Submission by Oji Fibre Solutions (NZ) Limited: Accelerating Renewable Energy and Energy Efficiency

To:	Energy Markets Policy Ministry of Business, Innovation and Employment PO Box 1473 Wellington 6140 Submission lodged online
Submitter:	Oji Fibre Solutions (NZ) Limited
Submitted by:	Darren Gilchrist, Energy Manager
Address:	**Private Bag 92106** **Auckland 1142** Privacy of natural persons
Date:	28 February 2020

Introduction

This is a submission by Oji Fibre Solutions (NZ) Ltd (OjiFS) on MBIE's 'Accelerating Renewable Energy and Energy Efficiency' Discussion Document, published 19 December 2019.[1]

Background to Oji Fibre Solutions (NZ) Limited

Oji Fibre Solutions (OjiFS) makes pulp, paper and packaging products and is predominantly New Zealand-based with substantial investments in the New Zealand economy.

OjiFS contributes a large part of New Zealand's export earnings. Most products are exported, and products sold domestically are used by New Zealand's agricultural and horticultural industries, which are themselves export focused. We export to China, South East Asia, Australia, and a range of other regions with major competitors based in North America, Australia, Japan, Northern Europe, South America and Asia.

OjiFS employs over 1,800 people. The majority based in New Zealand's regions. Our largest manufacturing sites, the Kinleith and Tasman mills, are located near Tokoroa and Kawerau respectively. These mills are large-scale producers and users of renewable energy. The company utilises over 21 PJ/annum of energy from wood-based biomass and 2.6 PJ/annum of geothermal steam, with renewable energy contributing over 80% of our energy needs. OjiFS generates approximately 350 GWh per annum of electricity via cogeneration plants utilising this process heat, but nevertheless is one of New Zealand's largest electricity consumers, with gross load in the order of 900 GWh per annum.

[1] https://www.mbie.govt.nz/have-your-say/accelerating-renewable-energy-and-energy-efficiency/

OjiFS is also crucial to New Zealand's waste paper recycling infrastructure, we collect about a half of the country's waste paper and recycle about a third at our Penrose and Kinleith facilities.

Our Submission

OjiFS welcomes the discussion document. The intent of the document appears to be consistent with our experience, that current policies, including the NZ-ETS, are not enough to boost investment in renewable energy technologies.

OjiFS is primarily interested in those parts of the discussion document relating to accelerating bio-energy for process heat and electricity production. This is because we are a large-scale producer of biomass-based energy at our largest manufacturing sites and because we have an opportunity to significantly boost bioenergy by investing at scale in our mill at Kinleith.

Potential renewable project

Our submission focusses on an opportunity for large-scale bioenergy investment at the Kinleith mill, near Tokoroa. We believe this project offers a real opportunity for a meaningful increase in New Zealand's renewable energy infrastructure as well as help grow our low-carbon bio-economy. It will

- Produce over 15 million GJ of process heat from biofuels
- Enable the export of 2.5 million GJ of renewable electricity to the national grid. This will be base-load electricity suitable to replace the fossil fuel thermal generation equivalent to power for nearly 10,000 homes
- Provide a range of other public benefits, including large scale (hundreds of millions) direct investment in the local economy and a meaningful catalyst for expansion in the wood processing sector.

Our principal owners, Oji Holdings, are experts in the technology and have built several similar projects in Japan. They are very keen to grow in New Zealand.

Unfortunately, OjiFS believes this project, and other large-scale renewable investments like it, cannot proceed in New Zealand without actively supportive policies. The only meaningful suggestion identified in the discussion document is in Section 5: the use of incentives.

We believe that financial incentives in some form are crucial for the following reasons:

- Competition for capital is key, as suggested in the discussion document. However, the document overlooks inter-country competition for capital. We believe this is distorted, notably by the preference in countries like Japan, Canada, parts of Northern Europe and elsewhere to provide direct incentives to these types of investments. New Zealand is already loosing-out to these countries for investment in bio-energy because the incentives in other countries make it viable to invest there.
- The NZ-ETS price signal currently acts as a disincentive for investment in our facilities by increasing our costs compared to our international competitors (who also receive incentives).
- Most suggestions in the discussion document would only make incremental improvements and appear to be largely aimed at supporting small-scale renewable technologies.

OjiFS believes several options exist for targeted incentives and also for funding the tax-payer costs of these incentives. We believe it is necessary to urgently work with the industry to identify the most effective option for New Zealand.

The Opportunity

OjiFS has been investigating options for expanding and modernising its energy facilities at the Kinleith mill for several years. Currently energy costs are high in relation to our international competitors and while we already operate on near to 80% renewables at the site, there is an opportunity to leverage the expertise of our owners and develop plant that will provide for our own energy needs and allow electricity to be exported to the national grid

The project highlights include:

- Approximately $600 million investment
- Wood residues, 'black liquor' (largely wood lignin) as fuels[2]
- 15 million GJ per year of process heat (steam and electricity)
- 2.5 million GJ of renewable electricity exported to the nation grid (equivalent to powering over 100,000 homes).

Significantly, the electricity exports from this project will be base-load, i.e. suitable for the direct replacement of fossil fuel-based thermal electricity identified as a significant issue in the discussion document. Furthermore, this electricity will be produced in the upper North Island requiring minimal investment in transmission infrastructure.

The project will bring other community benefits, including a substantial direct investment in the regional economy (South Waikato) of the order of hundreds of millions of dollars, boosting jobs, particularly during construction and providing an opportunity for the NZ service sector to develop expertise and experience in tech bio-energy developments at scale. The project will also help support the expansion of the mill by providing a sustainable competitive base and this in turn will encourage the wood processing sector in the region more generally by increasing demand for wood residues (e.g. from sawmills), an important consideration given the well-known challenges faced by this sector.

