



## Energy Portfolio Weekly Report

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**Week commencing:** 06/05/2024

**Priority:** Medium

**Security classification:** In Confidence

**Tracking number:** 2324-3168

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**Recipient**

**Action sought**

**HON SIMEON BROWN  
MINISTER FOR ENERGY**

**Note** the contents of this report

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Justine Cannon  
**General Manager**  
Energy Markets Branch  
Ministry of Business, Innovation and Employment

Privacy of natural persons

**3 May 2024**

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Minister's comments:

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**Energy Portfolio  
Officials' Meeting Agenda  
3:30 pm – 4:30 pm Tuesday, 7 May 2024**

Item	Subject	People	Oral Item / Paper #	Action Required
1.	Confidential advice to Government	Justine Cannon Scott Russell	Oral	Discussion
2.	Competition in wholesale and retail electricity markets	Tamara Linnhoff Gareth Wilson	Oral (will table slides for discussion)	Discussion
3.	Commerce Commission's WACC methodology and revenue smoothing	Tamara Linnhoff Gareth Wilson	2324-3090	Discussion
4.	Upcoming announcements	Sharon Corbett	One-page note on upcoming announcements	Discussion
5.	Weekly Report & Work Programme	Minister	Oral	Discussion
6.	Any other business	All	Oral	Discussion

**Ministry of Business, Innovation & Employment officials attending:**

Name	Position
Carolyn Tremain	Chief Executive and Secretary (Tentative)
Paul Stocks	Deputy Secretary, Building, Resources and Markets
Justine Cannon	General Manager, Energy Markets
Sharon Corbett	Policy Director, Energy Markets
Susan Hall	Policy Director, Energy Markets
Peter Bartlett	Director, Sector Engagement
Daniel Brown	Manager, Electrify NZ
Dominic Kebbell	Manager, Gas and Fuel Supply Policy
Tamara Linnhoff	Manager, Electricity Generation, Infrastructure and Markets Policy
Melanee Beatson	Manager, Offshore Renewable Energy and Hydrogen
Scott Russell	Manager, Energy Use Policy
Gareth Wilson	Strategic Advisor Regulatory Policy and Practice, Electricity, Generation, Infrastructure and Markets Policy

## Key Updates

Title	Comment
<p><b>Implementing Electrify NZ</b></p> <p>Daniel Brown <small>Privacy of natural persons</small></p>	<p><b>Confidential advice to Government</b></p> <p>Network regulation and new connections: Work continues by the Electricity Authority and Commerce Commission. The Commission has brought forward (by one day, to 29 May 2024) its consultation launch on proposed revenue resets for regulated distributors and Transpower. The Authority expects to publish a position paper on new connection charges during May 2024.</p>
<p><b>Fast-Track Consenting Regime</b></p> <p>Susan Hall <small>Privacy of natural persons</small></p>	<p>The Environment Select Committee held its second hearing on the Bill on 2 May, with officials completing their initial briefing, and oral submissions being heard from Federated Farmers, the Law Society, the New Zealand Planning Institute, Greenpeace, Forest &amp; Bird, Environment Canterbury, and the Legislation Design and Advisory Committee.</p> <p><b>Confidential advice to Government</b></p> <p>Themes from oral submissions included:</p> <ul style="list-style-type: none"> <li>• Interest in a “sunset clause”</li> <li>• Concern about concentration of powers with ministers, and questions about the role of expert panels</li> <li>• Interest in according greater weight to environmental values</li> <li>• Concern about the complexity of the one stop shop and the ability to develop workable legislation in the time available</li> <li>• How the Bill addresses the Treaty of Waitangi and Māori/iwi interests</li> </ul> <p><b>Confidential advice to Government</b></p>
<p><b>Hazards from Trees Regulation</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>The cabinet paper on Amendments to the Electricity (Hazards from Trees) Regulations 2003 was lodged on 2 May 2024, and is scheduled to be considered on 8 May 2024 by Cabinet’s ECO Committee. We will provide talking points to your office on Monday 6 May 2024.</p>
<p><b>Low Fixed Charge Regulations mid-point review</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>You received a briefing on the proposed scope of the mid-point review last week which included, as an annex, a letter to some industry participants requesting their cooperation.</p> <p>We are liaising with your office on a list of recipients, and when the letter will be sent. When letters are sent we will update MBIE’s website with information on the mid-point review and follow up with data and information requests to distributors and retailers.</p>

