



NEW ZEALAND COUNCIL OF TRADE UNIONS  
*Te Kauae Kaimahi*

**Submission of the  
New Zealand Council of Trade Unions  
Te Kauae Kaimahi**

to the

**Ministry of Business, Innovation and Employment**

on the

**Discussion Document: Accelerating renewable energy and  
energy efficiency**

19 February 2020

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This submission is made on behalf of the 27 unions affiliated to the New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU). With over 320,000 members, the CTU is one of the largest democratic organisations in New Zealand.

The CTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga), the Māori arm of Te Kauae Kaimahi (CTU), which represents approximately 60,000 Māori workers.

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## Summary of recommendations

The CTU recommends that MBIE:

1. Coordinate a Just Transition approach to promote good employment in renewable energy and energy efficiency initiatives through partnership between local and central government, employers and unions, iwi and hapū, and community organisations.
2. Consider how Crown obligations under Te Tiriti o Waitangi can be realised through development of renewable energy and energy efficiency initiatives, in partnership with iwi and hapū, and through support for a Just Transition for Māori workers, in partnership with unions and their representative Māori structures.
3. Ensure that consideration and implementation of any of the options discussed below are done through a Just Transition approach with full participation of the workforce and their unions, iwi and hapū, and all affected communities.
4. Require large energy users to report and audit their energy use through Corporate Energy Transition Plans and Energy Use Audits (Option 1.1), with participation of workers and their unions.
5. Define large energy use with a lower threshold, to cover a similar number of businesses as covered by other definitions of large business.
6. Support electrification of process heat and development of alternative energy options (Options 1.2, 1.3, 2.1, 3.1), as part of a Just Transition in partnership with employers and unions and aligned to the development of Industry Transformation Plans.
7. Collaborate with employers and unions in Emissions Intensive and Highly Integrated (EIHI) industries to foster knowledge sharing, develop sectoral low-carbon roadmaps and build capability for the future using a Just Transitions approach (Option 3.2).
8. Take a Just Transition approach based on prior agreement to workforce transition and training plans to accelerate use of renewable energy and energy efficiency for all process heat applications, while promoting good employment.

9. As part of a Just Transition for process heat, prioritise the replacement of coal-fired boilers for low and medium heat applications. This could include, following consultation with Just Transition partners, a ban on new coal-fired boilers for low and medium temperature requirements and requiring existing coal-fired process heat equipment supplying end-use temperature requirements below 100°C to be phased out by 2030 (Option 4.1 – 4.2).
10. Identify opportunities for strategic use of regulation to mandate and incentivise investment in energy efficiency and renewable energy, with a focus on large energy users, and with requirements for Just Transition including training and redeployment options for any affected workforces.
11. Fund a Just Transition to renewable energy in process heat through a levy on consumers of coal (Option 6.1). Engage with workers and their unions through the Just Transition process to ensure workers' ownership of the process and promotion of good employment.
12. Support a Just Transition to renewable energy through amendments to the National Policy Statement for Renewable Electricity Generation (NPSREG) and development of National Environmental Standards for Renewable Energy Facilities and Activities (NESREFA) (Proposals 7.1 and 7.2 Option A).
13. Develop approaches to spatial planning and regional development consistent with a Just Transition approach, incorporating learning from the Taranaki2050 process, while doing more to link the successes of community engagement in that project to substantial funding for Just Transition initiatives.
14. Develop a Power Purchase Agreement (PPA) platform led by a State-sector program to target states sector entities for decarbonisation and support renewable energy through long-term contracts for supply (Option 8.1).
15. Promote energy efficiency through obligations on electricity retailers and distributors, with a focus on promoting home insulation (Option 8.3). Engage with workers and their unions to ensure that energy efficiency schemes promote good employment, including health and safety.
16. Investigate regulatory and economic requirements to develop offshore wind assets in New Zealand (Option 8.4). Engage with workers and their unions to develop standards for good employment in offshore wind and other renewable

energy generation, including a transition pathway for workers employed in existing energy industries, such as oil and gas.

