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Attention Ministry of Business, Innovation and Employment

Accelerating Renewable Energy and Energy Efficiency – Eastland Generation Limited

1. Eastland Generation Limited (**Eastland**) welcomes the opportunity to provide a submission on the *Discussion Document: Accelerating Renewable Energy and Energy Efficiency*. This submission comments on the proposed policy options as they relate to the Resource Management Act 1991 (**RMA**) and Eastland's specific interests.

Eastland Generation Limited

2. Eastland is a renewable electricity generator. Geothermal Developments Limited, Eastland's wholly owned subsidiary company, holds resource consent to take and use geothermal fluid from the Kawerau Geothermal System for the operation of a 9MWe geothermal power plant.

3. Eastland is a partner in Te Ahi O Māui Limited Partnership, which also holds resource consent to take and use geothermal fluid from the Kawerau Geothermal System, by way of a 25MWe geothermal power plant. Both of these geothermal plants re-inject geothermal fluid into the Kawerau Geothermal System.

4. Eastland is owned by Eastland Group, which holds resource consent for the 5MWe Waihi Hydro Scheme located in the Hawke's Bay Region, which comprises a 15m high concrete buttress dam that channels water through its intakes and penstocks to a powerhouse below the dam. Eastland Group also owns Eastland Network Limited, which owns and operates the electricity distribution network located in the East Coast of the North Island.

Introduction

5. The Government has set a goal of reaching 100% renewable electricity in New Zealand by 2035. In addition, the Climate Change Response (Zero Carbon) Amendment Act 2019 sets a target to reduce all greenhouse gas emissions (except biogenic methane) to net zero by 2050. The intent of this Act is to ensure that New Zealand's contribution to climate change mitigation is consistent with limiting global warming to 1.5^{o}C above pre-industrial levels, in accordance with the Paris Agreement.

6. It is clear that the Government recognises that addressing climate change is a key priority. However, despite the RMA being New Zealand's key piece of legislation governing the sustainable management of natural and physical resources, the RMA deals with climate change and renewable electricity generation in a limited way.

7. Section 7 of the RMA requires decision makers to have particular regard to the benefits to be derived from the use and development of renewable energy. To that end, the National Policy Statement for Renewable Electricity Generation (**NPSREG**) recognises the national significance of renewable electricity generation and includes a series of provisions which generally seek to provide for the

development, operation, maintenance and upgrading of new and existing renewable electricity generation activities.

8. The Discussion Document does not address the upcoming comprehensive review of the resource management system. Nevertheless, Eastland wishes to note in this submission that in undertaking that review, the Government should consider amending the RMA to give more weight to the important role that renewable electricity generation activities have in addressing climate change.

9. Section 6 of the RMA sets out matters of national importance, which include protecting natural character, outstanding natural features and landscapes, and areas of significant indigenous vegetation and significant habitats of indigenous fauna. Local authorities often give effect to these requirements by including spatial identification and protection policies in their planning instruments.

10. It can be difficult for local authorities to balance the importance of renewable electricity generation against these often competing values, particularly when the competing values are recognised under the RMA as matters of national importance whereas renewable electricity generation is not. Eastland considers that the benefits of renewable electricity generation need to be included as a matter of national importance in s 6 of the RMA. This would ensure that renewable electricity generation is given appropriate statutory weight.

11. Eastland comments on the Ministry's specific proposals for amending the RMA below.

Amend the National Policy Statement for Renewable Electricity Generation

12. As set out above, the NPSREG recognises the national significance of renewable electricity generation activities. In terms of specific direction to local authorities for incorporating provisions into planning instruments, it provides that (in relation to Eastland's interests):

> (a) Regional policy statements and regional and district plans shall include objectives, policies, and methods (including rules within plans) to provide for the development, operation, maintenance, and upgrading of new and existing hydro-electricity generation activities to the extent applicable to the region or district.[1]
>
> (b) Regional policy statements and regional and district plans shall include objectives, policies, and methods (including rules within plans) to provide for the development, operation, maintenance, and upgrading of new and existing electricity generation activities using geothermal resources to the extent applicable to the region or district.[2]
>
> (c) Regional policy statements and regional and district plans shall include objectives, policies, and methods (including rules within plans) to provide for activities associated with the investigation, identification and assessment of potential sites and energy sources for renewable electricity generation by existing and prospective generators.[3]

13. Eastland agrees with the Ministry that the language of the NPSREG is not directive enough. For example, it is not immediately clear what provisions would "provide for the development, operation, maintenance, and upgrading of new and existing hydro-electricity generation activities". Conversely, (for example) the National Policy Statement for Freshwater Management (**NPSFM**) includes a series of directive requirements to regional councils for making or amending their planning instruments. For example, regional councils need to ensure that their plans:

> (a) Establish freshwater objectives in accordance with Policies CA1-CA4 and set freshwater quality limits for all freshwater management units in their regions to give effect to the objectives in this national policy statement, having regard to at least the following:
>
> (i) The reasonably foreseeable impacts of climate change;
>
> (ii) The connection between water bodies; and
>
> (iii) The connections between freshwater bodies and coastal water; and

[1] Policy E2.
[2] Policy E4.
[3] Policy G.

