MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

COVERSHEET

Minister	Hon Dr Megan Woods	**Portfolio**	Energy and Resources
Title of Cabinet paper	Offshore renewable energy: Next steps for regulatory proposals	**Date to be published**	9 August 2023

List of documents that have been proactively released		
Date	**Title**	**Author**
June 2023	Offshore renewable energy: Next steps for regulatory proposals	Office of the Minister of Energy and Resource
June 2023	Regulatory Impact Statement - Offshore Renewables	Ministry of Business, Innovation and Employment
28 June 2023	Offshore renewable energy: Next steps for regulatory proposals DEV-23-MIN-0126 Minute	Cabinet Office

Information redacted **YES**

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.

Some information has been withheld for the reason of Legal professional privilege.

Regulatory Impact Statement: Offshore renewable energy, in principle decisions for regulating feasibility activities

Coversheet

Purpose of Document	
Decision sought:	Analysis produced for the purpose of informing in principle decisions on regulating feasibility activities for offshore renewable energy generation.
Advising agencies:	Ministry of Business, Innovation, and Employment (MBIE)
Proposing Ministers:	Minister of Energy & Resources
Date finalised:	1 June 2023

Problem Definition

1. There is an opportunity to develop offshore renewable energy in Aotearoa New Zealand, and thereby substantially increase the supply of renewable energy.
2. The policy problems addressed by this regulatory impact statement are that:
    a. without greater assurance of a return on investment, offshore renewable energy developers lack the incentive to invest in feasibility analysis; and
    b. the government and iwi and hapū lack sufficient ability to select suitable offshore renewable energy developers or projects.
3. There is urgency to address these problems since there is global competition for access to offshore renewable energy infrastructure resources, and because Aotearoa New Zealand needs to increase its supply of renewable energy at pace.

Executive Summary

4. Responding to an action in the emissions reduction plan, the Ministry of Business Innovation & Employment is developing regulatory proposals for offshore renewable energy. Proposals are being developed in two phases:
    a. Phase One: managing the feasibility stage of offshore renewable energy development; and
    b. Phase Two: managing the construction, operation, and decommissioning of offshore renewable energy infrastructure.
5. This regulatory impact statement analyses regulatory options for the feasibility phase. For the feasibility phase, MBIE proposes introducing a regulatory regime to grant exclusive feasibility permits to offshore renewable energy developers, subject to meeting specified criteria. The proposed feasibility permitting regime would enhance investor confidence, while allowing government and iwi and hapū greater influence over the selection of developers and projects. Granting suitable developers feasibility permits that confer a sole right to apply for subsequent commercial permit for a given offshore area would provide them with a greater assurance that their

costly investment in feasibility activities would lead to a commercial return. This assurance is necessary for them to make this initial investment. The alternative options of encouraging developers to collaborate to conduct feasibility analysis, or relying on existing legislation, would not achieve these objectives.

6. The Government consulted on the proposed feasibility permitting regime (Phase One) from December 2022 to April 2023. In principle Cabinet decisions on feasibility permitting are now sought to underpin consultation on Phase two proposals for regulating the construction, operating, and decommissioning stages of offshore renewable energy projects, and continuing iwi and hapū engagement. Without in principle decisions that the first feasibility permit will be introduced, it will be difficult for stakeholders to submit on Phase Two proposals for a commercial permit and related regulatory issues.

7. This regulatory impact statement supports Cabinet in principle decisions on feasibility permitting. MBIE intends to provide final advice to ministers on the complete (Phases One and Two) regulatory regime following consultation on Phase Two. That final advice on the regime will be supported by a comprehensive regulatory impact statement for the complete regime.

Limitations and Constraints on Analysis

8. This analysis on feasibility permitting was completed before the construction, operating, and decommissioning aspects of the regime (Phase Two) have been fully designed, or consulted upon. Further, this analysis was completed while engagement with iwi and hapū was continuing on their participation in the regulatory regime.