<p><b>Consumer Data Right for Electricity</b></p> <p>Scott Russell  <small>Privacy of natural persons</small></p>	<p>We are expecting the Cabinet Legislation Committee to consider whether to introduce the Customer and Product Data Bill on 9 May 2024. This paper also seeks Cabinet's approval to assess the electricity sector for designation under the Bill alongside the assessment of the banking sector. <b>Confidential advice to Government</b></p> <p>This is being managed by the Minister of Commerce and Consumer Affairs' office as lead Minister. We will work with your office on announcing the Cabinet decisions, which will need to be co-ordinated with Minister Bayly's office.</p>
<p><b>Amending the Energy Efficiency and Conservation Act</b></p> <p>Scott Russell  <small>Privacy of natural persons</small></p>	<p>Following discussions with you on the substance of proposed amendments to the Energy Efficiency and Conservation Act 2000 (the Act), we are preparing a draft Cabinet paper seeking agreement to progress with the package of amendments. <b>Confidential advice to Government</b></p>
<p><b>Renewable gases</b></p> <p>Dominic Kebbell  <small>Privacy of natural persons</small></p>	<p>We have met with <b>Confidentiality</b> who are actively pursuing the development of a biogas market. These conversations have identified two key barriers to the uptake of renewable gases: inefficient use of feedstocks and lack of a widely accepted renewable certification scheme.</p> <p>Renewable gases offer small scale low-emission alternatives to natural gas that have the potential to diversify the fuel mix, helping to alleviate pressure on natural gas supply. Blending biomethane in transmission pipelines is a technically viable option now to help manage demand. Hydrogen blended with natural gas and biogas is also another potential option being explored in the long term.</p> <p>Current estimated biogas in New Zealand is 4.9 PJ/year, which is equivalent to around half of gas used by residential and commercial users. Currently the majority of this biogas is flared with no beneficial energy use as there is no productive application for it at its source, or it's used to generate low-grade heat and power. Recent work has indicated that there may be potential for greater volumes of biogas, however, there currently isn't readily available data on flared biogas volumes as it typically isn't measured.</p> <p>The sector is actively pursuing opportunities to bring renewable gases to the market. Renewable gases could play a number of roles in the energy sector. For example, they could:</p> <ul style="list-style-type: none"> <li>• provide a low emission alternative to displace natural gas use in the transmission network, helping reduce our domestic emissions.</li> <li>• be used to produce premium green products such as green methanol, which has profitable export potential.</li> <li>• be used as part of small-scale bio-economies.</li> </ul> <p>We will work with the GIC, as the industry co-regulator, to undertake further engagement with the wider sector to better understand these barriers, and other barrier that may exist to a renewable gas market in New Zealand. We will also review existing regulations covering biogas to ensure they are fit for purpose.</p>
<p><b>High Court judgement on the Major Gas Users' Group appeals of Commerce Commission decisions</b></p> <p>Dominic Kebbell  <small>Privacy of natural persons</small></p>	<p>In 2022, the Commerce Commission made decisions that amended the input methodologies for gas transmission and distribution services and that determined the default price-quality path for gas transmission and distribution services. These decisions allowed gas transmission and distribution businesses to recover higher revenues from their customers over the next four-year regulatory period (1 October 2022 to 30 September 2026). This was in response to the previous government signalling the phase-out of natural gas because of climate change, with gas pipeline assets expected to have a shorter expected economic life.</p>

	<p>The Major Gas Users' Group Inc (MGUG) appealed the Commerce Commission's decisions and made counter proposals. MGUG's proposals would have reduced the revenue gas transmission and distribution businesses can recover from their customers compared to the Commerce Commission's decisions.</p> <p>The High Court has dismissed these appeals, with the Court upholding the Commerce Commission's original decisions. MGUG has a right of appeal to the Court of Appeal. We will meet with the Commerce Commission to discuss the implications of this judgement.</p>
<p><b>Supercharging EV Infrastructure</b></p> <p>Peter Bartlett  <small>Privacy of natural persons</small></p>	<p><b>Confidential advice to Government</b></p> <p>[Redacted]</p> <p>The first meeting of the cross-agency task force was also held on Wednesday 1 May 2024. The task force will initially meet weekly.</p>

## Stakeholder Updates

Title	Comment
<p><b>Recent status announcements on renewable electricity generation projects</b></p> <p>Tamara Linnhoff  <small>Privacy of natural persons</small></p>	<p>Genesis Energy and joint venture partner FRV Australia announced construction has commenced on a 63MW solar farm located at Lauriston, Canterbury. The project is expected to be operational by the end of 2024 and will be New Zealand’s largest solar farm. Genesis have signed a 10-year power purchase agreement for total generation from the site.</p> <p>Far North Solar Farm announced consent has been granted to build a 40.8MW solar farm near Marton. This is Far North Solar Farm’s fifth project to be granted consent and the company has three further consent applications lodged. Construction is expected to commence on two of the consented projects this year.</p> <p>New Zealand Clean Energy (NZCE) has lodged a resource consent for a 100MW agrivoltaic solar farm plus 100MW of energy storage (BESS), near Masterton. The proposal is for solar panels to stand 0.8 - 2.8m off the ground, allowing grazing for livestock beneath. Construction is expected to take 12 – 18 months.</p>
<p><b>Launch of the OECD Economic Survey 2024</b></p> <p>– includes commentary on effectiveness of competition in the wholesale electricity market</p> <p>Tamara Linnhoff  <small>Privacy of natural persons</small></p>	<p>The launch of the OECD’s 2024 Economic Survey of New Zealand will be hosted at the Treasury on Monday 6 May, led by the Minister of Finance, Hon Nicola Willis, and the OECD Chief Economist, Clare Lombardelli.</p> <p>The report’s special chapter on Revamping Competition includes a focus on electricity markets. On 1 February 2024, Minister of Consumer and Consumer Affairs, Hon Andrew Bayly, met with a delegation from the OECD’s Economics Department to discuss the draft findings and recommendations in the Revamping Competition Policy chapter.</p> <p>The Chapter finds that insufficient competition is a driver of our low productivity, and there is a prima facie case for analysis of barriers to competition in the retail electricity market (and also in our dairy, ports, aviation and retail financial services sectors).</p> <p>The section ‘<i>Maintaining a level playing field between the different actors in the electricity market</i>’ includes:</p> <ul style="list-style-type: none"> <li>• <i>High electricity prices in New Zealand over the past two decades have raised the suspicion that the large gentailers had been exercising unilateral market power. While the abnormality of profits has been disputed, high concentration has remained a cause of concern, which different reforms have tried to address.</i></li> <li>• <i>["Recent measures are expected to have some effect"]. Forcing some of the larger gentailers to divest from some of their generator assets or swap them could reduce further market concentration or its impact – especially at the local level where gentailers are often even more dominant. However, it might come at the cost of reduced risk diversification and other efficiency or transaction costs.</i></li> <li>• <i>If the voluntary code [for over-the-counter hedges between gentailers and independent retailers] is judged as insufficient and competition appears to remain inefficient in the electricity market, this might call for a vertical separation of generators and retailers. The development of electricity storage might reinforce the need for such a remedy. Overall, the question of the effectiveness of competition in the wholesale market warrants further investigation.</i></li> </ul> <p>There may be media interest in the Survey. We suggest the below talking points:</p> <ul style="list-style-type: none"> <li>• I welcome the release of the OECD’s 2024 Economic Survey, and the Revamping Competition Policy chapter.</li> <li>• The report highlights high electricity prices in New Zealand over the past two decades and notes commentary by stakeholders that the large gentailers may have been exercising unilateral market power.</li> </ul>