The Challenge

Unfortunately, it is more attractive to invest in this type of project in many other countries. This is because these countries provide incentives for bio-energy developments. In Canada, for example, our calculations show the British Columbian government's recent electricity feed-in tariff scheme provided approximately $40 million per year in more revenue than what would be gained from the same investment in New Zealand. This makes the difference between a non-viable project and a viable investment with a pay-pack of around 6 years. Japan has also adopted renewable feed-in tariffs, in the wake of the Fukushima disaster, which is at least as generous as the benefits under the BC scheme and, as a result, Oji has developed several large-scale bio-energy projects in that country.

OjiFS believes it is naive to assume the NZ-ETS will incentivise this investment on its own. This is because our business competes at a global level whereas the scheme's market signals only properly apply to investment choices within New Zealand (e.g. between a thermal power station and wind farm somewhere in New Zealand). The NZ-ETS has a less elegant impact on investment choices between countries. In fact, we believe the NZ-ETS has a perverse impact in our case, because we face increasingly higher costs (for the carbon charge in the non-renewable energy we purchase) while similar operations in other countries face lower costs, so the investment goes to those countries instead of New Zealand.

The discussion document rightly identifies competition for capital as an important issue for investment in renewable energy technologies, but it has ignored the above issues in relation to New Zealand's ability to compete for desirable investment in an aggressive and complex world.

---

[2] And potentially general solid wastes that cannot be recycled in NZ

The Solution

OjiFS believes financial incentives in some form are crucial if New Zealand wants to compete for investment in these technologies.

We believe there are a range of options available, including combinations of options, such as:

- Targeted support under the Provincial Growth fund, or similar economic development schemes
- Modifying the NZ-ETS or providing for other means for bio-energy projects to earn carbon credits
- Hypothecating the Crown's earnings from the ETS or from international commitments into bio-energy projects.
- Energy policies (such as electricity tariffs described above) or infrastructure policies
- Using the waste minimisation fund, especially if solid waste was included as a fuel

As discussed above, targeted electricity tariffs are reasonably common overseas but OjiFS has no opinion on these as a specific mechanism for supporting bio-energy developments in New Zealand. We also believe many of these options need not be a burden for the tax payer.

OjiFS does not claim to be experts on the specific policy choice, other than to suggest some of these options could be implemented quickly and to note that lack of incentives is an urgent challenge for these projects in New Zealand.

Response to other issues raised in the discussion document

While many of the other proposals in the discussion document are either not relevant to the above project or are not likely to assist in a meaningful way, these proposals have the potential to impact on OjiFS in other ways.

Section 1: Addressing Information Failure

Compulsory energy transition plans:

- We do not believe that requiring large energy users to publish Corporate Energy Transition Plans (including emissions reporting) will have any discernible impact on reducing emissions. OjiFS already reports on emissions data and regularly conducts energy audits. We also have an energy transition plan, which incorporates both capital expenditure and operational improvements.
- While OjiFS already publishes emissions data, we believe that there will be additional compliance costs associated with any mandatory regime. While we cannot put an estimate on these costs, we see this as adding costs to our business for little or no return to either our business or the NZ economy.

Develop an electrification information package for businesses:

- Electrification of process heat is only a viable option for low-grade process heat and has little application for our business, particularly given that most of our process heat is already renewable. Moreover, we believe the development of our business will provide for the supply side of renewable electricity as discussed above. Despite this, we believe that an accurate information package is worthwhile, noting that EECA will already be able to prepare something along these lines. We would encourage EECA to consider the wider effects of electrification and particularly the resultant increase in electricity demand, where that electricity will be supplied from (e.g. our bio-energy project), and impact on transmission and distribution charges.

Section 2: Developing markets for bioenergy and direct geothermal use

- In our view, markets for bioenergy and direct geothermal use are already formed. OjiFS uses geothermal steam at our site in Kawerau and we suggest access to geothermal steam is a function of location rather than requiring any market mechanism.
- In the case of woody biomass, we believe there is an existing market generated by our industry. However we do note that improvements to supply and demand information would assist in developing the market further.

Section 4: Phasing out fossil fuels in process heat

Phasing out of coal fired boilers:

- We acknowledge the aim to reduce fossil fuel use as a key strategy for New Zealand to meet its emissions targets. We also acknowledge the price of carbon as signalled in the NZ-ETS sets an economic signal for parties to choose the optimal fuel for their circumstances. However, as discussed above our bio-energy project is not properly incentivised by the NZ-ETS and this would provide a direct replacement for fossil fuel use at scale – for both process heat ant base-load electricity generation.

Section 5: Boosting Investment in energy efficiency and renewable technologies

- We agree that complementary measures to the NZ ETS should be considered. We believe that regulatory measures aren't appropriate as regulation typically has unintended side effects. As mentioned previously, a lack of incentives is an urgent challenge for major projects in New Zealand.
- In our view, financial incentives create a better platform for making investment decisions – the value of externalities such as emissions reductions can form part of the framework for assessing specific projects. OjiFS believes financial incentives in some form are crucial if New Zealand wants to compete for investment in modern low-emission technologies.
- We believe there are a range of options available, including combinations of options, which we have discussed earlier in our submission.

Section 6: Cost recovery mechanisms

An additional charge on industrial coal-use:

- An additional charge on coal use seems to be double-charge given the NZ-ETS already imposes a cost on coal-use. We also note that coal fired electricity generation remains the marginal source of electrical energy in a dry and/or calm year. Any increase in charges for coal use will flow through into the cost structure for thermal generation and lead to an increase in electricity spot prices.
- We recognise it may be desirable to recover tax-payer costs for the kind of incentives we are advocating but we believe there are other cost recovery mechanisms for that should be considered. For example, it may be better to use the Crown's ETS assets or international carbon assets into such schemes, particularly if agriculture was made to pay its share.

Section 7: Enabling development of renewable electricity generation under the Resource Management Act

- We agree changes to the Resource Management Act may assist in reducing barriers to new renewable generation. We would like to see recognition in the RMA of bio-energy and

cogeneration for industrial sites. However, this is unlikely to be sufficient to provide for our investment in a large scale bio-energy project as described earlier in this submission

Section 8: Supporting renewable electricity generation investment

- Our general comment is that increasing regulation will not lead to efficient investment in renewables. If anything, increased regulation increases barriers and will increase costs for energy users. The key issue for us is to reducing risks around investment and providing access to capital as discussed above.

