

Meeting Date: 23 May 2024

NEW GOVERNMENT'S APPROACH AND PRIORITIES FOR THE ELECTRICITY SECTOR

SECURITY AND RELIABILITY COUNCIL

This paper introduces papers and presentations on the theme of the new government's approach and priorities for the electricity sector. The secretariat has invited the Minister for Energy and MBIE to speak on priorities for the sector and a range of issues of interest to the SRC.

Note: This paper has been prepared for the purpose of the Security and Reliability Council (SRC). Content should not be interpreted as representing the views or policy of the Electricity Authority except where specifically noted.

New government's approach and priorities for the electricity sector

1. Introduction

- 1.1. The SRC has asked the secretariat to arrange attendance and presentations by the Minister for Energy and MBIE officials on their approach and priorities for the electricity sector, to support the SRC's advice to the Authority Board.
- 1.2. The Minister for Energy, the Hon Simeon Bown, and MBIE have accepted the SRC's invitation and are attending the SRC's 23 May meeting. They will present and hear from industry, perspectives on key security and reliability issues impacting the sector.
- 1.3. The invitation noted the following topics the SRC were interested in hearing from the Minister and MBIE about:
 - 1.3.1. The government's electrify NZ Plan
 - 1.3.2. Consenting and reform for infrastructure builds and renewals for existing infrastructure
 - 1.3.3. Tree regulations review
 - 1.3.4. Any changes to regulatory principles
 - 1.3.5. Gas policy – what's changing and what's not
- 1.4. Members may also be interested in asking MBIE what updates are available from the Gas Industry Response Group's discussions with key gas industry participants.
- 1.5. The secretariat has been advised presentations will not be available for inclusion in members' pre-meeting reading material. The secretariat will make copies of any available presentations via Diligent and in the room on the day.

2. Questions for the SRC to consider

The SRC is asked to consider the following general questions.

- Q1. What further information, if any, does the SRC wish to have provided to it to maximise member-understanding of the government's approach?**
- Q2. What further themes or topics are of interest to the SRC, arising from the Minister's and MBIE's presentations?**
- Q3. What advice, if any, does the SRC wish to provide to the Authority?**

3. Appendix A: Minister's presentation [verbal presentation only]

4. Appendix B: MBIE presentation



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

Energy Markets Branch

May 2024

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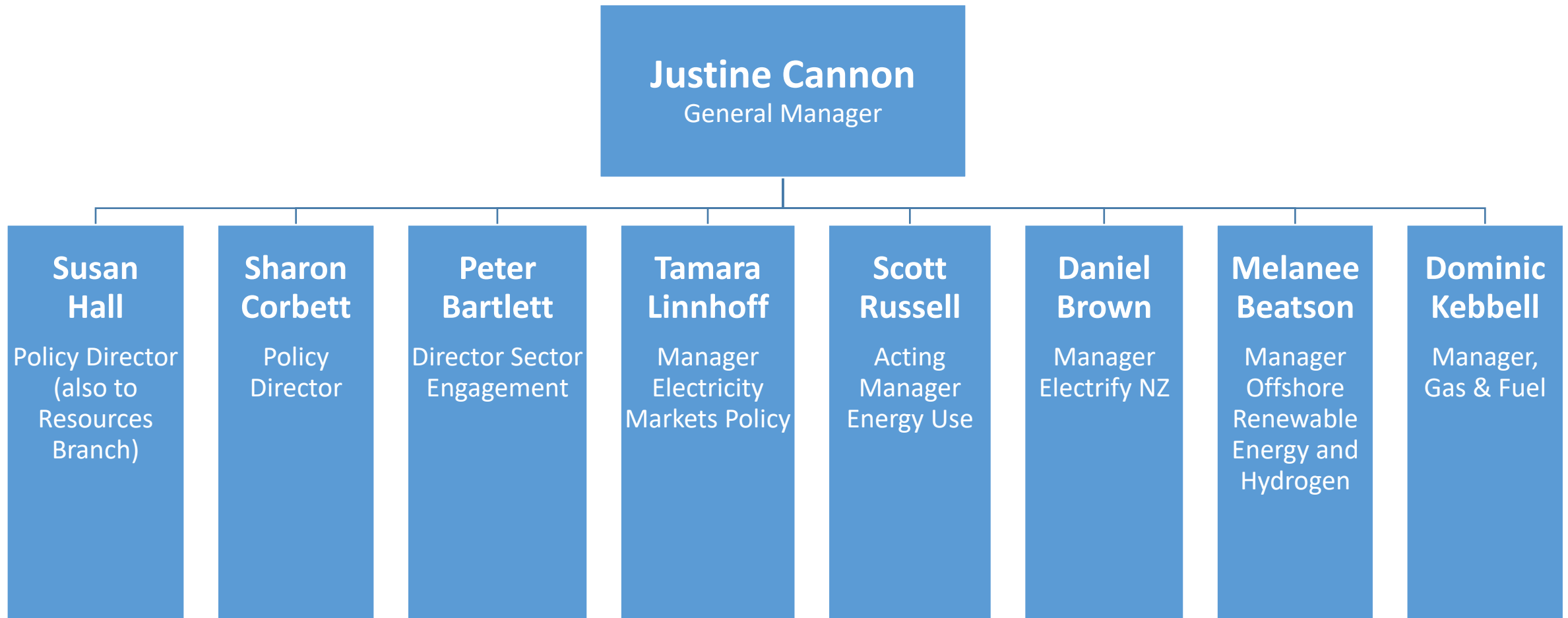
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Agenda