	<ul style="list-style-type: none"> <li>I know work is underway at the Electricity Authority to monitor wholesale market outcomes, and to consider whether independent generators and independent retailers have the necessary access to forward hedges - for the wholesale and retail markets to be competitive. I am taking advice from my officials on these matters.</li> <li>Competitive electricity markets are critical to keep electricity prices affordable. The Coalition Government is committed to ensuring New Zealand’s markets are working well for all New Zealanders.</li> </ul>
<p><b>Kāinga Ora Winter Energy Study – Year One report</b></p> <p>Scott Russell  <small>Privacy of natural persons</small></p>	<p>Kāinga Ora has been undertaking the Winter Energy Study, a two-year small-scale research programme investigating the most effective and efficient way to encourage heating behaviour in winter through an electricity bill cap. This study is being run in partnership with Mercury and its subsidiary GLOBUG. Kāinga Ora recently provided the Year One Report for this study to the Minister of Housing and Associate Minister of Housing together with a cover briefing. We are advised this has been forwarded to you.</p> <p>The context for the study is that Government has spent a significant amount installing heating in public housing and supporting low-income households with electricity costs, but unhealthy heating behaviours remain, creating avoidable costs to the health and welfare systems.</p> <p>Where tenants perceive that the affordability of energy is prohibitive they often resort to unhealthy heating options such as un-flued gas heaters, co-sleeping in living rooms to stay warm or not heating their homes at all. These heating behaviours and broader energy hardship in Kāinga Ora homes accrues significant cost in the health and welfare systems. MBIE officials were consulted in the early phases of the study design, and we supported the objectives of the study, noting that it would provide an opportunity to better understand one of the key identified problems of energy hardship – energy cost pressure.</p> <p>In its first year, the study offered 545 participating Kāinga Ora tenants in Auckland or Christchurch a capped electricity bill during the winter and shoulder months from May-October 2023. Billing returns to regular pricing for the rest of the year. During the capped period, participants pay for their energy consumption up to their individualised energy cap based on their prior average energy use over a defined period, and Kāinga Ora pays for the cost of any additional energy should the participant exceed that cap. Beyond the additional energy offered above the cap, the advantage for the customer is that they have certainty of the most they will pay for energy during the winter months, which is a powerful motivator for those on very low incomes.</p> <p>The Year One results of this study show that a modest cost to Kāinga Ora per household achieves an increase in electricity usage and internal temperatures, and a reduction in health visits, mould and rent debt. More recent interim survey results, not included in the Year One report, indicate that doctor and hospital visits reduced for participants in the study during the 12 months following the start of the cap.</p> <p>Officials will continue to liaise with Kāinga Ora as this study progresses and draw on the study results where relevant for our policy work on energy affordability. Further information on this study and how this relates to your work programme can be provided upon request.</p>
<p><b>Regulation required to enable a proposed trading platform for day-ahead electricity derivatives</b></p> <p>Tamara Linnhoff  <small>Privacy of natural persons</small></p>	<p>You were copied on a recent letter from Energy Resources Aotearoa to the Minister of Commerce and Consumer Affairs. The letter refers to a proposal to establish a trading platform for day-ahead electricity risk management products.</p> <p>More liquid trading of certain risk management products has the potential to improve coordination of resources in the wholesale electricity market and reduce risks of a capacity shortfall such as occurred on 9 August 2021, which resulted in power interruptions to around 34,000 households.</p> <p><b>Confidential advice to Government</b></p>

Confidential advice to Government

[Redacted]