Power purchase agreement platforms:

- We generally support PPA platforms as they may help manage energy prices and volume risk. However, this is effectively creating a further secondary market and may not be practical. In particular, we don't believe that PPA platforms will address the underlying investment risk for large projects as described previously.

Renewable energy certificate schemes:

- These appear to us to be no different to regulation (above) and will not overcome the issues we face unless these schemes provided for more revenue for bio-energy like the tariff schemes adopted by other countries.

Phase down baseload thermal generation:

- OjiFS believes it is a considerable challenge to phase down fossil-fuel thermal generation. NZ currently has an energy constrained market, with variable hydro and wind generation in conjunction with baseload thermal generation. The variability of hydro and wind means that thermal generation is currently required to meet annual energy requirements. Baseload thermal generation is more efficient than thermal peaking plant.
- The opportunity for large scale bio-energy facility like that described earlier in this submission is crucial because this will provide base-load generation and allow for the replacement of a significant portion of the current fossil-fuel fired generation needed for this purpose.

Section 10: Connecting to the national grid

- Transmission charges have a significant implication for connection of new generation to the transmission system. We agree that costs associated with connection assets are problematic, particularly across multiple connected parties, which potentially creates a significant disincentive to being the first mover and other parties free-riding off one party's investment. The only point we would like to make on this issue is that any costs relating to connection assets needs to be met by those parties utilising these assets. This could be by reallocating historic payments from the initial connected party to new connected parties to reflect an appropriate allocation of the overall costs of the investment.
- While cost allocation is an issue for connection assets, we also note that interconnection charging is also problematic. In particular we note the present TPM encourages new generation by allowing new generation to offset load for the calculation of interconnection charges. We are extremely concerned that the Electricity Authority is proposing changes to the TPM that will undermine investment in new renewable generation, and create a significant barrier for OjiFS (among others) to invest in new renewable generation. We would urge MBIE as a matter of urgency to review these changes and ensure that any of the Electricity Authority's proposals in relation to the TPM align with the Government's objectives for the energy transition.

Section 11: Local network connections and trading arrangements

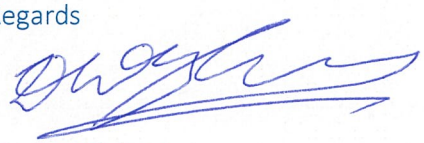
- The only comment we have in relation to local network connections is the impact of transmission pricing on distribution pricing. As above, the proposed changes to the TPM will act as a disincentive for both renewable electrical generation and energy efficiency measures.

OjiFS very much appreciates the scope of the discussion document and welcomes the interest in ways to accelerate investment in renewable energy. We believe our project at Kinleith is a significant opportunity for a step change in this area and is directly relevant to the discussion document.

We briefly spoke to Ministers about the project in late 2019. At that time there appeared to be some interest and it was suggested that officials should work with us on options to assist. Consequently, we look forward to further exploring the best options for New Zealand in collaboration with the NZ government.

Please feel free to contact us if you have any questions or would like further clarification on our submission.

Regards



Darren Gilchrist
Energy Manager
Oji Fibre Solutions

#75

COMPLETE

Collector: Final submissions link (Web Link)
Started: Friday, February 28, 2020 1:52:11 PM
Last Modified: Friday, February 28, 2020 1:54:08 PM
Time Spent: 00:01:57

Page 1: Introduction

Q1 Name (first and last name)

Darren Gilchrist

Q2 Email

Privacy of natural persons

Q3 Is this an individual submission, or is it on behalf of a group or organisation?

On behalf of a group or organisation

Q4 Which group do you most identify with, or are representing?

Large energy user

Q5 Business name or organisation (if applicable)

Oji Fibre Solutions (NZ) Ltd

Q6 Position title (if applicable)

Energy Manager

Q7 Important information about your submission (important to read)The information provided in submissions will be used to inform the Ministry of Business, Innovation and Employment's (MBIE's) work on Accelerating renewable energy and energy efficiency.We will upload the submissions we receive and publish them on our website. If your submission contains any sensitive information that you do not want published, please indicate this in your submission.The Privacy Act 1993 applies to submissions. Any personal information you supply to MBIE in the course of making a submission will only be known by the team working on the Accelerating renewable energy and energy efficiency.Submissions may be requested under the Official Information Act 1982. Submissions provided in confidence can usually be withheld. MBIE will consult with submitters when responding to requests under the Official Information Act 1982.We intend to upload submissions to our website at www.mbie.govt.nz. Can we include your submission on the website?	**Yes**
Q8 Can we include your name?	**Yes**
Q9 Can we include your organisation (if submitting on behalf of an organisation)?	**Yes**
Q10 All other personal information will not be proactively released, although it may need to be released if required under the Official Information Act. Please indicate if there is any other information you would like withheld.	**Respondent skipped this question**

Page 2

Q11 Where are you located?	**Respondent skipped this question**
Q12 In what region or regions does your organisation mostly operate?	**Auckland / Tamaki-makau-rau,** **Waikato,** **Bay of Plenty / Te Moana-a-Toi**

Page 3: Areas you wish to provide feedback on

Q13 Part A relates to process heat.Please indicate which sections, if any, you would like to provide feedback on.	**Respondent skipped this question**
Q14 Part B relates to renewable electricity generation. Please indicate which sections, if any, you would like to provide feedback on.	**Respondent skipped this question**