17. Undertake a feasibility study for the development of offshore wind assets in the Taranaki region, making use of the Taranaki2050 process to engage with stakeholders, including unions, iwi and hapū.
18. Develop renewable electricity certificates and portfolio standards as part of a certification scheme based on compulsory participation (Option 8.5), aligned to Industry Transformation Plans based on a Just Transition approach.
19. Take a Just Transition approach based on prior agreement to a workforce transition and training plan for the phase down of baseload thermal (fossil fuel) electricity generation, while maintaining thermal generation capacity as a strategic reserve for emergency use (Option 8.6).
20. Undertake further work to set up a State Owned Enterprise to invest in renewable energy generation and storage, with goals including promotion of good employment.
21. Ensure a clear and consistent government position on community energy issues, aligned across different policies and work programmes, including promotion of good employment opportunities as part of a Just Transition, and supporting development of community energy pilot projects, including in partnership with iwi and hapū (Option 9.1 and 9.3).

## **1. Introduction**

- 1.1. The CTU recognises the significant and imminent threat that climate change poses to the lives and livelihoods of working people in Aotearoa, in the Pacific, and globally. In response, the CTU supports a Just Transition to a low-emissions zero-carbon economy. This means that substantive and ambitious action needs to start now to transform New Zealand's economy and to make sure that all working people have opportunities for decent work in sustainable industries. A Just Transition requires an approach that includes participation of working people and their unions in decision making throughout the process from the outset, and that spans enterprises and industries.
- 1.2. The CTU supports the aims of the Discussion Document: Accelerating renewable energy and energy efficiency. The proposals in the document, and the relevant work

programmes under the Renewable Energy Strategy, can be strengthened by greater engagement of working people and their unions to support a Just Transition.

- 1.3. Achieving a transition to renewable energy with improved energy efficiency, at the scale and pace required by the urgency of the climate crisis, requires significant public investment and strategic use of regulation. Alongside promotion of environmental outcomes, public investment and regulation must take distributional and social outcomes into account. We advocate a strengthened social procurement and social impact assessment approach to ensure a Just Transition that will build broad public support for necessary changes to lower carbon emissions.
- 1.4. In developing the options outlined in the discussion document, we recommend that Government consider how Crown obligations under Te Tiriti o Waitangi can be realised through development of renewable energy and energy efficiency initiatives, in partnership with iwi and hapū, and through support for a Just Transition for Māori workers, in partnership with unions and their representative Māori structures.

## **2. Commitment to a Just Transition**

- 2.1. The CTU is committed to a Just Transition to a low-emissions net-zero Carbon economy. Our commitment to a just transition is informed by the recommendations of the International Labour Organisation (ILO) and the International Trade Union Confederation (ITUC).<sup>1</sup>
- 2.2. The CTU supports comprehensive regulation and public investment to reduce all greenhouse gases, as part of a just transition to a low-emissions net-zero-Carbon economy.
- 2.3. A coordinated approach for whole workforces and communities, rather than support for individuals only, is needed to ensure that the transition to zero carbon is managed in a fair and just manner. This will require action across multiple government agencies, employers, iwi and hapū, and unions.
- 2.4. At the core of the Just Transition approach is a social guarantee backed by the state that workers in affected industries will be supported through change, including through opportunities for training and transition into new jobs created in renewable

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<sup>1</sup> ITUC. 2017. Just Transition - Where are We Now and What's Next? A Guide to National Policies and International Climate Governance. <https://www.ituc-csi.org/just-transition-where-are-we-now>; ILO. 2015. Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All. [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_432859.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf); CTU. 2017. Just Transition – A Working People’s Response to Climate Change. <http://www.union.org.nz/justtransition/>

industries and energy generation. More broadly, a Just Transition should ensure that opportunities for decent work in sustainable industries are available for all working people, overcoming existing patterns of exclusion and inequality.