9. By taking in principle decisions now, Cabinet can provide a firm basis for releasing the second discussion document on regulatory proposals for the construction, operating, and decommissioning stages, while reserving the option to modify the proposals when considering the full regime subsequently.

10. The broad design of the regime is being developed in two phases: feasibility and construction, operating, and decommissioning stages. In general, the regime will first provide feasibility permits for developers to undertake feasibility activities in a given area, and these permits will provide an exclusive right to apply for a later commercial permit to construct and operate.

Responsible Manager(s) (completed by relevant manager)

Peter Bartlett

Director, Sector Engagement

Energy & Resource Markets

Ministry of Business, Innovation & Employment

1 June 2023

Quality Assurance (completed by QA panel)

Reviewing Agency:	Ministry of Business, Innovation & Employment

Panel Assessment & Comment:	MBIE's Regulatory Impact Analysis Review Panel has reviewed the attached "*Regulatory Impact Statement: Offshore renewable energy, in principle decisions for regulating feasibility activities*" prepared by MBIE. The panel considers that the information and analysis summarised in the Impact Statement meets the criteria necessary for Ministers to make informed decisions on the proposals in the associated Cabinet paper.

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

Offshore renewable energy could be an important part of our future energy mix

11. Aotearoa New Zealand requires a significant and rapid increase in the supply of renewable electricity.

2. Renewable electricity generation needs to increase by 170% by 2050 to support increased electricity demand due to the transition away from emissions-intensive fuels.[1]

12. Offshore renewable energy could make a significant contribution to the supply of renewable electricity. Fixed-bottom offshore wind farms are the most mature form of offshore renewable energy generation, though there are other forms of generation, such as wave and tidal energy. Floating offshore wind turbines are also emerging as a new form of offshore generation. The regulatory regime is 'technology agnostic'.

There are high levels of developer interest

13. There is a high level of interest from developers in establishing offshore generation in Aotearoa New Zealand. While Aotearoa New Zealand has promising conditions for offshore generation (the right combinations of wind power, and water depth, in appropriate locations), there is currently no offshore generation in New Zealand's surrounding waters. Without intervention, this status quo is likely to persist.

The Resource Management Act and Exclusive Economic Zone Act are key elements of the existing regulatory environment

14. While countries with well-developed offshore renewable energy markets have dedicated regulation, Aotearoa New Zealand does not currently have such regulation.

15. The main legislation currently relevant to an offshore renewable energy project is the Resource Management Act 1991, and Exclusive Economic Zone (Environmental Effects) Act 2012. These acts are most relevant to the construction, operation, and decommissioning stages of development, since developers would require resource or marine consents respectively. Resource or marine consents may also be required at the feasibility stage.

Iwi and hapū take a close interest in proposals to establish offshore renewable energy generation, and expect a partnership approach with the Crown that upholds their rights and interests

16. MBIE recognises that the moana (ocean) around Aotearoa New Zealand is of significant cultural and economic value to Māori. As Te Tiriti partners and citizens of Aotearoa, Māori have a broad range of interests in the development of an offshore renewable energy industry.

17. Recognising these interests is integral to assessing feasibility, and any subsequent commercial activities. The moana has spiritual significance to Māori as it plays a critical role in informing whakapapa and turangawaewae (belonging). It provides ancestral

[1] Consenting improvements for renewable electricity generation and transmission | Ministry of Business, Innovation & Employment (mbie.govt.nz)

connection to Māori from the rohe it embodies and, in te ao Māori, cannot be viewed purely as a commodity.

18. As kaitaki (guardians) of the moana in their rohe (the home territory of a given iwi), certain iwi, hapū and whanau have heightened interests in how offshore areas are used from an intergenerational perspective. As mana moana they have a responsibility to preserve and protect taonga in their rohe. Mana moana hold vast amounts of knowledge – mātauranga Māori – of the flora and fauna in their rohe.

19. Māori also have formally recognised customary interests under the Te Takutai Moana Act 2011 and Ngā Rohe Moana o Ngā Hapū o Ngāti Porou Act 2019 (takutai moana legislation), Treaty of Waitangi settlement legislation, and relevant case law which need to be preserved.

