also to the transformation to a low-carbon economy.

ENA supports the Government's climate change ambitions and is pleased to see this early response to the Climate Change Commission's first draft package of advice. Many of the focus areas for emissions reduction within the discussion document will be heavily reliant upon electricity distribution networks to decarbonise their activities – in particular transport (via electric vehicles) and industry (via process heat conversions). ENA's members are very conscious of the effects that might arise from the electrification of these sectors and have already begun to prepare their networks for those effects, which has been acknowledged by the Commerce Commission in its recently published review of EDB asset management plans¹.

¹ <https://comcom.govt.nz/regulated-industries/electricity-lines/electricity-distributor-performance-and-data/review-of-asset-management-practices/review-of-electricity-distribution-businesses-2021-asset-management-plans-in-relation-to-decarbonisation>

ENA supports the proposal within the discussion document to develop a national energy strategy. It is increasingly important that the electricity system has a clear view of the Government's strategic objectives for the sector, and that the strategy can inform other elements of central and local government rule-making. In particular, the planning system, which is currently undergoing its own period of significant change with the introduction of the Natural and Built Environments Act (NBA) and associated legislation, needs to recognise the criticality of electricity distribution infrastructure. This will enable both new housing to be developed in a timely and efficient manner but will also support the decarbonisation and electrification of transport and industrial sectors.

We have provided our responses to the questions in the 'Energy and industry' section of the discussion document in Appendix A below. We look forward to engaging with the Government on the national energy strategy in due course.

Please don't hesitate to get in touch with ENA if you'd like to discuss our submission. If you require anything further from ENA or its members, please contact Richard Le Gros (richard@electricity.org.nz, 04 555 0075) in the first instance.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'GP', written over a light blue horizontal line.

Graeme Peters
Chief Executive
Electricity Networks Association

Appendix A – ENA response to consultation questions

Energy strategy

58. In your view, what are the key priorities, challenges and opportunities that an energy strategy must address to enable a successful and equitable transition of the energy system?

For providers of physical infrastructure, such as EDBs, it is critical that the energy strategy recognise and enable the construction, maintenance and upgrading of these assets where needed. Currently the planning system does a very poor job of enabling the electricity infrastructure that will be absolutely vital to achieving New Zealand's decarbonisation goals. Appropriate recognition of the importance of this infrastructure within the strategy will be invaluable in ensuring that the planning system enables good outcomes for electricity distribution infrastructure.

59. What areas require clear signalling to set a pathway for transition?

The long-term prospects for the electricity market are a critical consideration for those considering the conversion of industrial heat processes from, for example coal, to electricity. There are presently some significant uncertainties surround the future of energy and electricity in New Zealand that make these conversations around process heat conversion more uncertain than they would otherwise be. In particular, the future of reticulated gas, the Tiwai Smelter, and the Government's NZ Battery Project are all areas which could have a significant impact on the future of electricity market outcomes in New Zealand. Any additional certainty in these areas which can be provided by a national energy strategy would be welcomed.

Setting targets for the energy system

60. What level of ambition would you like to see Government adopt, as we consider the Commission's proposal for a renewable energy target?

The Climate Change Commission's recommendation with regards to a renewable energy target should be adopted by the Government without modification.

Phasing out fossil gas while maintaining consumer wellbeing and security of supply

61. What are your views on the outcomes, scope, measures to manage distributional impacts, timeframes and approach that should be considered to develop a plan for managing the phase out of fossil gas?

No comment.

Decarbonising the industry sector

62. How can work underway to decarbonise the industrial sector be brought together, and how would this make it easier to meet emissions budgets and ensure an equitable transition?

For providers of physical electricity infrastructure, such as the EDBs and Transpower, certainty about the location and timing for the conversion of fossil-fuelled industrial heat processes to electrification is critical to ensuring enabling infrastructure is provided in as efficient a manner as possible. Currently the EDB sector is working closely with the Energy Efficiency & Conservation Authority (EECA), via their GIDI fund, to better understand the future of process heat conversion in the lower South Island. This project is working well and producing useful insights, and we would welcome a greater role for EECA in overseeing broader aspects of the industrial decarbonisation work.

63. Are there any issues, challenges and opportunities for decarbonising the industrial sector that the Government should consider, that are not covered by existing work or the Commission's recommendations?

As noted in our response to question 62, certainty around timing of process heat conversions can deliver a much more efficient provision of physical electricity infrastructure than might otherwise be the case – particularly where several potential conversion sites (e.g. dairy factories) are in broadly the same geographic area. Addressing 'first mover disadvantage' for those industrial sites that are seeking to decarbonise will significantly lower the potential costs and risks of process heat electrification, and give rise to an overall more efficient programme.

Addressing current data gaps on New Zealand's energy use and associated emissions through an Energy and Emissions Reporting scheme

64. In your view, should the definition of a large energy user for the purposes of the proposed Energy and Emissions Reporting scheme include commercial and transport companies that meet a specified threshold?

No comment.

65. We have identified a proposed threshold of 1 kt CO₂e for large stationary energy users including commercial entities. In your view, is this proposed threshold reasonable and aligned with the Government's intention to meet emissions budgets and ensure an equitable transition?

No comment.

66. In your view, what is an appropriate threshold for other large energy users such as transport companies?

No comment.

67. Are there other issues, challenges or opportunities arising from including commercial and transport companies in the definition of large energy users for the purposes of the proposed Energy and Emissions Reporting scheme that the Government should consider? Supporting evidence on fleet size and characteristics is welcomed.

No comment.

Supporting development and use of low-emissions fuels

68. What level of support could or should Government provide for development of low-emissions fuels, including bioenergy and hydrogen resources, to support decarbonisation of industrial heat, electricity and transport?

No comment.

69. Are there any other views you wish to share in relation to energy?

No comment.

Appendix B – ENA Members

The Electricity Networks Association makes this submission along with the support of its members, listed below.

Alpine Energy
Aurora Energy
Buller Electricity
Centralines
Counties Energy
Eastland Network
Electra
EA Networks
Horizon Energy Distribution
MainPower NZ
Marlborough Lines
Nelson Electricity
Network Tasman
Network Waitaki
Northpower
Orion New Zealand
Powerco
PowerNet
Scanpower
The Lines Company
Top Energy
Unison Networks
Vector
Waipa Networks
WEL Networks
Wellington Electricity Lines
Westpower