- 2.5. A Just Transition requires a holistic approach to ensuring continued access to public services, including health and education, for people in communities affected by change. Public services provide essential assistance and support through transition, are an important source of good employment in the regions, and help to ensure the continuing social and economic resilience of communities.
- 2.6. A Just Transition requires orderly *transition plans* involving the transformation or closure of existing enterprises where necessary and, simultaneously, the creation of new ones or expansion of existing ones which could provide new and decent work for displaced workers and communities.
- 2.7. Transition plans could include industry-wide multi-employer pooling and redeployment schemes which provide retrenched workers with opportunities to transfer to new roles in similar industries.
- 2.8. Transition plans would also need to include labour adjustment packages that support workers in transition into new decent and secure jobs, including:
  - Job placement, career planning and information services
  - Retraining with the option for this to be undertaken while still being employed.
  - Formal recognition of prior learning and other support, such as heavy vehicle licences for mine workers
  - Financial and personal support sufficient to minimise income loss, and
  - Travel subsidies and relocation assistance.
- 2.9. Just Transition is underpinned by access to collective bargaining and organised voice for working people through membership of trade unions.
- 2.10. A Just Transition in Aotearoa must acknowledge that climate change disproportionately affects Māori communities, taonga and cultural practices. Just transition policy and practice must acknowledge Te Tiriti o Waitangi and the role of Māori, hapū and iwi in protecting the environment and developing a sustainable economic base for Māori self-determination. Involving Māori workers and

communities, to ensure the Māori workforce are prepared for change, is an essential feature of a Just Transition in Aotearoa.

### **3. Corporate energy transition plans**

- 3.1. The CTU supports Option 1.1 to require large energy users to report and audit their energy use through Corporate Energy Transition Plans. In developing Corporate Energy Transition Plans and undertaking Energy Use Audits, businesses should be required to consult and engage the participation of workers and their unions, including in developing proposals and plans for Just Transition. Plans and audits should be required to identify and respond to any impacts on employment, including any needs for training and skill development.
- 3.2. We support the proposed reporting requirements for large energy users, including public reporting of: annual corporate-level energy use and emissions, split by source including coal, gas, electricity and transport; energy efficiency actions taken that year; and plans to reduce emissions to 2030.
- 3.3. We support a lower threshold for defining large energy users than the \$2 million annual spend proposed in the discussion document, which is estimated to cover around 200 businesses.
- 3.4. We recommend further analysis to identify a threshold of annual energy spend that covers a similar number of companies as definitions of large business that are used by government for other analogous purposes, including reporting requirements. For comparison:
  - 3.4.1. Government often uses number of employees to define large business, commonly with a threshold of 50 or 100 employees. As at February 2019, 5895 businesses employed more than 50 people and 2670 businesses employed more than 100 people.<sup>2</sup>
  - 3.4.2. For other purposes, government defines large business by revenue or assets. For instance, the Financial Reporting Act 2013 defines a large entity as one with total revenue exceeding \$30 million, or with assets exceeding \$60 million. 3627

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<sup>2</sup> Statistics NZ. 2019. New Zealand business demography statistics: At February 2019. <https://www.stats.govt.nz/information-releases/new-zealand-business-demography-statistics-at-february-2019>



businesses had revenue above \$20 million and 1476 businesses had revenue above \$50 million in the 2018 financial year.<sup>3</sup>

#### **4. Electrification of process heat and development of alternative energy options**

- 4.1. The CTU supports: Option 1.2 to develop an information package and feasibility studies for electrification of process heat; Option 1.3 to provide benchmarking information for food processing industries; Option 2.1 to develop guidance on the application of National Environmental Standards for Air Quality to wood energy; and Option 3.1 to expand EECA grants for technology diffusion and capacity building.
- 4.2. In the process of developing and implementing these options we recommend a Just Transition approach, engaging with workers and their unions in the relevant sectors, including to identify needs for skill development and training to monitor and improve practices, as well as to identify co-benefits such as improvements to health and safety.
- 4.3. Government should take a lead role to facilitate industry initiatives supporting electrification of process heat and development of alternative energy options, including low-emissions biomass and geothermal energy. This should be done in partnership with employers and unions, aligned to the development of Industry Transformation Plans. Strategic oversight of these initiatives should make use of the Future of Work tripartite process.