20. Mana moana have continuously expressed a strong desire to work with developers to ensure their interests, knowledge and aspirations are appropriately considered and given effect. Māori want equitable opportunities to be involved in all aspects of the feasibility process and assurance that developers understand Te Tiriti o Waitangi, tikanga principles, mātauranga Māori and the interests of mana moana. Māori are also interested to explore the potential economic benefits to their communities from the construction and operation of offshore renewables.

MBIE proposed a developer-led approach to feasibility activities

21. Offshore generation projects usually proceed through several stages: feasibility activities, construction, operation, and decommissioning. Feasibility analysis is a multi-year process that assesses all the factors that determine the viability of an offshore energy generation project.[2] Feasibility analysis can cost tens of millions of dollars for a single wind farm, or similar project. Internationally, and over time, governments have either led feasibility processes, or relied on developers to lead feasibility processes.

22. MBIE's discussion document on regulatory proposals for feasibility activities, *Enabling investment in offshore renewable energy*, discussed the advantages and disadvantages of government-led and developer-led approaches to feasibility activities.

23. A government-led approach can occur within a wider marine spatial planning model, similar to the spatial planning being adopted onshore under the resource management reforms.

24. Such a spatially-planned approach has the advantage of allowing decision-makers to weigh the alternative uses of offshore areas, and to allocate areas to their best use. A spatially-planned approach, where government leads feasibility activities and identifies areas for development, also gives the government greater control over the development of an offshore renewables industry. International jurisdictions have

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[2] Feasibility analysis:

- informs developer decisions as to whether a project should proceed on commercial grounds,
- informs central and local government decisions on whether to grant environmental consents, and
- provides useful information to iwi and stakeholders who may also influence whether a development occurs.

generally moved towards a spatially-planned model over time, with governments playing a key role in feasibility activities.

25. On the other hand, a spatial planning exercise is likely to be protracted. Further, the government lacks the capability to complete the type of technical feasibility activities needed to support offshore renewable energy projects. Capable developers do possess the ability to complete these technical feasibility activities. (Even in a developer-led approach, an important role does remain for the government in such matters as coordinating collaboration between developers where this is possible, enabling iwi and hapū participation and setting environmental data collection standards.)

26. Given the urgency to enable development of additional renewable energy sources, and global competition for the infrastructure and related resources necessary for offshore renewable energy generation, MBIE's discussion document, *Enabling investment in offshore renewable energy*, proposed that developers lead feasibility analysis, including proposing where to conduct feasibility analyses, and hence where renewable energy generation could occur. Consideration of alternative uses for offshore spaces would occur primarily via Resource Management Act 1991, and Exclusive Economic Zone (Environmental Effects) Act 2012 processes. MBIE prefers a developer-led process in the near-term because it is likely to enable development sooner than a government-led approach.

27. The proposal to adopt a developer-led approach influences the design of any regulatory regime for offshore renewable energy. In a developer-led approach, developers bear the cost of feasibility analysis. Without some assurance of a return on investment, developers are unlikely to risk this investment.

28. Over time, there would be benefit in following the example of other jurisdictions – which have well-established offshore renewable energy industries and possess suitable government capability – in adopting a government-led spatially-planned approach to offshore renewables.

29. For completeness, we note that the Department of Conservation, Ministry for Primary Industries, and the Ministry for the Environment favour a more government-led and spatially-planned approach to the development of offshore renewable energy given the opportunity this affords to assess and weigh all potential competing uses of maritime spaces.

What is the policy problem or opportunity?

30. The policy problems addressed by this regulatory impact statement are that:

    a. without greater assurance of a return on investment, offshore renewable energy developers lack the incentive to invest in feasibility analysis; and that

    b. the government and iwi and hapū lack sufficient ability to select suitable offshore renewable energy developers or projects.