[Redacted]



**Current appointments**

**Confidential advice to Government**

**Upcoming appointments**

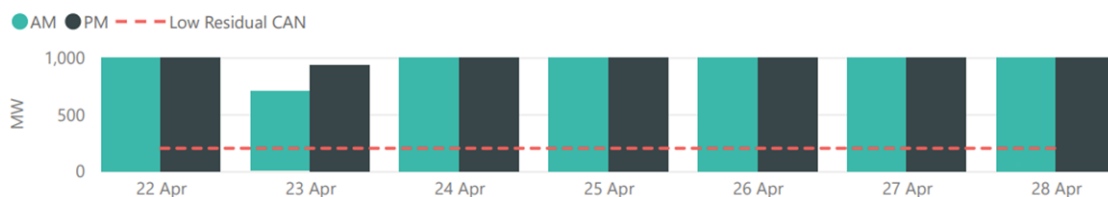
**Confidential advice to Government**

## Other Updates

Title	Comment
<p><b>Gas security of supply</b></p> <p>Dominic Kebbell <small>Privacy of natural persons</small></p>	<p><b>General gas security of supply update</b></p> <p>Pohokura output continues to recover, with output at 48.7 TJ/day. This is nearly a 34 per cent increase from a month ago while still being 19 per cent lower than 3 months ago. Kupe output has marginally increased at 47.7 TJ/day. This is a 0.4 per cent increase from a month ago while still being nearly 14 per cent lower than 3 months ago. Kupe South-9 remains offline and an investigation is being conducted into this well following a drill that did not meet expectations. The investigation results will be incorporated into the annual reserves review.</p> <p>Methanex continues to operate a single train at its Motunui plant, as gas supply constraints impact its New Zealand methanol production.</p> <p>Enerlytica reported that the oil and gas company NZ Energy Corp NZ Energy Corp has confirmed plans to drill a new development well at Tariki in Q3 2024 and that the company will assess advancing a gas storage project at the site after that. Additional storage capacity would improve the flexibility of gas supply.</p> <p>Enerlytica has also reported that the recent update of the standard for reticulated natural gas by Standards New Zealand is a significant step towards New Zealand’s transition to renewable gas. The revised interim standard (NZS 5442(Int):2024) supports the safe blending of biomethane within the reticulated, or piped, gas network.</p>
<p><b>Electricity sector impacts of a potential change to the tax treatment of capital contributions</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>We are engaging with Inland Revenue (IR) on a draft revision of the interpretation of tax law applying to capital contributions paid to Transpower. <b>Confidential advice to Government</b></p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
<p><b>Electricity Security of Supply</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p><b>ELECTRICITY CAPACITY LOOKING AHEAD</b> (for the week to 12 May)</p> <p>On 1 May 2024 a customer advice notice (CAN) was issued by Transpower alerting the industry to a potential shortfall of supply on the 9 and 10 May 2024. This is a week-ahead forecast which includes a conservative assumption that only 20 per cent of wind capacity is available.</p> <p>The potential shortfalls are under the N-1-G category. This means the forecast shortfall would only happen if a very high peak load is experienced, and two things were to happen:</p> <ul style="list-style-type: none"> <li>· a large generator or HVDC pole was to unexpectedly become unavailable, and</li> <li>· another large generator or HVDC pole failed or became unavailable.</li> </ul> <p>This situation is unlikely and Transpower expects no impact in consumer electricity supply.</p> <p><b>ELECTRICITY CAPACITY</b> (for the week to 28 April)</p> <p>Residual generation margins remained healthy last week with a minimum residual of 701 MW on Tuesday morning.</p>

Residuals for week to 28 April were above the preferred 200MW threshold.

#### Lowest Residual Points - MW

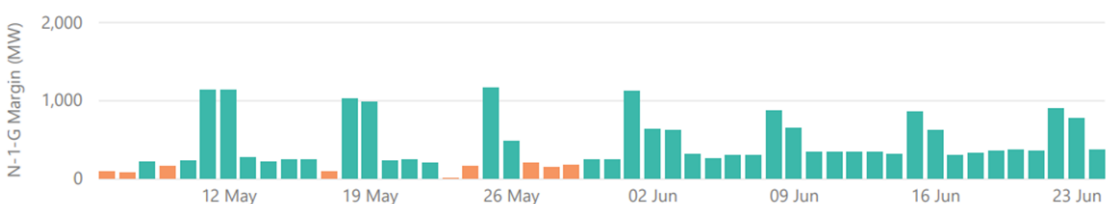


Source: System Operator, Market Operations - Weekly Market Movements

There are some days throughout May with low but positive N-1-G margins (less than 200 MW), including a margin of 4 MW on 23 May. Transpower has recommended that generators consider rescheduling outages to avoid these days and avoid scheduling any further outages that may reduce generation margins.

The N-1-G margin is sufficient to meet peak demand in the look-ahead through to mid-June 2024:

#### NZGB Look-Ahead (excluding next 7 days)



Source: System Operator, Market Operations - Weekly Market Movements

#### ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 28 April)

There was no change in hydro storage levels relative to the time of year; at the national level they remained at 102% of average.