Page 4: Section 1: Addressing information failures

Q15 Option 1.1 would require large energy users to report their emissions and energy use annually, publish Corporate Energy Transitions Plans and conduct energy audits every four years.Do you support this option?	**Respondent skipped this question**
Q16 Please explain your answer	**Respondent skipped this question**
Q17 Which parts (set out in Table 3) do you support?	**Respondent skipped this question**
Q18 Please explain your answer	**Respondent skipped this question**
Q19 What public reporting requirements (listed in Table 3) should be disclosed?	**Respondent skipped this question**
Q20 In your view, should businesses be expected to include transport energy and emissions in these reporting requirements?	**Respondent skipped this question**
Q21 For manufacturers: what will be the impact on your business to comply with the requirements?	**Respondent skipped this question**
Q22 Option 1.1. Suggests that requirements to publish Corporate Energy Transition Plans should apply to large energy users, and propses defining large energy users as those with an annual energy spend (purchased) of greater than $2 million per annum.Do you agree with this definition?	**Respondent skipped this question**
Q23 If you selected no, please describe what in your view would be an appropriate threshold to define ‘large energy users’.	**Respondent skipped this question**
Q24 Is there any potential for unnecessary duplication under these proposals and the disclosures proposed in the MBIE-Ministry for the Environment discussion document Climate-related Financial Disclosures – Understanding your business risks and opportunities related to climate change, October 2019?	**Respondent skipped this question**

Page 5: Section 1 - Option 1.2: Electrification information package and feasibility studies

Q25 Do you support the proposal to develop an electrification information package?	**Respondent skipped this question**

Q26 Would an electrification information package be of use to your business?	**Respondent skipped this question**
Q27 Do you support customised low-emission heating feasibility studies?	**Respondent skipped this question**
Q28 In your view, which of the components should be scaled up and/or prioritised?	**Respondent skipped this question**
Q29 Would a customised low-emission heating feasibility study be of use to your business?	**Respondent skipped this question**
Q30 Please describe any components other than those identified that could be included in an information package.	**Respondent skipped this question**

Page 6: Section 1 - Option 1.3: Provide benchmarking information for food processing industries

Q31 Do you support benchmarking in the food processing sector?	**Respondent skipped this question**
Q32 Would benchmarking be suited to, and useful for, other industries, such as wood processing?	**Respondent skipped this question**
Q33 Do you believe government should have a role in facilitating this or should it entirely be led by industry?	**Respondent skipped this question**
Q34 Please explain your answer	**Respondent skipped this question**

Page 7: Section 2: Developing markets for bioenergy and direct geothermal use

Q35 Do you agree that some councils have regional air quality rules that are barriers to wood energy?	**Respondent skipped this question**
Q36 Please provide examples of regional air quality rules that you see as barriers to wood energy. Please also note which council's plan you are referring to.	**Respondent skipped this question**
Q37 Do you agree that a National Environmental Standards for Air Quality (NESAQ) users' guide on the development and operation of the wood energy facilities will help to reduce regulatory barriers to the use of wood energy for process heat?	**Respondent skipped this question**

Q38 What do you consider a NESAQ users' guide should cover? Please provide an explanation if possible.	**Respondent skipped this question**
Q39 Please describe any other options that you consider would be more effective at reducing regulatory barriers to the use of wood energy for process heat.	**Respondent skipped this question**
Q40 In your opinion, what technical rules relating to wood energy would be better addressed through the NESAQ than through the proposed users' guide (option 2.1)?	**Respondent skipped this question**

Page 8: Section 2 - continued: Developing markets for bioenergy and direct geothermal use

Q41 In your view, could the Industry Transformation Plans stimulate sufficient supply and demand for bioenergy to achieve desired outcomes?	**Respondent skipped this question**
Q42 What other options are worth considering?	**Respondent skipped this question**
Q43 Is Government best placed to provide market facilitation in bioenergy markets?	**Respondent skipped this question**
Q44 How could Government best facilitate bioenergy markets?Please be as specific as possible, giving examples.	**Respondent skipped this question**
Q45 In your view, how can government best support direct use of geothermal heat?	**Respondent skipped this question**
Q46 What other options are worth considering?	**Respondent skipped this question**

Page 9: Section 3: Innovating and building capability

Q47 Do you agree that de-risking commercially viable low-emission technology should be a focus of government support on process heat?	**Respondent skipped this question**
Q48 Do you agree that diffusing commercially viable low-emission technology should be a focus of government support on process heat?	**Respondent skipped this question**
Q49 Is Energy Efficiency and Conservation Authority (EECA) grant funding to support technology diffusion the best vehicle for this?	**Respondent skipped this question**

Q50 For manufacturers and energy service experts: would peer learning and lead to reducing perceived technology risks?	**Respondent skipped this question**
Q51 For manufacturers and energy service experts: would on-site technology demonstration visits lead to reducing perceived technology risks?	**Respondent skipped this question**
Q52 Is there a role for the Government in facilitating this?	**Respondent skipped this question**

Page 10: Section 3 (continued): Innovating and building capability

Q53 For emissions-intensive and highly integrated (EIHI) stakeholders: What are your views on our proposal to collaborate to develop low-carbon roadmaps?	**Respondent skipped this question**
Q54 Would low-carbon roadmaps assist in identifying feasible technological pathways for decarbonisation?	**Respondent skipped this question**
Q55 What are the most important issues that would benefit from a partnership and co-design approach?	**Respondent skipped this question**
Q56 What, in your view, is the scale of resourcing required to make this initiative successful?	**Respondent skipped this question**

Page 11: Section 4: Phasing out fossil fuels in process heat

Q57 Do you agree with the proposal to ban new coal-fired boilers for low and medium temperature requirements?	**Respondent skipped this question**
Q58 Do you agree with the proposal to require existing coal-fired process heat equipment for end-use temperature requirements below 100 degrees Celsius to be phased out by 2030?	**Respondent skipped this question**
Q59 Referring to Question 56 - is this ambitious or is it not doing enough?	**Respondent skipped this question**
Q60 For manufacturers: what would be the likely impacts or compliance costs on your business of a ban on new coal-fired process heat equipment?	**Respondent skipped this question**

Q61 For manufacturers: what would be the likely impacts or compliance costs on your business of requiring existing coal-fired process heat equipment supplying end-use temperature requirements below 100°C to be phased out by 2030.	**Respondent skipped this question**
Q62 Could the Corporate Energy Transition Plans (Option 1.1) help to design a more informed phase out of fossil fuels in process heat?	**Respondent skipped this question**
Q63 Would a timetabled phase out of fossil fuels in process heat be necessary alongside the Corporate Energy Transition Plans?	**Respondent skipped this question**
Q64 In your view, could national direction under the Resource Management Act (RMA) be an effective tool to support clean and low greenhouse gas-emitting methods of industrial production?	**Respondent skipped this question**
Q65 If yes, how?	**Respondent skipped this question**
Q66 In your view, could adoption of best available technologies be introduced via a mechanism other than the RMA?	**Respondent skipped this question**