31. There is urgency to address these problems since there is global competition for access to offshore renewable energy infrastructure resources, and because Aotearoa New Zealand needs to increase its supply of renewable energy at pace.

32. The existing regulatory regime – principally the Resource Management Act 1991, and Exclusive Economic Zone (Environmental Effects) Act 2012 – go some way to addressing these problems, but is insufficient in itself.

33. Resource and marine consents do grant rights to use a space for a particular purpose (and this may effectively be to the exclusion of others), and do allow for some scrutiny of the suitability of developers and their projects. A developer could seek a resource consent under the Resource Management Act 1991 (or its successor legislation) for a development in the coastal marine area which includes the territorial waters, or a marine consent under the Exclusive Economic Zone (Environmental Effects) Act 2012 to construct and operate offshore renewable energy infrastructure. This is likely, in practice, to give them sole rights relative to other developers.

34. Such a developer is, however, unlikely to gain a consent, since the developer would be unlikely to hold the large amount of environmental impact data the consenting authorities would require to consider and / or approve an application. Such data can only be obtained through feasibility analysis, and developers are unlikely to invest to obtain this without having greater assurance of a return on their investment.

35. Nevertheless, if a developer were to obtain consent in this way, this may not be a good outcome for Aotearoa New Zealand, since the consenting regimes focus primarily on environmental outcomes, without regard for other important factors, such as a developer's capability to deliver an offshore renewable energy project in the national interest, financial resources, or the project's fit with our energy system. The resource management system's 'first-come-first-served' approach also means that earlier applications receive priority over stronger applications. This is a problem where developers' proposals cover overlapping areas, which is very likely in certain areas.

36. If the status quo continues, therefore, we are unlikely to see any offshore renewable energy development because developers lack the incentive to invest. Even if they were to invest, however, the Government would lack adequate means of selecting suitable developers, or supporting Māori interests.

What objectives are sought in relation to the policy problem?

37. To address the problems, and to exploit the opportunity, the objectives of regulatory intervention are to:

    a. enable the selection and management of developments to meet New Zealand's national interests, while recognising existing environmental protections;
    b. enable Māori participation in a regime that recognises the Crown's responsibility to give effect to the principles of Te Tiriti o Waitangi / Treaty of Waitangi; and
    c. enable New Zealand to access offshore renewable energy technology in a timely way by providing developers with greater certainty to support investment.

Section 2: Deciding upon an option to address the policy problem

What criteria will be used to compare options to the status quo?

38. Regulatory options are assessed against how effectively they support the objectives of regulatory intervention above.

What scope will options be considered within?

39. Options are considered within the context of:

    a. a developer-led approach to feasibility, including developer proposal of sites for renewable energy feasibility analysis, and

    b. continued operation of the existing relevant legislation (principally the Resource Management Act 1991, and Exclusive Economic Zone (Environmental Effects) Act 2012.

What options are being considered?

Option One – Status Quo: rely on existing legislative provisions – Description

40. One option is to rely on existing legislative provisions. Under the Exclusive Economic Zone (Environmental Effects) Act 2012, and the Resource Management Act 1991, a developer can seek marine consents for areas within the Exclusive Economic Zone, and resource consents for areas within the coastal marine area which includes the territorial sea. With such consents secured, no other developer could obtain a consent to establish and operate offshore renewable energy generation projects in those areas while that consent remains valid.

41. Further, part 7A of the Resource Management Act can be used to establish an allocation regime within the common marine and coastal area. This could be through regional coastal plans, or by the Minister of Conservation approving an allocation mechanism in the *Gazette*. Such a process would allow for the selection of developers based on their capability (and any other criteria).

42. Allocative provisions similar to those available under the Resource Management Act are not available under the Exclusive Economic Zone Act. Most developers are considering the Exclusive Economic Zone for their proposed projects.

43. A further sub-option is to use regulation making powers under the Territorial Sea, Contiguous Zone, and Exclusive Economic Zone Act 1977. Such regulations could cover both the Territorial Sea, and the Exclusive Economic Zone, and could theoretically be used to set-up an allocation regime giving developers' exclusivity, while allowing government and iwi and hapū to select suitable developers.

