



COVERSHEET

Minister	Hon Dr Megan Woods	Portfolio	Energy and Resources
Title of Cabinet paper	Progressing the Next Phase of New Zealand's Energy Transition: Release of Discussion Documents	Date to be published	9 August 2023

List of documents that have been proactively released		
Date	Title	Author
June 2023	Progressing the Next Phase of New Zealand's Energy Transition: Release of Discussion Documents	Office of the Minister of Energy and Resource
June 2023	Regulatory Impact Statement - Ban on new baseload fossil-fuel baseload electricity generation	Ministry of Business, Innovation and Employment
28 June 2023	Progressing the Next Phase of New Zealand's Energy Transition: Release of Discussion Documents DEV-23-MIN-0127 Minute	Cabinet Office

Information redacted

No

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Progressing the Next Phase of New Zealand's Energy Transition: Release of Discussion Documents

Portfolio Energy and Resources

On 28 June 2023, the Cabinet Economic Development Committee:

Background

- 1 **noted** that while New Zealand has a highly renewable electricity system already, wider energy use makes up 40 percent of emissions and as such will require a significant effort to decarbonise;
- 2 **noted** that the government committed through the first Emissions Reduction Plan to develop an Energy Strategy and supporting strategic products, including:
 - 2.1 a project to identify electricity market measures that may be needed to support a highly renewable electricity system (the Electricity Market Measures project);
 - 2.2 a ban on new fossil fuel baseload generation;
 - 2.3 a Hydrogen Roadmap;
- 3 **noted** that releasing a package of discussion papers on the issues referred to in paragraph 2 above will progress the next phase of New Zealand's energy transition, and provide the public with a comprehensive view of the interrelated policy issues the government will need to address to achieve this transition;
- 4 **noted** that the separate paper being considered, *Offshore Renewable Energy: Next Steps for Regulatory Proposals* under DEV-23-SUB-0126, will also advance New Zealand's energy transition by providing fit for purpose regulations to ensure New Zealand has the option for offshore renewable energy as part of the future energy mix;

Electricity market measures

- 5 **noted** that the paper *Measures for Transition to an Expanded and Highly Renewable Electricity System* (the electricity market measures issues paper), attached as Annex 3 to the paper under DEV-23-SUB-0127, seeks feedback on areas for government focus to achieve the goal of an expanded and highly renewable electricity system, while ensuring an affordable, secure and reliable electricity supply;

- 6 **noted** that the electricity market measures issues paper seeks feedback on a range of challenges relating to the electricity system through the transition, including:
- 6.1 ensuring sufficient investment in new renewable generation to expand the electricity system for electrification, and to replace retiring fossil fuel generation;
 - 6.2 ensuring adequate dispatchable generation capacity, storage or demand side response as fossil fuel plants retire and intermittent capacity grows, including ensuring sufficient capacity for peaking, for calm, cloudy periods, and on managing the ‘dry year’ challenge ahead of any New Zealand battery project solution;
 - 6.3 ensuring competitive wholesale markets during the transition to a more highly renewable electricity system;
 - 6.4 growing and enhancing the transmission and distribution networks at a sufficient pace to meet the needs for demand growth and new renewable generation;
 - 6.5 supporting smarter use of networks and smarter technologies;
- 7 **agreed** to the release of the electricity market measures issues paper for public consultation;

Implementation of the ban on new fossil fuel baseload generation

- 8 **noted** that the discussion document *Implementing a Ban on New Fossil Fuel Baseload Electricity Generation*, attached as Annex 4 to the paper under DEV-23-SUB-0127, seeks feedback on specific design and implementation questions relating to the ban;
- 9 **agreed** to the release of the discussion paper referred to in paragraph 8 above;

Interim Hydrogen Roadmap

- 10 **noted** that the Interim Hydrogen Roadmap, attached as Annex 2 to the paper under DEV-23-SUB-0127, sets out an emerging view on the potential role of hydrogen in New Zealand’s energy transition to inform where the government should best place its effort, and seeks feedback on this strategic direction;
- 11 **noted** that the Interim Hydrogen Roadmap considers hydrogen has the most potential to play a role in decarbonising New Zealand’s hard-to-abate applications, such as chemicals, fertiliser and some heavy transport (including aviation and marine), and that an industry in New Zealand could generate substantial economic activity and emissions reductions;
- 12 **noted** that the Interim Hydrogen Roadmap considers the challenges of securing sufficient new renewable energy generation to grow the sector, in particular in relation to the export of hydrogen and whether the government should support this;
- 13 **agreed** to release the Interim Hydrogen Roadmap for public consultation;
- 14 **noted** that the Minister of Energy and Resources is satisfied that the Regional Hydrogen Transition initiative announced through Budget 2023 is aligned with the Interim Hydrogen Roadmap;
- 15 **noted** that in line with Budget 2023 decisions, the Minister of Finance, the Minister of Economic Development and the Minister of Energy and Resources will agree to the drawdown of the tagged contingency for the Regional Hydrogen Transition initiative;

Release of documents

- 16 **noted** that the three documents referred to above, together with an overarching context paper on *Advancing New Zealand's Energy Transition*, attached as Annex 1 to the paper under DEV-23-SUB-0127, will be released in early July 2023 for a three-month consultation period;
- 17 **authorised** the Minister for Energy and Resources to approve any minor, technical and editorial amendments to the documents before they are published.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Willie Jackson
Hon David Parker
Hon Priyanca Radhakrishnan
Hon Kieran McAnulty
Hon Barbara Edmonds
Hon Dr Duncan Webb
Hon Rino Tirikatene
Hon Dr Deborah Russell
Hon Rachel Brooking
Hon Jo Luxton

Officials present from:

Office of the Prime Minister
Officials Committee for DEV