#### **5. Industrial innovation and transitioning to a low-carbon future**

- 5.1. We support Option 3.2 to collaborate with Emissions Intensive and Highly Integrated (EIHI) industry to foster knowledge sharing, develop sectoral low-carbon roadmaps and build capability for the future using a Just Transitions approach.
- 5.2. We support the proposal for low-carbon roadmaps to be developed in close alignment with Industry Transformation Plans and with a strong focus on knowledge and skill development. This proposal fits well with the Future of Work approach and with successful models such as Singapore's development of Skills Frameworks aligned to Industry Transformation Maps, which are 'co-created by Employers, Industry Associations, Education Institutions, Unions and Government'.<sup>4</sup>

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<sup>3</sup> Statistics NZ. 2019. Annual Enterprise Survey: 2018 financial year (provisional).

<https://www.stats.govt.nz/information-releases/annual-enterprise-survey-2018-financial-year-provisional>

<sup>4</sup> <https://www.skillsfuture.sg/skills-framework>

## **6. Phasing out fossil fuels in process heat**

6.1. As part of a Just Transition for process heat, the CTU supports prioritising the replacement of coal-fired boilers for low and medium heat applications. This could include, following consultation with Just Transition partners including workers and their unions:

6.1.1. deterring the development of new fossil fuel process heat by introducing a ban on new coal-fired boilers for low and medium temperature requirements (Option 4.1);

6.1.2. requiring existing coal-fired process heat equipment supplying end-use temperature requirements below 100°C to be phased out by 2030 (Option 4.2).

## **7. Boosting investment in energy efficiency and renewable energy technologies**

7.1. The CTU recommends further work to identify opportunities for strategic use of regulation to mandate and incentivise investment in energy efficiency and renewable energy, with a focus on large energy users, and with requirements for Just Transition including training and redeployment options for any affected workforces.

## **8. Cost recovery mechanisms**

8.1. The CTU supports funding a Just Transition to renewable energy in process heat through a levy on consumers of coal (Option 6.1). Government should engage with workers and their unions through the Just Transition process to ensure workers' ownership of the process and promotion of good employment.

## **9. Enabling development of renewable energy**

9.1. The CTU supports promoting a Just Transition to renewable energy through:

9.1.1. amending the National Policy Statement for Renewable Electricity Generation (NPSREG), including potential expansion of its scope to cover a broader range of renewable energy activities (Proposal 7.1); and

9.1.2. scoping National Environmental Standards for Renewable Energy Facilities and Activities (NESREFA)(Proposal 7.2 Option A).

9.2. We recommend the development of approaches to spatial planning and regional development consistent with a Just Transition approach, based on active

collaboration between central and local government in partnership with employers, unions, iwi and hapū. This should incorporate learning from the Taranaki2050 process, while doing more to combine the successes of community engagement in that project with substantial funding for Just Transition initiatives. This could include better alignment of the criteria and processes of the Provincial Development Fund, and any similar or successor programs, with Just Transition principles.

- 9.3. The development of spatial planning and regional development approaches for a Just Transition should make use of the Future of Work tripartite forum process and include engagement with Workforce Development Councils and Regional Skills Leadership Groups developed in the process of Reform of Vocational Education.

## **10. Supporting renewable electricity generation investment**

- 10.1. The CTU supports Option 8.1 to introduce a Power Purchase Agreement (PPA) Platform that will support matching of long-term contracts for supply of renewable energy. In particular, we support Option B for a state sector-led program that will target electrification of state sector entities as part of a State Sector Decarbonisation programme, while supporting investment in renewable electricity generation by guaranteeing long-term contracts for supply.
- 10.2. The CTU supports Option 8.2 to encourage Demand Response mechanisms as part of a package of options to manage peak energy demand and to better match variable supply and demand on the national grid, which is especially important for transition to renewable energy.
- 10.3. The CTU supports Option 8.3 to promote energy efficiency through obligations on electricity retailers and distributors. In particular, we support the proposal to incentivise support for home insulation through obligations on electricity retailers to promote energy efficiency. In addition to improved energy efficiency, home insulation has significant benefits for health and wellbeing, including prevention of respiratory illness.
- 10.4. We recommend that MBIE engage with workers and their unions to ensure that energy efficiency schemes promote good employment, including health and safety. Careful attention should be paid to learning from the Australian experience of similar

programs and the need for effective regulation and oversight, especially to ensure the health and safety of workers.<sup>5</sup>