Option Two – Encourage collaboration between developers to conduct feasibility analysis – Description

44. A second option is to encourage collaboration between developers to conduct feasibility analyses, and then to grant exclusivity subsequently (when developers are committed to construction and operation). A collaborative approach need not be formally regulated, but a formal agreement would be needed between all parties, including cost-sharing arrangements.

45. Following the feasibility assessment, developers would individually choose whether to seek exclusive permission to construct and operate, and over what sites that were identified through the collaborative feasibility assessment process.

Option Three – Grant exclusive feasibility permits to suitably qualified developers for defined periods of time, and covering defined areas, under dedicated legislation – Description

46. A third option (preferred) is to grant a feasibility permit to a suitably qualified developer for a defined area, for a defined period. While the permit would not prohibit other developers conducting feasibility analysis in that area, only the permit holder could subsequently apply for a commercial permit to obtain exclusive rights to construct and operate offshore renewable energy infrastructure.

47. To ensure developers are suitable, criteria for the grant of permits would include, but not be limited to:

    i. Financial, technical and commercial capability
    ii. iwi and hapū involvement prior and during feasibility (based on specific criteria)
    iii. Indicative electricity system impacts
    iv. Indicative economic development opportunities
    v. Indicative decommissioning capability
    vi. Health and safety capability
    vii. National interest considerations[3]

48. Feasibility permits would have a validity of seven years, and be subject to 'use it or lose it provisions. MBIE consulted on a five-year validity period. Submissions were mixed on this question, with some considering five years sufficient, and others wanting significantly longer. On balance a seven-year duration appears to be a more suitable period for completing feasibility analysis, with use-it or lose-it provisions to manage land-banking risks. (Land-banking in this context means securing a feasibility permit to limit competition by others, without the intention of completing genuine feasibility activities.)

49. With regard to the nature of criteria and requirements developers would need to meet for iwi and hapū involvement, MBIE is engaging with iwi and hapū on their participation in the granting of feasibility permits, alongside iwi and hapū participation in other aspects of offshore renewable energy regulation. These criteria will be further developed further with iwi and hapū and finalised in later policy decisions.

50. Optimal offshore locations for energy generation are scarce. This will likely lead to applications for exclusive feasibility rights for areas that overlap. Developers would be encouraged to negotiate to resolve overlaps. Where developers cannot reconcile

[3] Offshore renewable energy infrastructure could be a significant part of Aotearoa New Zealand's electricity system. Therefore, we consider that a feasibility permit should be granted only if the prospective development is not contrary to Aotearoa New Zealand's national interest. To ease administrative burden and maintain legislative coherence, we propose to align this criterion with the Overseas Investment Act 2005. Under this Act the bar for requiring mitigation action or prohibiting a transaction is high and the presumption is that overseas investment is in New Zealand's national interest

overlapping claims, the contested space would be allocated to the developer who most strongly satisfies the criteria for granting permits.

51. Permit holders would remain responsible for complying with all relevant legislation when carrying out their feasibility activities, including relevant requirements under the RMA and EEZ Act, and the Health and Safety at Work Act. The permit would only apply to feasibility activities undertaken for the purpose of seeking later rights to construct and operate renewable energy generation.

52. In addition to obtaining a commercial permit, would-be developers would also need to obtain the appropriate resource and marine consents prior to construction or operation of offshore renewable energy infrastructure.

53. New legislation would be required to establish a permitting regime.

How do the options compare to the status quo/counterfactual?