- MBIE Energy Branch
- Areas of focus for 2024:
 - Fast-track consenting
 - Electrify NZ
 - Offshore renewable energy
 - Security of supply
 - Supercharging EV Infrastructure
 - Facilitating a least-cost transition
- Discussion

Energy Markets branch (policy) structure



Fast-track consenting

- Currently before the house; submissions close 19 April
- Different to previous fast track processes:
 - One stop shop for multiple approvals: RMA consents, Wildlife Act, EEZ Act, Heritage Act, conservation legislation, access arrangements under the Crown Minerals Act
 - Both “faster” and more enabling
- Ministers refer projects to an Expert Panel, who set conditions on the activity
- Ministers get the final decision

Electrify NZ

- Government's plan to drive investment in renewable electricity generation by cutting red tape.
- For example, the Electrify NZ work programme will
 - significantly accelerate decision-making processes for consenting of renewable electricity generation, transmission and distribution projects;
 - significantly increase the likelihood of consents being granted for renewable electricity generation and electricity transmission compared to the status quo;
 - streamlining regulation of electricity network investments and reducing the cost of new connections (this will also deliver ambitions in Supercharging EV infrastructure)

Offshore Renewable Energy

- The regime aims to:
 - give developers greater **certainty to invest** in developing projects
 - enable the selection of developments that **best meet New Zealand's national interests**
- The core proposal is that developers will need two permits:
 - **A feasibility permit**
 - Maximum duration 7 years, with “use it or lose it” provisions
 - Gives the exclusive right to apply for a commercial permit in the relevant area
 - Comparative assessment
 - **A commercial permit**
 - Maximum 40 years
 - Enables construction and operation of offshore renewable energy infrastructure
- Developers will also need environmental consents (EEZ, RMA) and other approvals (e.g. Overseas Investment Act, Maritime Act)

Security of supply

- Key priority to focus on security of supply, recognising increasing challenges to gas and electricity security of supply through the transition
- Work programme looking across upstream gas, gas markets, electricity
- Include amendments to the Hazards from Trees Regulations to ensure better reliability, and safety, of lines
- Working closely with the Electricity Authority, Transpower and Gas Industry Company

Supercharging EV Infrastructure

- The Supercharging EV Infrastructure work programme was [announced 30 April](#), including:
 - Development of a cost benefit framework for Government co-investment in public EV chargers consistent with the National Act Coalition agreement, and transitioning the co-investment model to maximise private investment (target 10,000 chargers by 2030). Decisions on the model will be confirmed late 2024.
 - Removing the requirement for a resource consent for the installation of public EV chargers.
 - Enabling standards to improve consumers' capability to shift home EV charging demand away from network "peaks" (changes to the EEC Act).
 - Working with the Electricity Authority on addressing connection costs and ensuring consistent approaches to EV charging connections (note distribution pricing reform paper released 7 May).
 - Establishing a Cross Agency Taskforce including MBIE, the Ministry of Transport and EECA and Crown Infrastructure Partners to drive the work programme and engage with industry.
- MBIE Energy Policy is working through the task force. Currently focused on engaging with the charging industry on the design considerations for the revised investment model.
- While the new funding model is designed EECA intends further charger funding rounds this year.



Facilitating a least-cost transition

- Focus on enabling a least-cost transition, recognising upward pressure on electricity prices over the coming decade
- Competition and innovation, engaging with
 - Electricity Authority project team on Risk Management Review and Market monitoring
 - Commerce Commission – IPP and DPP resets, and competition branch
- Enabling a smarter electricity system (EV smart charging and other devices), engaging with
 - Electricity Authority, EECA



Energy Branch - further workstreams

- Fuel security
- Hydrogen
- Second Emissions Reduction Plan
- Gas security
- Large energy users and smaller consumers



Thank you

Questions?