South Island storage remained at 100% of average, while North Island storage decreased from 126% to 120% of average.

#### ENERGY (HYDRO) STORAGE LEVEL BY MAJOR LAKE

Over the past month all lakes (except Tekapo) have increased storage.

Major Lake	Owner	Storage as at 1 May 2024 (% full)	Storage last week 8 April 2024 (% full)	Percentage change
Pukaki	Meridian	81.1	81.2	+0.1
Manapouri	Meridian	89.4	80.6	+10.0
Tekapo	Genesis	60.4	64.4	-3.6
Hawea	Contact	74.8	75.3	+0.3
Taupo	Mercury	44.3	48.6	-4.3

Source: Enerlytica

### ELECTRICITY SUPPLY RISK (at 28 April)

Energy risk as measured by hydro storage levels relative to the energy risk curves.

#### New Zealand Energy Risk

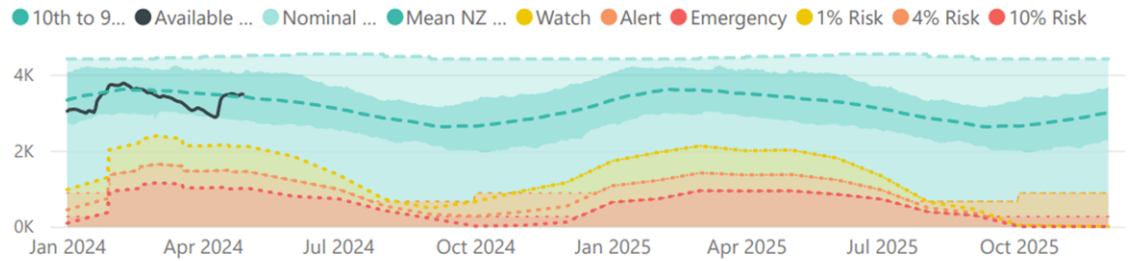
#### South Island Energy Risk



Normal Watch Alert Emergency

New Zealand controlled energy storage is average for this time of year:

#### New Zealand Energy Risk Status Curves (Available GWh)

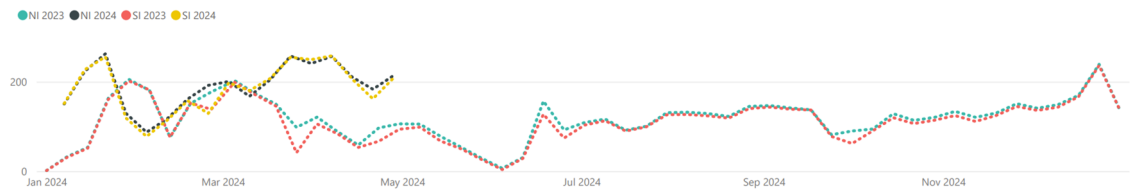


Source: System Operator, Market Operations - Weekly Market Movements

### WHOLESALE ELECTRICITY PRICES

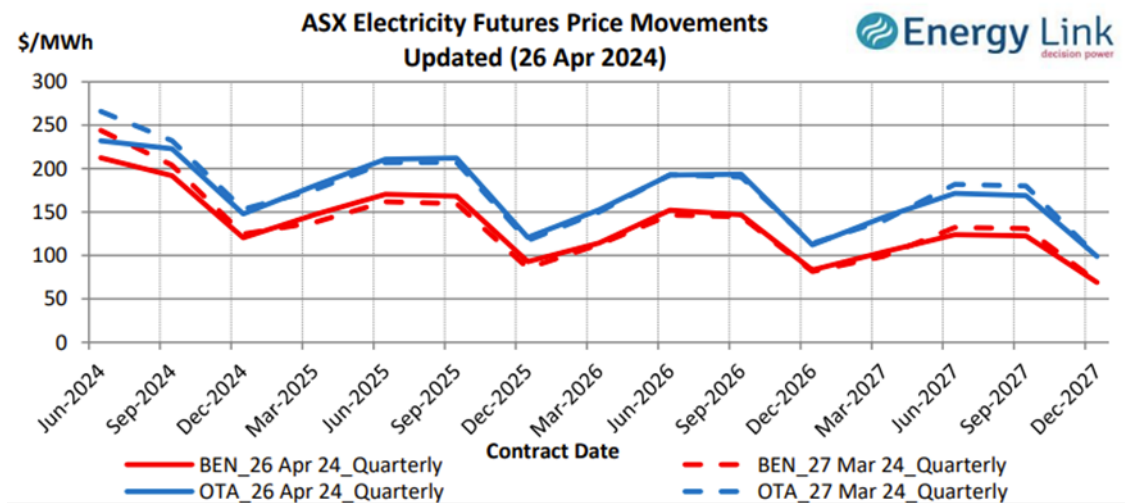
#### Weekly Spot Price (week ended 28 April 2023)