	Option One – Status Quo / making regulations under existing acts of parliament	Option Two – Collaborative approach to feasibility	Option Three – Feasibility permitting (new legislation)
enable the selection and management of developments	**0** 'First-in-first-served' consenting processes do not adequately allow for the selection of suitable and/or preferred developers. Use of the RMA mechanisms to create an allocative mechanism is likely to be slow, controversial, and may be an inappropriate use of secondary legislation that is open to challenge There are no suitable allocative mechanisms under the EEZ Act (and most developers are considering projects in the EEZ) Use of the Territorial Sea and Contiguous Zone act to make regulations is likely to be an inappropriate use of secondary legislation that is open to challenge	**++** By delaying the grant of exclusivity to the commercial stage, government could select developers on a more informed basis (ie after the developers had operated in New Zealand for a number of years.) This benefit is unlikely to occur if developers decline to participate in collaborative feasibility assessments.	**+** Eligibility for feasibility permits would be directly linked to developer suitability. Developers and developments would, however, be selected relatively early in the project lifecycle. This does mean limiting competition between developers to the early stages, and choosing preferred developers with less information than will become available at the commercial stage. (We note that, even in a developer-led approach, with exclusive feasibility permitting, an important role does remain for the government in such matters as coordinating collaboration between developers where this is possible, enabling iwi and hapū participation and setting environmental data collection standards)
enable Māori participation	**0** Formal/mandated iwi and hapū involvement is limited to provisions under environmental consenting regimes. Since feasibility analysis is unlikely to require consenting, there is unlikely to be any (formally regulated) iwi and hapū involvement.	**+** Iwi and hapū could be integrally involved in a collaborative model, but without regulation, this would not be formally required.	**++** Iwi and hapū to be integrally involved in a permitting model.
enable New Zealand to access offshore renewable energy technology in a timely way	**0** No incentives or assurances to enable investment. Ambiguity around the data required to obtain consents for constructing and operating ORE infrastructure will make developers reluctant to carry out feasibility activities. Maintaining the status quo might attract a very low level of interest from developers, meaning that development of the industry stalls.	**0** While there is an opportunity for cost-sharing (offsetting individual developer costs), there is still a risk of no return on a developer's investment, creating a risk they will not participate.	**++** Feasibility permits will confer exclusive rights to apply for subsequent commercial permits to construct and operate offshore renewable energy generation infrastructure.
Overall assessment	**0**	**+**	**++** (preferred)
Example key for qualitative judgements:	++ much better than doing nothing/the status quo/counterfactual + better than doing nothing/the status quo/counterfactual	0 about the same as doing nothing/the status quo/counterfactual	- worse than doing nothing/the status quo/counterfactual - - much worse than doing nothing/the status quo/counterfactual

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

54. Option 3, creating a permitting regime under new legislation, best meets the policy objectives, and addresses the problem of investor certainty – through granting exclusivity – while enabling choice of suitable developers.

55. While MBIE, with leadership from the Minister of Energy & Resources, is continuing to work with iwi and hapū on the details of their participation in the regulatory regime, it is clear that Option 3 provides greater scope for ensuring meaningful participation than either Options 1 or 2.

56. Option 2, the collaborative approach, does not provide the exclusivity that developers require to invest in feasibility analysis, and hence does not enable the development of the industry.

57. Option 1, relying on existing legislation does not provide a reliable way to grant exclusivity or assess developer suitability. The development of an offshore renewable energy regulatory regime is a matter of significant policy that is more appropriate for primary legislation.

Public consultation was supportive of this approach

58. MBIE consulted on feasibility permitting proposals between December 2022 and April 2023, and received 59 submissions. In addition to written submissions, MBIE received oral feedback from iwi and hapū and developers through a series of meetings held between January and March 2023.

59. The submissions reflect the views of 23 energy industry stakeholders (eight of which are involved in offshore renewable energy developments), seven from iwi and iwi organisations, three from environmental NGOs, two from other marine industries, four from academics and research institutes.

60. Submitters were largely supportive of introducing regulatory settings to manage the development of offshore renewables. They felt the benefits of decarbonisation and moving to a low carbon economy warranted the exploration of these developments through feasibility activities. Feedback from stakeholders, notably offshore renewable energy developers, indicates broad support for option 3.