Page 12: Section 5: Boosting investment in energy efficiency and renewable energy technologies

Q67 Do you agree that complementary measures to the New Zealand Emissions Trading Scheme (NZ-ETS) should be considered to accelerate the uptake of cost-effective clean energy projects?	**Respondent skipped this question**
Q68 Would you favour regulation, financial incentives or both?	**Respondent skipped this question**
Q69 In your view what is a bigger barrier to investment in clean energy technologies, internal competition for capital or access to capital?	**Respondent skipped this question**
Q70 If you favour financial support, what sort of incentives could be considered?	**Respondent skipped this question**
Q71 What are the benefits of these incentives?	**Respondent skipped this question**
Q72 What are the risks of these incentives?	**Respondent skipped this question**
Q73 What are the costs of these incentives?	**Respondent skipped this question**

Q74 What measures other than those identified above could be effective at accelerating investment in clean energy technologies?	**Respondent skipped this question**

Page 13: Section 6: Cost recovery mechanisms

Q75 What is your view on whether cost recovery mechanisms should be adopted to fund policy proposals in Part A of the Accelerating renewable energy and energy efficiency discussion document?	**Respondent skipped this question**
Q76 What are the advantages of introducing a levy on consumers of coal to fund process heat activities?	**Respondent skipped this question**
Q77 What are the disadvantages of introducing a levy on consumers of coal to fund process heat activities?	**Respondent skipped this question**

Page 14: Section 7: Enabling development of renewable energy under the Resource Management Act 1991

Q78 Do you agree that the current NPSREG gives sufficient weight and direction to the importance of renewable energy?	**Respondent skipped this question**
Q79 What changes to the NPSREG would facilitate future development of renewable energy?	**Respondent skipped this question**
Q80 What policies could be introduced or amended to provide sufficient direction to councils regarding the matters listed in points a-i mentioned on pages 60-61 of the discussion document?	**Respondent skipped this question**
Q81 How should the NPSREG address the balancing of local environmental effects and the national benefits of renewable energy development in RMA decisions?	**Respondent skipped this question**
Q82 What are your views on the interaction and relative priority of the NPSREG with other existing or pending national direction instruments?	**Respondent skipped this question**
Q83 Do you have any suggestions for how changes to the NPSREG could help achieve the right balance between renewable energy development and environmental outcomes?	**Respondent skipped this question**
Q84 What objectives or policies could be included in the NPSREG regarding councils' role in locating and planning strategically for renewable energy resources?	**Respondent skipped this question**

Q85 Can you identify any particular consenting barriers to development of other types of renewable energy than REG, such as green hydrogen, bioenergy and waste-to-energy facilities?	**Respondent skipped this question**
Q86 Can any specific policies be included in a national policy statement to address these barriers?	**Respondent skipped this question**
Q87 What specific policies could be included in the NPSREG for small-scale renewable energy projects?	**Respondent skipped this question**
Q88 The NPSREG currently does not provide any definition or threshold for “small and community-scale renewable electricity generation activities”. Do you have any view on the definition or threshold for these activities?	**Respondent skipped this question**
Q89 What specific policies could be included to facilitate re-consenting consented but unbuilt wind farms, where consent variations are needed to allow the use of the latest technology?	**Respondent skipped this question**
Q90 Are there any downsides or risks to amending the NPSREG?	**Respondent skipped this question**

Page 15: Section 7 - continued

Q91 Do you agree that National Environmental Standards (NES) would be an effective and appropriate tool to accelerate the development of new renewables and streamline re-consenting?	**Respondent skipped this question**
Q92 What are the pros of using National Environmental Standards as a tool to accelerate the development of new renewables and streamline re-consenting?	**Respondent skipped this question**
Q93 What are the cons of using National Environmental Standards as a tool to accelerate the development of new renewables and streamline re-consenting?	**Respondent skipped this question**
Q94 What do you see as the relative merits and priorities of changes to the NPSREG compared with work on NES?	**Respondent skipped this question**
Q95 What are the downsides and risks to developing NES?	**Respondent skipped this question**

Q96 What renewables activities (including both REG activities and other types of renewable energy) would best be suited to NES?	**Respondent skipped this question**
Q97 What technical issues could best be dealt with under a standardised national approach?	**Respondent skipped this question**
Q98 Would it be practical for NES to set different types of activity status for activities with certain effects, for consenting or re-consenting?	**Respondent skipped this question**
Q99 Are there any aspects of renewable activities that would have low environmental effects and would be suitable for having the status of permitted or controlled activities under the RMA? Please provide details.	**Respondent skipped this question**
Q100 Do you have any suggestions for what rules or standards could be included in NES or National Planning Standards to help achieve the right balance between renewable energy development and environmental outcomes?	**Respondent skipped this question**
Q101 Compared to the NPSREG or National Environment Standards, would National Planning Standards or any other RMA tools be more suitable for providing councils with national direction on renewables ?	**Respondent skipped this question**
Q102 Please explain your answer	**Respondent skipped this question**

Page 16: Section 7 - continued

Q103 Are there opportunities for non-statutory spatial planning techniques to help identify suitable areas for renewables development (or no go areas)?	**Respondent skipped this question**
Q104 Do you have any comments on potential options for pre-approval of renewable developments?	**Respondent skipped this question**
Q105 Are the current National Policy Statement on Electricity Transmission (NPSET) and National Environmental Standards for Electricity Transmission Activities (NESETA) fit-for-purpose to enable accelerated development of renewable energy?	**Respondent skipped this question**
Q106 What changes (if any) would you suggest for the NPSET and NESETA to accelerate the development of renewable energy?	**Respondent skipped this question**

Q107 Can you suggest any other options (statutory or non-statutory) that would help accelerate the future development of renewable energy?	**Respondent skipped this question**