(b) Establish methods (including rules) to avoid over-allocation.

14. Overall, other national policy statements (including the proposed NPSFM and National Policy Statement for Indigenous Biodiversity, and the New Zealand Coastal Policy Statement (**NZCPS**)) use more directive language than the NPSREG. This means, in conjunction with renewable electricity generation not being recognised in the RMA as a matter of national importance, it can be difficult for local authorities to give appropriate weight to renewable electricity generation – both in planning processes and in resource consent decisions. It is therefore essential that the NPSREG be amended to use more directive language.

15. It can be difficult to balance local environmental effects and the national benefits of renewable electricity generation in decisions under the RMA. As renewable electricity generation is an essential component to addressing climate change and provides a significant proportion of New Zealand's electricity, it is important that it is able to take place. A more tailored approach to managing adverse effects of renewable electricity generation is therefore required.

16. Renewable electricity generation activities are reliant on specific natural resources, which means they have locational constraints. For example, geothermal power plants must be located on appropriate geothermal systems and hydro-electric power schemes must be located on suitable water bodies. The NPSREG recognises the following locational constraints as matters which decision-makers shall have particular regard to:[4]

(a) The need to locate the renewable electricity generation activity where the renewable energy resource is available.
(b) Logistical or technical practicalities associated with developing, upgrading, operating or maintaining the renewable electricity generation activity.
(c) The location of existing structures and infrastructure including, but not limited to, roads, navigation and telecommunication structures and facilities, the distribution network and the national grid in relation to the renewable electricity generation activity, and the need to connect renewable electricity generation activity to the national grid.

17. This direction is very high-level and Eastland considers that the NSPREG should be amended to provide clearer direction on these matters. For example, the NPSREG could specify a different effects management hierarchy for renewable electricity generation activities. This hierarchy would recognise that renewable electricity generation activities must exist in certain locations and could focus on appropriate mitigation measures rather than requiring adverse effects to be avoided, which in many cases is impossible.

18. If such provisions are introduced, it would be important that the NPSREG (and ideally the other national policy statements currently under review) specifies that its specific provisions for renewable electricity generation activities take precedence over more general effects management hierarchies in other national policy statements.

19. It could also be useful for local authorities to locate and plan strategically for renewable electricity generation activities. This already occurs for geothermal activities in the Bay of Plenty. The Bay of Plenty Regional Policy Statement classifies geothermal systems depending on their biophysical characteristics and taking into account significant existing use:[5]

Group 1 Protected Systems:	Surface feature values override extractive values. Protection of significant geothermal features, which have outstanding natural intrinsic, scenic, cultural, heritage and ecological values.
Group 2 Rotorua System:	Surface feature values that rely on pressure and temperature maintenance override extractive values. System management that limits extractive uses to avoid, remedy or mitigate adverse effects on

[4] Policy C1.
[5] Geothermal management group and management purpose taken from Table 12 – Geothermal management group descriptions and management groups 1-6, Bay of Plenty Regional Policy Statement.

	the outstanding natural, intrinsic, scenic, cultural, heritage and ecological values.
Group 3 Conditional Development Systems:	The values of significant geothermal features have priority over extractive values. System management will provide for use and development, contingent upon the ability to avoid, remedy or mitigate significant adverse effects of development on the significant geothermal features present in those systems.
Group 4 Development Systems:	System management that provides for extractive use, provided significant adverse effects on significant geothermal features are remedied or mitigated.
Group 5 Low-temperature Systems:	System management that provides for extractive use, where the adverse effects of the activity can be avoided remedied or mitigated. Discharge of geothermal fluid must be managed to avoid significant adverse effects on surface water and stormwater.
Group 6 Research Systems:	Enable research into the characteristics of the system necessary to support their reclassification. Allow takes and discharges for investigation purposes only (including those having temporary effect on geothermal features, if it can be demonstrated that they will not permanently threaten significant geothermal features or the natural characteristics of the system).

20. To deal with balancing local environmental effects and the national benefits of renewable electricity generation in decisions under the RMA, a similar approach could be explored for other renewable electricity generation activities.

21. The relationship between the NPSREG and freshwater management decisions is currently unclear. The preamble to the NPSREG states that it does not apply to the allocation and prioritisation of freshwater. Nevertheless, Policy E2 of the NPSREG provides that:

> Regional policy statements and regional and district plans shall include objectives, policies, and methods (including rules within plans) to provide for the development, operation, maintenance, and upgrading of new and existing hydro-electricity generation activities to the extent applicable to the region or district.

22. As hydro-electricity generation activities are dependent on a freshwater allocation, the preclusion significantly curtails the ability for local authorities to give effect to Policy E2 of the NPSREG. In Eastland's view, the NPSREG therefore needs to be amended to deal with the allocation and prioritisation of freshwater for renewable electricity generation activities. Whilst freshwater allocation is particularly important for hydro-electricity generation, Eastland notes that geothermal electricity generation activities can also require a freshwater allocation, such as for drilling and cooling operations.

23. Eastland considers that the NPSREG should also be amended to provide for the upgrading of renewable electricity generation activities, particularly in response to technological advancements. This may be by way of directing a more permissive consenting pathway for upgrades to existing schemes.