61. However, there were a small minority which preferred to retain the status quo as they felt offshore renewables were either not necessary in New Zealand or there were adequate mechanisms for managing development through the environmental consenting regimes (ie the Resource Management Act).

62. Iwi and hapū, environmental NGOs and some industry organisations outside the energy sector had particular reservations around the decision-making process. They were concerned that option 3, if it is not designed appropriately, could undermine other uses, interests or values.

63. Iwi and hapū preferred a hybrid option that reflects a Crown-Māori partnership approach with greater collaboration and involvement of mana moana or tangata whenua. MBIE is working with iwi and hapū to support their participation within Option 3.

64. MBIE's discussion document presented permitting and collaborative approaches as relatively binary options. Feedback indicates there are opportunities for collaboration within an exclusive feasibility permitting regime, and a role for government in supporting and coordinating this. Environmental surveys are a key area where

collaboration offers advantages. MBIE is exploring this approach within the parameters of option 3.

What are the marginal costs and benefits of the option?

Affected groups *(identify)*	**Comment** *nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.*	**Impact** *$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.*	**Evidence Certainty** *High, medium, or low, and explain reasoning in comment column.*
Additional costs of the preferred option compared to taking no action			
Regulated groups (developers)	Developers will face fees to participate in the permitting regime	**Low** - These costs are TBC, but will be 'actual and reasonable' and will be modest relative to the returns developers expect from development	**High** – MBIE proposes a cost-recovery model
Iwi and hapū with kaitiaki relationships with marine areas where development is proposed	The regulatory regime will create opportunities for iwi and hapū participation, but this participation is costly (time/opportunity cost)	**Medium** – Participation can be time-consuming and resource-intensive for iwi and hapū, although some costs may be met through the regime's fees	**High** – Engagement with iwi and hapū indicates they are already stretched
Regulators	There will be administration costs to manage the permitting regime	**Low** – fees will be set to allow the regulator to recover the costs of administering the regime	**High** – MBIE has experience from operating the Crown Minerals regime
Other users of marine spaces (fishers, recreational users etc)	There will be some burden on other users to engage in feasibility activities (eg for other users to discuss their existing activities, and how ORE development could affect them) Feasibility activities are unlikely to reduce other users' ability to use marine spaces.	**Low**	**High** – feasibility activities comprise low impact research only
Total monetised costs		-	
Non-monetised costs		**Low**	
Additional benefits of the preferred option compared to taking no action			
Regulated groups (developers)	Developers are seeking a clear regulatory pathway, and site exclusivity	**High** – the regulatory regime will unlock market opportunities	**High** – developers have sought this regulation

Iwi and hapū with kaitiaki relationships with marine areas where development is proposed	Iwi and hapū are seeking Crown support to manage the emerging industry in a way that supports their interests	**High** – the regulatory regime seeks to safeguard Iwi and hapū interests	**High** – engagement indicates strong iwi and hapū interest
Regulators	Unlocking offshore renewable energy could add significantly to the supply of renewable energy	**High** – developers have proposed large developments	**High** – public statements by developers
Other users of marine spaces (fishers, recreational users etc)	Feasibility activities provide an opportunity to understand the impacts of developing ORE on other uses to	**Medium**	**High** – interest by other users in the effects on their activities of possible ORE development
Total monetised benefits		-	
Non-monetised benefits		**High**	

Section 3: Delivering an option

How will the new arrangements be implemented?

65. There has been no final consideration of the regulatory body that will administer the proposed regime, and this will be developed further. As the development of offshore renewable energy infrastructure is a nationally significant activity it is desirable to provide a nationally consistent approach to inviting and assessing applications for permits and managing permits under the proposed regime. This suggests a single national entity should hold these responsibilities, with opportunities for iwi, hapū, and whānau and the community to inform the allocation of permits, and to participate in the conduct of feasibility activities. Analysis is continuing and no decisions are sought at this time.

How will the new arrangements be monitored, evaluated, and reviewed?

66. We propose to provide advice on monitoring, evaluation, and review to support the final decisions on the design of the full regime.