Page 17: Section 8: Supporting renewable electricity generation investment

Q108 Do you agree there is a role for government to provide information, facilitate match-making and/or assume some financial risk for PPAs?	**Respondent skipped this question**
Q109 Would support for PPAs effectively encourage electrification?	**Respondent skipped this question**
Q110 Would support for PPAs effectively encourage new renewable generation investment?	**Respondent skipped this question**
Q111 How could any potential mismatch between generation and demand profiles be managed by the Platform and/or counterparties?	**Respondent skipped this question**
Q112 Please rank the following variations on PPA Platforms in order of preference.1 = most preferred, 4 = least preferred.	**Respondent skipped this question**
Q113 What are your views on Contract Matching Services?	**Respondent skipped this question**
Q114 What are your views on State sector-led PPAs?	**Respondent skipped this question**
Q115 What are your views on Government guaranteed contracts?	**Respondent skipped this question**
Q116 What are your views on a Clearing house for PPAs?	**Respondent skipped this question**
Q117 For manufacturers: what delivered electricity price do you require to electrify some or all of your process heat requirements?	**Respondent skipped this question**
Q118 For manufacturers: is a long-term electricity contract an attractive proposition if it delivers more affordable electricity?	**Respondent skipped this question**
Q119 For investors / developers: what contract length and price do you require to make a return on an investment in new renewable electricity generation capacity?	**Respondent skipped this question**

Q120 For investors / developers: is a long-term electricity contract an attractive proposition if it delivers a predictable stream of revenues and a reasonable return on investment?	**Respondent skipped this question**

Page 18: Section 8 - continued

Q121 Do you consider the development of the demand response (DR) market to be a priority for the energy sector?	**Respondent skipped this question**
Q122 Do you think that demand response (DR) could help to manage existing or potential electricity sector issues?	**Respondent skipped this question**
Q123 What are the key features of demand response markets?	**Respondent skipped this question**
Q124 Which features of a demand response market would enable load reduction or asset use optimisation across the energy system?	**Respondent skipped this question**
Q125 Which features of a demand response market would enable the uptake of distributed energy resources?	**Respondent skipped this question**
Q126 What types of demand response services should be enabled as a priority?	**Respondent skipped this question**
Q127 Which services make sense for New Zealand?	**Respondent skipped this question**

Page 19: Section 8 - continued

Q128 Would energy efficiency obligations effectively deliver increased investment in energy efficient technologies across the economy?	**Respondent skipped this question**
Q129 Is there an alternative policy option that could deliver on this aim more effectively?	**Respondent skipped this question**
Q130 If progressed, what types of energy efficiency measures and technologies should be considered in order to meet retailer/distributor obligations?	**Respondent skipped this question**
Q131 Should these be targeted at certain consumer groups?	**Respondent skipped this question**

Q132 Do you support the proposal to require electricity retailers and/or distributors to meet energy efficiency targets?	**Respondent skipped this question**
Q133 Which entities would most effectively achieve energy savings?	**Respondent skipped this question**
Q134 What are the likely compliance costs of this policy?	**Respondent skipped this question**

Page 20: Section 8 - continued

Q135 Do you agree that the development of an offshore wind market should be a priority for the energy sector?	**Respondent skipped this question**
Q136 What do you perceive to be the major benefits to developing offshore wind assets in New Zealand?	**Respondent skipped this question**
Q137 What do you perceive to be the major costs to developing offshore wind assets in New Zealand?	**Respondent skipped this question**
Q138 What do you perceive to be the major risks to developing offshore wind assets in New Zealand?	**Respondent skipped this question**

Page 21: Section 8 - continued

Q139 This policy option involves a high level of intervention and risk. Would another policy option better achieve our goals to encourage renewable energy generation investment?	**Respondent skipped this question**
Q140 Could the proposed policy option be re-designed to better achieve our goals?	**Respondent skipped this question**
Q141 Should the Government introduce Renewable Portfolio Standards (RPS) requirements?	**Respondent skipped this question**
Q142 At what level should a RPS quota be set to incentivise additional renewable electricity generation investment?	**Respondent skipped this question**
Q143 Should RPS requirements apply to all electricity retailers?	**Respondent skipped this question**
Q144 Should RPS requirements apply to all major electricity users?	**Respondent skipped this question**

Q145 What would be an appropriate threshold for the inclusion of major electricity users (i.e. annual consumption above a certain GWh threshold)?	**Respondent skipped this question**
Q146 Would a government backed certification scheme support your corporate strategy and export credentials?	**Respondent skipped this question**
Q147 What types of renewable projects should be eligible for renewable electricity certificates?	**Respondent skipped this question**
Q148 If this policy option is progressed, should electricity retailers be permitted to invest in energy efficient technology investments to meet their renewable portfolio standards? (See option 8.3 on energy efficiency obligations).	**Respondent skipped this question**
Q149 If this policy option is progressed, should major electricity users be permitted to invest in energy efficient technology investments to meet their renewable portfolio standards? (See option 8.3 on energy efficiency obligations).	**Respondent skipped this question**
Q150 What are the likely administrative and compliance costs of this policy for your organisation?	**Respondent skipped this question**

Page 22: Section 8 - continued

Q151 This policy option involves a high level of intervention and risk. Would another policy option better achieve our goals to encourage renewable energy generation investment?	**Respondent skipped this question**
Q152 Could this policy option be re-designed to better achieve our goals?	**Respondent skipped this question**
Q153 Do you support the managed phase down of baseload thermal electricity generation?	**Respondent skipped this question**
Q154 Would a strategic reserve mechanism adequately address supply security, and reduce emissions affordably, during a transition to higher levels of renewable electricity generation?	**Respondent skipped this question**
Q155 Under what market conditions should thermal baseload held in a strategic reserve be used?	**Respondent skipped this question**

Q156 Would you support requiring thermal baseload assets to operate as peaking plants or during dry winters?

Respondent skipped this question

Q157 What is the best way to meet resource adequacy needs as we transition away from fossil-fuelled electricity generation and towards a system dominated by renewables?