## **11. Developing offshore wind assets**

- 11.1. The CTU supports Option 8.4 to investigate regulatory and economic requirements to develop offshore wind assets in New Zealand.
- 11.2. As part of this work, we recommend that government engage with workers and their unions to develop standards for good employment in offshore wind and other renewable energy generation, including a transition pathway for workers employed in existing energy industries, such as oil and gas.
- 11.3. We further recommend that government take a lead by undertaking a feasibility study for the development of offshore wind assets in the Taranaki region. The study should make use of the Taranaki2050 process to engage with stakeholders, including unions, iwi and hapū. These discussions should include skills and training needs and options for local recruitment, including redeployment on comparable terms and conditions for current and former workers in the oil and gas industry.
- 11.4. We agree with the analysis in the discussion document that suggests there may be opportunities in the Taranaki region for the development of offshore wind assets to benefit from existing infrastructure, assets and economic clusters, as well as the presence of a highly skilled workforce with transferable competencies, associated with the existing oil and gas industry.
- 11.5. If an offshore wind generation scheme is found to be feasible in Taranaki or another region, this could be an ideal project for support from a State Owned Enterprise (SOE) for investment in renewable generation, as discussed in section 13 below.

## **12. Renewable electricity certificates and portfolio standards**

- 12.1. The CTU supports Option 8.5 to develop renewable electricity certificates and portfolio standards, aligned to Industry Transformation Plans based on a Just Transition approach. as part of a certification scheme based on compulsory participation for electricity retailers and major electricity users combined with voluntary participation for other users.

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<sup>5</sup> Australian National Audit Office. 2010. Performance Audit Report: Home Insulation Program. <https://www.anao.gov.au/work/performance-audit/home-insulation-program>

### **13. Phase down thermal baseload and place in strategic reserve**

- 13.1. The CTU supports Option 8.6 to phase down baseload thermal (fossil fuel) electricity generation, while maintaining thermal generation capacity as a strategic reserve for emergency use during a transition period. Our support for this option assumes a Just Transition approach and is conditional on prior agreement to a transition plan for the affected workforce as outlined above in Section 2: Commitment to a Just Transition.

### **14. State-owned enterprise for renewables investments**

- 14.1. The CTU recommends further work to set up a SOE to invest in renewable energy generation and storage.
- 14.2. The SOE should support a Just Transition through formal partnerships with local and central government, iwi and hapū, employers and unions.
- 14.3. The goals and criteria for investment by the SOE should include promotion of good employment, including coordinated transition of workers from oil and gas extraction and refining and from thermal power generation, as those industries phase down.

### **15. Facilitating local and community engagement in renewable energy and energy efficiency**

- 15.1. The CTU supports: Option 9.1 to ensure a clear and consistent government position on community energy issues, aligned across different policies and work programmes, including promotion of good employment opportunities as part of a Just Transition; Option 9.3 for Government support of development of community energy pilot projects, including in partnership with iwi and hapū.
- 15.2. The CTU recommends further work to investigate promotion of community energy projects, including by hapū and iwi, as part of the mandate for a State-owned enterprise for investment in renewable energy generation.
- 15.3. In addition, we recommend further work on regulatory requirements to mandate and incentivise feed-in access to the national grid for small-scale community and household level renewable energy generation. This would ensure that households and community projects are able to generate income from surplus energy to offset the cost of investing in renewable generation, including wind and solar.

## **16. Conclusion**

- 16.1. The CTU supports the direction of the options for acceleration of renewable energy and energy efficiency presented in the discussion document. We recommend that these work programmes be coordinated through a Just Transition approach based on partnership between local and central government, employers, unions, iwi and hapū.