Weekly Spot Price - \$/MWh



Source: System Operator, Market Operations - Weekly Market Movements

#### ASX Electricity Futures Prices (as at 28 April 2023)



Source: Energy Link, Energy Trendz Weekly

<p><b>International Energy Agency Emergency Exercise</b></p> <p>Mark Pickup  <small>Privacy of natural persons</small></p>	<p>We advised last week that the International Energy Agency (IEA) was conducting an Emergency Response Exercise for member states to practise their response to a global petroleum supply shortfall. This exercise ran for a week and concluded on Friday April 26 2024.</p> <p>The exercise postulated an attack on Iraqi oil facilities both cyber and later by missile causing a significant disruption to international oil supply. IEA Member countries and partners agreed to theoretically contribute a provisional total of 104 mb of oil in response to the supply disruption in the scenario, 4 mb in excess of the 100 mb outlined in the IEA’s Initial Response Plan; this includes 71 mb from the release of public stocks.</p> <p>MBIE responded to the exercise which required New Zealand to meet 0.4% of the IEAs target, or 55,000 tonnes. MBIE identified 56,000 tonnes of crude oil stocks held in Japan on our behalf (equivalent to 412.7 thousand barrels) that we would notionally release for this exercise. This oil is held under contract on our behalf with the right to either buy it, or release it to the market, in an IEA declared emergency.</p> <p>If this had been a real crisis, rather than an exercise, MBIE would have briefed the Associate Minister for Energy early in the week to seek approval to release New Zealand stock and then sought approval from the Minister later in the week to advise the IEA of New Zealand’s decision. Potentially in an actual crisis if it is geopolitically sensitive, this later step may be made by Ministers in a virtual meeting, as was the case for an IEA declared emergency during the early stage of the Russia-Ukraine conflict.</p>
<p><b>First offshore wind projects granted feasibility licences in Australia</b></p> <p>Melanee Beatson  <small>Privacy of natural persons</small></p>	<p>The Australian Government has awarded the first feasibility licences for offshore wind projects off the coast of Gippsland, Victoria.</p> <p>Gippsland was declared an area as suitable for offshore renewable energy by the Ministers for Climate Change and Energy on 19 December 2022.</p> <p>A total of 37 applications were received for the 15,000 square kilometre zone off Gippsland, in Victoria's east.</p> <p>Six offshore wind farm developers have been granted or offered feasibility licences:</p> <ul style="list-style-type: none"> <li>• High Sea Wind Pty Ltd</li> <li>• Gippsland Skies Pty Ltd</li> <li>• Blue Mackerel North Pty Ltd</li> <li>• Kut-Wut Brataualung Pty Ltd</li> <li>• Ørsted Offshore Australia 1 Pty Ltd (Gippsland 01)</li> <li>• Star of the South Wind Farm Pty Ltd.</li> </ul> <p>Licence holders can now commence the detailed assessment work to determine feasibility, including environmental studies and management plans. If feasibility is proven, developers can then apply for a commercial licence to build an offshore wind project to generate electricity commercially.</p> <p>The Government also intends to grant another six licences subject to First Nations consultation.</p> <p>It is estimated these 12 projects could generate 25 GW of electricity - more electricity than the entire state of Victoria generated last year.</p>

## Upcoming Ministerial Items

### 1. Upcoming Energy meetings

Meeting date	Meeting	Details
<b>Monday 6 May 2024</b> 9:00 am – 9:30 am	Meeting with Minister of Climate Change and Minister for Resources to discuss carbon capture, utilisation and storage (CCUS)	<b>Briefing Due:</b> 2 May 2024 <b>Officials required:</b> Justine Cannon/Sharon Corbett/Dominic Kebbell
<b>Wednesday 8 May 2024</b> 10:30 – 10:50 am	Meeting with EECA CEO and Management (Regular meeting)	<b>Briefing Due:</b> 6 May 2024 <b>Officials required:</b> Justine Cannon/Scott Russell
<b>Wednesday 8 May 2024</b> 10:50 am – 11:10 am	Meeting with Electricity Authority CEO and Management (Regular Meeting)	<b>Briefing Due:</b> 6 May 2024 <b>Officials required:</b> Justine Cannon/Tamara Linnhoff
<b>Wednesday 8 May 2024</b> 11:10 am – 11:30 am	Meeting with Transpower CEO and Management (Regular meeting)	<b>Briefing Due:</b> 6 May 2024 <b>Officials required:</b> Justine Cannon/Tamara Linnhoff
<b>Thursday 9 May 2024</b> 8:45 am – 9:15 am	Speak at the Energy Trusts New Zealand National Conference	<b>Speech due:</b> 30 April 2024 <b>Briefing due:</b> 7 May 2024 <b>Officials required:</b> Tamara Linnhoff
<b>Thursday 9 May 2024</b> 11:00 am – 11:30 am	Meeting with: Justine Gilliland, BlueFloat Energy and Elemental Group Offshore Wind Energy Partnership and Hon Simon Watts	<b>Briefing Due:</b> 7 May 2024 <b>Officials required:</b> Justine Cannon/Melanie Beatson
<b>Thursday 9 May 2024</b> 4:00 pm – 4:30 pm	Meeting with NZ Wind Energy Association- Kevin Hart CEO and Chair Dr Peter McCafferty	<b>Briefing Due:</b> 7 May 2024 <b>Officials required:</b> Tamara Linnhoff
<b>Thursday 9 May 2024</b> 5:30 pm – 6:00 pm	Meeting with: Roger Sutton, Principal Strategic Advisor, Deta	<b>Briefing Due:</b> 7 May 2024 <b>Officials required:</b> Scott Russell