Respondent skipped this question

Page 23: Section 8 - continued

Q158 Do you have any views regarding the options to encourage renewable electricity generation investment that we considered, but are not proposing to investigate further? (See pages 90 - 92 of the Accelerating renewable energy and energy efficiency discussion document).

Respondent skipped this question

Page 24: Section 9: Facilitating local and community engagement in renewable energy and energy efficiency

Q159 Should New Zealand be encouraging greater development of community energy projects?

Respondent skipped this question

Q160 What types of community energy project are most relevant in the New Zealand context?

Respondent skipped this question

Q161 What are the key benefits of a focus on community energy?

Respondent skipped this question

Q162 What are the key downsides or risks of a focus on community energy?

Respondent skipped this question

Q163 Have we accurately identified the barriers to community energy proposals?

Respondent skipped this question

Q164 Which barriers do you consider most significant? You may select more than one answer.

Respondent skipped this question

Q165 Are the barriers noted above in relation to electricity market arrangements adequately covered by the scope of existing work across the Electricity Authority and electricity distributors?

Respondent skipped this question

Q166 What do you see as the pros of a clear government position on community energy?

Respondent skipped this question

Q167 What do you see as the cons of a clear government position on community energy?	**Respondent skipped this question**
Q168 What do you see as the pros of government support for pilot community energy projects?	**Respondent skipped this question**
Q169 What do you see as the cons of government support for pilot community energy projects?	**Respondent skipped this question**
Q170 Are there any other options you can suggest that would support further development of community energy initiatives?	**Respondent skipped this question**

Page 25: Section 10: Connecting to the national grid

Q171 Please select the option or combination of options, if any, that would be most likely to address the first mover disadvantage.	**Respondent skipped this question**
Q172 What do you see as the disadvantages or risks of Option 10.1?	**Respondent skipped this question**
Q173 What do you see as the disadvantages or risks of Option 10.2?	**Respondent skipped this question**
Q174 What do you see as the disadvantages or risks of Option 10.3.1?	**Respondent skipped this question**
Q175 What do you see as the disadvantages or risks of Option 10.3.2?	**Respondent skipped this question**
Q176 Would introducing a requirement, or new charge, for subsequent customers to contribute to costs already incurred by the first mover create any perverse incentives?	**Respondent skipped this question**
Q177 Are there any additional options that should be considered?	**Respondent skipped this question**

Page 26: Section 10 (continued): Connecting to the national grid

Q178 Do you think that there is a role for government to provide more independent public data?	**Respondent skipped this question**

Q179 Is there a role for Government to provide independent geospatial data (e.g. wind speeds for sites) to assist with information gaps?	**Respondent skipped this question**
Q180 Should MBIE's Electricity Demand and Generation Scenarios (EDGS) be updated more frequently?	**Respondent skipped this question**
Q181 If you said yes, how frequently should they be updated?	**Respondent skipped this question**
Q182 Should MBIE's EDGS provide more detail, for example, information at a regional level?	**Respondent skipped this question**
Q183 Should the costs to the Crown of preparing EDGS be recovered from Transpower, and therefore all electricity consumers (rather than tax-payers)?	**Respondent skipped this question**
Q184 Would you find a users' guide (on current regulation and approval process for getting an upgraded or new connection) helpful?	**Respondent skipped this question**
Q185 What information would you like to see in such a guide?	**Respondent skipped this question**
Q186 Who would be best placed to produce a guide?	**Respondent skipped this question**

Page 27: Section 10 (continued): Connecting to the national grid

Q187 Do you think that there is a role for government in improving information sharing between parties to enable more coordinated investment?	**Respondent skipped this question**
Q188 Is there value in the provision of a database (and/or map) of potential renewable generation and new demand, including location and potential size?	**Respondent skipped this question**
Q189 If so, who would be best to develop and maintain this?	**Respondent skipped this question**
Q190 How should it be funded?	**Respondent skipped this question**
Q191 Should measures be introduced to enable coordination regarding the placement of new wind farms?	**Respondent skipped this question**

Q192 Are there other information sharing options that could help address investment coordination issues? What are they?

Respondent skipped this question

Page 28: Section 11: Local network connections and trading arrangements

Q193 Have you experienced, or are you aware of, significant barriers to connecting to the local networks? Please describe them.

Respondent skipped this question

Q194 Are there any barriers that will not be addressed by current work programmes outlined on pages 118 - 122 of the discussion document?

Respondent skipped this question

Q195 Should the option to produce a users' guide (see Option 10.6 on page 110) also include the process for getting an upgraded or new distribution line?

Respondent skipped this question

Q196 Are there other Section 10 information options that could be extended to include information about local networks and distributed generation?

Respondent skipped this question

Q197 Do the work programmes outlined on pages 118 - 122 cover all issues to ensure the settings for connecting to and trading on the local network are fit for purpose into the future?

Respondent skipped this question

Q198 Are there things that should be prioritised, or sped up?

Respondent skipped this question

Q199 What changes, if any, to the current arrangements would ensure distribution networks are fit for purpose into the future?

Respondent skipped this question

Page 29: Additional comments

Q200 Do you have any additional feedback?

Please refer to attached submission.

Q201 You may upload additional feedback as a file.File size limit is 16MB. We accept PDF or DOC/DOCX.

Submission by OjiFS - Accelerating Renewable Energy and Energy Efficiency.pdf (3.7MB)

#74

INCOMPLETE

Collector: Final submissions link (Web Link)
Started: Friday, February 28, 2020 1:45:24 PM
Last Modified: Friday, February 28, 2020 1:51:25 PM
Time Spent: 00:06:01

Page 1: Introduction

Q1 Name (first and last name)

Darren Gilchrist

Q2 Email

darren.gilchrist@ojifs.com

Q3 Is this an individual submission, or is it on behalf of a group or organisation?

On behalf of a group or organisation

Q4 Which group do you most identify with, or are representing?