24. As an overall comment, in making amendments to the NPSREG, the Ministry needs to ensure that:

(a) The direction contained in the amended NPSREG and other national policy statements are aligned. To address this, the NPSREG should explicitly set out how the national policy statements will co-exist. A similar provision should also be considered in finalising the provisions of the other national policy statements currently under review.

(b) New provisions are flexible enough to allow local authorities to tailor their approaches to managing renewable electricity generation activities where appropriate, as there will be no "one-size fits all" approach. To that end, it is crucial that the Ministry undertakes meaningful consultation with local authorities and the renewable energy sector before crafting any proposals.

National Environmental Standards or National Planning Standards specific to renewable electricity

25. The Ministry is looking to introduce National Environmental Standards for Renewable Energy Facilities and Activities (**NESREFA**), which would complement the amended NPSREG.

26. National environmental standards are regulations which prescribe technical standards, methods or requirements. The Discussion Document notes that the NESREFA could include (amongst other things) standardising the consent process for: re-consenting and upgrading existing renewable electricity generation facilities; new renewable electricity generation proposals; and for adaptive management practices for geothermal electricity generation, such as drilling activities associated with adjusting the location of pipelines.

27. In Eastland's view, it could be helpful for national environmental standards to set out a consenting framework for renewable electricity generation activities. Reducing the cost and uncertainty in consenting processes for these activities would assist in facilitating renewable electricity generation, which is important to achieving the Government's climate change aspirations. It could be helpful to include high voltage lines in the NESREFA, as without direction from national policy statements it can be difficult for local authorities to give appropriate recognition to their role in renewable electricity generation.

28. However, in drafting these standards the Ministry should be careful that the standards are not overly prescriptive. There is a risk that developing nationally consistent standards could undermine well-developed local approaches to consenting renewable electricity generation activities. In some circumstances, it is important to retain the ability for local authorities to apply a tailored approach. To address this issue, it is very important that the Ministry undertakes meaningful consultation with local authorities and the renewable energy sector before crafting any proposals.

Spatial planning

29. The Ministry is interested in whether there are opportunities for non-statutory planning techniques to help identify suitable or non-suitable areas for renewable development. This could involve looking at potential renewable energy sites in relation to transmission links, future energy demand areas, and biodiversity and landscape values.

30. As set out above, the Bay of Plenty Regional Policy Statement classifies geothermal systems depending on their biophysical characteristics and taking into account significant existing use. There could be an opportunity to undertake a similar approach for other areas of New Zealand, and for other renewable electricity generation activities.

31. However, any national direction around this would need to be developed in consultation with the renewable energy sector to ensure that it is workable, and existing well-developed approaches are not undermined.

Pre-approval of new renewables developments

32. The Ministry is considering options around the "pre-approval" of renewable electricity generation developments. To that end, three options are proposed: planning approaches including relatively permissive consenting rules for renewables in defined areas; Crown-acquired resource consents for transfers to developers; and a new statutory allocation process.

33. In Eastland's view, including permissive rules for resource consenting of renewable electricity generation activities in planning documents is the most appropriate option, and is consistent with

existing approaches to RMA planning. Having permissive consenting rules for renewables in defined areas could reduce the costs of the consenting process. Conversely, it is unclear how the other two options would work in practice.

34. The Ministry suggests that the Crown could obtain resource consents for an "envelope" of activities and effects which could then be transferred to other parties. It is unclear how the Crown would be able to craft resource consent applications and consent conditions which are sufficiently robust whilst also being flexible enough to accommodate a range of operators. There is a real risk that these consents would be unworkable, and obtaining the consents could generate a bidding-war amongst renewable electricity generators.

35. The final proposal is to introduce a new statutory regime outside the RMA to identify and allocate appropriate renewable electricity generation sites. Eastland is concerned that this option just creates additional hurdles and costs for renewable electricity generators, and will not facilitate renewable electricity generation.

National direction for electricity transmission

36. The Ministry has considered amending the National Policy Statement on Electricity Transmission (**NPSET**) and the National Environmental Standards for Electricity Transmission Activities (**NESETA**). The Discussion Document does not discuss any specific amendments.

37. There is currently no national direction relating to the distribution network. The NPSREG relates to renewable electricity generation activities and the NPSET and the NESETA relate to the national grid. This is concerning because the distribution network plays an important role in the development of renewable electricity generation activities. It is also a key piece of infrastructure for delivering the electricity generated by those activities to homes, businesses and industry. Further, the distribution network is critical to the charging infrastructure required for electric vehicles, an alternative to fossil fuel reliant transportation.

38. Without national direction it can be difficult for local authorities to give appropriate recognition to the distribution network's role in renewable electricity generation, and in the charging of electric vehicles. This is particularly an issue when there are other national instruments to consider. For example, due to locational constraints the distribution network may need to traverse the coastal environment however there is no national direction for how these constraints should be weighed against the directive language of the NZCPS. Eastland therefore considers that the NPSET and NESETA should be amended to incorporate the distribution network.

EASTLAND GENERATION LIMITED