### 2. Upcoming Briefings and Aides Memoire to Minister for Energy

Due date	Product	Sign out Manager
7 May 2024	<b>Slides for discussion</b> Competition in wholesale and retail electricity markets	Tamara Linnhoff
10 May 2024	<b>Briefing</b> Application for electricity operator and gas operator status: Genesis Electricity Limited	Tamara Linnhoff

Due date	Product	Sign out Manager
10 May 2023	<b>Briefing</b> ERP2 – Updated energy content for consultation	Scott Russell
w/c 13 May 2024	<b>Briefing</b> Hydrogen Roadmap – proposed content and next steps	Melanee Beatson
w/c 13 May 2024	<b>Briefing</b> Electricity Authority draft Statement of Performance Expectations and Statement of Intent	Jacqui Bassett
w/c 13 May 2024	<b>Briefing</b> Energy Efficiency and Conservation Authority draft Statement of Performance Expectations and Statement of Intent	Jacqui Bassett
w/c 20 May 2024	<b>Briefing</b> Offshore renewable energy – offences and penalties	Melanee Beatson
w/c 27 May 2024	<b>Briefing</b> Discussion on potential measures to enable distributed energy resources and a smarter electricity system	Peter Bartlett
<small>Confidential advice to Government</small> [Redacted]	[Redacted]	[Redacted]
31 May 2024	<b>Briefing</b> Decisions on reserve diesel and wider fuel resilience work	Dominic Kebbell
3 June 2024	<b>Briefing</b> Fuel security study – update on development of Request for Proposals	Dominic Kebbell
<small>Confidential advice to Government</small> [Redacted]	[Redacted]	[Redacted]
<small>Confidential advice to Government</small> [Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
Timing TBC	<b>Briefing</b> Offshore renewable energy – transmission infrastructure	Melanee Beatson
Timing TBC	<b>Briefing</b> Offshore renewable energy - decommissioning	Melanee Beatson
Timing TBC	<b>Briefing</b> Offshore renewable energy – permit variations	Melanee Beatson

### 3. Written Parliamentary Questions

Due to Minister	Number	Member	Question
6/05/24	9458	Dr Hon Megan Woods	What communications (including but not limited to letter, emails, texts, direct messages, phone calls or face to face conversations), if any, listed by date and title has he had with Wind Energy Association (or their representatives) has he received regarding their view that the Fast-Track bill be changed so decisions about whether to approve or decline projects are made by independent expert panels, rather than by ministers as currently proposed?

### 4. Upcoming Cabinet papers

Committee	Due date to Minister	Title of Paper	Comment or Purpose
ECO	Paper lodged for consideration by ECO Committee on 8 May 2024	Amendments to Tree Regulations	To seek Cabinet agreement to changes to the Tree Regulations
Confidential advice to Government	[Redacted]	[Redacted]	[Redacted]
Confidential advice to Government	[Redacted]	[Redacted]	[Redacted]

### 5. Ministerial Correspondence received

Due date	Tracking number	Correspondent	Summary of Correspondence
8/05/24	SB24-363	Privacy of natural persons	Carbon reduction
9/05/24	SB24-360	[Redacted]	New Zealand Electricity Market Structure Inadequacies
9/05/24	SB24-364	[Redacted]	Installation of EV chargers at St Arnaud



## 6. Ministerial Official Information Act Requests

Due date to the office	Tracking number	Requester	Summary of request	Status	Sign Out Manager
7/05/24	OIA24-177	Privacy of natural persons	Correspondence from the Chief Ombudsman since October 14 2023	Drafting	Madeline Sherwood King
8/05/24	OIA24-179		Briefings received by the Minister of Energy between March 1 - 31 2024	Gathering information	Tamara Linnhoff
14/05/24	OIA24-188		Request for documents	Scoping	Melanee Beatson
15/05/24	OIA24-192		Request for Aide Memoire	Scoping	Pete Bartlett/ Daniel Brown

## 7. Departmental Official Information Act Requests

None this week.

Confidential advice to Government

Confidential advice to Government

Confidential advice to Government



## Energy Portfolio Weekly Report

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**Week commencing:** 13/05/2024

**Priority:** Medium

**Security classification:** In Confidence

**Tracking number:** 2324-3169

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**Recipient**

**Action sought**

**HON SIMEON BROWN  
MINISTER FOR ENERGY**

**Note** the contents of this report

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Justine Cannon  
**General Manager**  
Energy Markets Branch  
Ministry of Business, Innovation and Employment

Privacy of natural persons

**10 May 2024**

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Minister's comments:

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**Energy Portfolio  
Officials' Meeting Agenda  
3:30 pm – 4:00 pm Monday, 13 May 2024**

<b>Item</b>	<b>Subject</b>	<b>People</b>	<b>Oral Item / Paper #</b>	<b>Action Required</b>
<b>1.</b>	Report back on Gas Security Response Group meeting	Paul Stocks Justine Cannon, Dominic Kebbell	Oral	Discussion
<b>2.</b>	Commerce Commission advice on network revenue resets	Tamara Linnhoff Gareth Wilson	Advice from Commission (expected Friday 10 May) and information from MBIE in this Report	Discussion
<b>3.</b>	Weekly Report & Work Programme	Minister	Oral	Discussion
<b>4.</b>	Any other business	All	Oral	Discussion