Large energy user

Q5 Business name or organisation (if applicable)

Oji Fibre Solutions (NZ) Ltd

Q6 Position title (if applicable)

Energy Manager

Q13 Part A relates to process heat.Please indicate which sections, if any, you would like to provide feedback on.	**Section 1: Addressing information failures,** **Section 2: Developing markets for bioenergy and direct geothermal use** **,** **Section 3: Innovating and building capability,** **Section 4: Phasing out fossil fuels in process heat,** **Section 5: Boosting investment in renewable energy and energy efficiency technologies** **,** **Section 6: Cost recovery mechanisms**
Q14 Part B relates to renewable electricity generation. Please indicate which sections, if any, you would like to provide feedback on.	**Section 7: Enabling renewables uptake under the Resource Management Act 1991** **,** **Section 8: Supporting renewable electricity generation investment** **,** **Section 10: Connecting to the national grid,** **Section 11: Local network connections and trading arrangements**

Page 4: Section 1: Addressing information failures

Q15 Option 1.1 would require large energy users to report their emissions and energy use annually, publish Corporate Energy Transitions Plans and conduct energy audits every four years.Do you support this option?	**No - I do not support this option**
Q16 Please explain your answer	**Respondent skipped this question**
Q17 Which parts (set out in Table 3) do you support?	**Respondent skipped this question**
Q18 Please explain your answer	**Respondent skipped this question**
Q19 What public reporting requirements (listed in Table 3) should be disclosed?	**Respondent skipped this question**
Q20 In your view, should businesses be expected to include transport energy and emissions in these reporting requirements?	**Respondent skipped this question**
Q21 For manufacturers: what will be the impact on your business to comply with the requirements?	**Some impact**

Q22 Option 1.1. Suggests that requirements to publish Corporate Energy Transition Plans should apply to large energy users, and propses defining large energy users as those with an annual energy spend (purchased) of greater than $2 million per annum.Do you agree with this definition?	**No**
Q23 If you selected no, please describe what in your view would be an appropriate threshold to define 'large energy users'.	**Respondent skipped this question**
Q24 Is there any potential for unnecessary duplication under these proposals and the disclosures proposed in the MBIE-Ministry for the Environment discussion document Climate-related Financial Disclosures – Understanding your business risks and opportunities related to climate change, October 2019?	**Respondent skipped this question**

Page 5: Section 1 - Option 1.2: Electrification information package and feasibility studies

Q25 Do you support the proposal to develop an electrification information package?	**Yes**
Q26 Would an electrification information package be of use to your business?	**No**
Q27 Do you support customised low-emission heating feasibility studies?	**Yes**

Q28 In your view, which of the components should be scaled up and/or prioritised?

co-funding low-emission heating feasibility studies for EECA's business partners	**Scaled up**

Q29 Would a customised low-emission heating feasibility study be of use to your business?	**No**
Q30 Please describe any components other than those identified that could be included in an information package.	**Respondent skipped this question**

Page 6: Section 1 - Option 1.3: Provide benchmarking information for food processing industries

Q31 Do you support benchmarking in the food processing sector?	**Respondent skipped this question**
Q32 Would benchmarking be suited to, and useful for, other industries, such as wood processing?	**Respondent skipped this question**

Q33 Do you believe government should have a role in facilitating this or should it entirely be led by industry?	**Respondent skipped this question**
Q34 Please explain your answer	**Respondent skipped this question**

Page 7: Section 2: Developing markets for bioenergy and direct geothermal use

Q35 Do you agree that some councils have regional air quality rules that are barriers to wood energy?	**Respondent skipped this question**
Q36 Please provide examples of regional air quality rules that you see as barriers to wood energy. Please also note which council's plan you are referring to.	**Respondent skipped this question**
Q37 Do you agree that a National Environmental Standards for Air Quality (NESAQ) users' guide on the development and operation of the wood energy facilities will help to reduce regulatory barriers to the use of wood energy for process heat?	**Respondent skipped this question**
Q38 What do you consider a NESAQ users' guide should cover? Please provide an explanation if possible.	**Respondent skipped this question**
Q39 Please describe any other options that you consider would be more effective at reducing regulatory barriers to the use of wood energy for process heat.	**Respondent skipped this question**
Q40 In your opinion, what technical rules relating to wood energy would be better addressed through the NESAQ than through the proposed users' guide (option 2.1)?	**Respondent skipped this question**

Page 8: Section 2 - continued: Developing markets for bioenergy and direct geothermal use

Q41 In your view, could the Industry Transformation Plans stimulate sufficient supply and demand for bioenergy to achieve desired outcomes?	**Yes**
Q42 What other options are worth considering?	**Respondent skipped this question**
Q43 Is Government best placed to provide market facilitation in bioenergy markets?	**Respondent skipped this question**

Q44 How could Government best facilitate bioenergy markets?Please be as specific as possible, giving examples.	**Respondent skipped this question**
Q45 In your view, how can government best support direct use of geothermal heat?	**Respondent skipped this question**
Q46 What other options are worth considering?	**Respondent skipped this question**

Page 9: Section 3: Innovating and building capability

Q47 Do you agree that de-risking commercially viable low-emission technology should be a focus of government support on process heat?	**Strongly agree**
Q48 Do you agree that diffusing commercially viable low-emission technology should be a focus of government support on process heat?	**Agree**
Q49 Is Energy Efficiency and Conservation Authority (EECA) grant funding to support technology diffusion the best vehicle for this?	**Yes**
Q50 For manufacturers and energy service experts: would peer learning and lead to reducing perceived technology risks?	**Yes**
Q51 For manufacturers and energy service experts: would on-site technology demonstration visits lead to reducing perceived technology risks?	**Respondent skipped this question**
Q52 Is there a role for the Government in facilitating this?	**Respondent skipped this question**

Page 10: Section 3 (continued): Innovating and building capability

Q53 For emissions-intensive and highly integrated (EIHI) stakeholders: What are your views on our proposal to collaborate to develop low-carbon roadmaps?	**Respondent skipped this question**
Q54 Would low-carbon roadmaps assist in identifying feasible technological pathways for decarbonisation?	**Yes**
Q55 What are the most important issues that would benefit from a partnership and co-design approach?	**Respondent skipped this question**