**Ministry of Business, Innovation & Employment officials attending:**

<b>Name</b>	<b>Position</b>
Carolyn Tremain	Chief Executive and Secretary
Paul Stocks	Deputy Secretary, Building, Resources and Markets
Justine Cannon	General Manager, Energy Markets
Sharon Corbett	Policy Director, Energy Markets
Dominic Kebbell	Manager, Gas and Fuel Supply Policy
Tamara Linnhoff	Manager, Electricity Generation, Infrastructure and Markets Policy
Gareth Wilson	Strategic Advisor Regulatory Policy and Practice, Electricity Policy

## Key Updates

Title	Comment
<p><b>Implementing Electrify NZ</b></p> <p>Daniel Brown <small>Privacy of natural persons</small></p>	<p><b>Confidential advice to Government</b></p> <p><i>Network regulation and the cost for a new connection</i></p> <p>The Commerce Commission has brought forward (by one day, to 29 May 2024) its consultation launch on proposed revenue resets for regulated distributors and Transpower.</p> <p>The Electricity Authority released a new paper on 7 May 2024, <i>Distribution Pricing Report: Next steps</i>, which sets out its plan to develop proposals to amend the <i>Electricity Industry Participation Code 2010</i> (Code) so that it can regulate connection prices to ensure electricity distribution businesses are setting prices at efficient levels. The change should help avoid inefficiently high upfront pricing, which can contribute to first mover disadvantage and disincentivise electrification (including via new public EV chargers).</p> <p>The Authority will work with a technical group, including experts from industry, to develop its proposal. It aims to consult on the draft change in October, with a final change made in 2025. It is also working with the Commerce Commission to coordinate the change in light of the Commission’s current processes to set distributors’ allowed revenue from April 2025.</p> <p>The Electricity Authority has signalled it will be developing draft proposals through a working group and will then release a consultation paper in October this year.</p>
<p><b>New permitting regime for offshore renewable energy</b></p> <p>Melanee Beatson <small>Privacy of natural persons</small></p>	<p><b>Confidential advice to Government</b></p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>
<p><b>Fast-Track Consenting Regime</b></p> <p>Susan Hall <small>Privacy of natural persons</small></p>	<p>The ENV Select Committee is meeting for a full day of hearing oral submissions on Friday 10 May. Submitters are expected to include the Chief Ombudsman, Wellington Airport, Wellington City Council, Coal Action Network Aotearoa, Business NZ, Energy Resources Aotearoa and Foodstuffs New Zealand Ltd.</p> <p>Given the volume of submissions received, the Committee has agreed to extend the due date for the departmental report to 5 July. It is not expected that this will have a flow on impact on timing.</p> <p><b>Confidential advice to Government</b></p> <p>[Redacted]</p> <p><b>Confidential advice to Government</b></p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>

	<b>Confidential advice to Government</b>
<b>Auckland Airport jet fuel resilience</b> Dominic Kebbell <small>Privacy of natural persons</small>	We sent you briefing on Auckland Airport’s jet fuel resilience on 2 May 2024 (briefing 2324-2943). We note that you have requested monthly updates on this matter. We plan to provide these in the weekly report.
<b>Hazards from Trees Regulation</b> Tamara Linnhoff <small>Privacy of natural persons</small>	Cabinet ECO Committee considered the Cabinet paper on Amendments to the Electricity (Hazards from Trees) Regulations 2003 on Wednesday 8 May 2024.  Officials are preparing drafting instructions to provide to the Parliamentary Counsel Office for amendments to the regulations.
<b>Supercharging EV Infrastructure</b> Peter Bartlett <small>Privacy of natural persons</small>	We are continuing to support the work of Ministry of Transport, EECA and Crown Infrastructure Partners to develop the revised funding model for EV charging funding.  The Supercharging EV Infrastructure work programme includes working with the Electricity Authority on addressing barriers such as connection costs and ensuring consistent approaches to EV charging connections across electricity distributors.  As noted above, this workstream falls under the Electrify-NZ programme.  The distribution pricing proposals by the Electricity Authority should help to alleviate some of the concerns raised by charge point operators (CPOs) who face high charges for connecting to a network to install electric vehicle charging stations, helping to optimise their investments.  We will encourage the CPOs to engage and provide feedback into the Authority’s process.
<b>Gas – Critical Contingency Management Exercise</b> Dominic Kebbell <small>Privacy of natural persons</small>	The Critical Contingency Operator (the CCM Operator) is a company appointed by Gas Industry Company to manage any critical gas outages that affect the gas transmission system.  The CCM Operator is required to run a critical contingency training exercise every year for the gas transmission system. This is to make sure contingency plans to manage critical gas outages are robust and that industry participants are prepared.  This year’s exercise will happen on Wednesday 15 May 2024. A scenario affecting the transmission system will be simulated for this exercise. No physical actions affecting equipment or gas supplies will be carried out.

## Quarterly Reporting Update

#	Commitment	Lead Portfolio	Lead Minister	Action	Due Month	Delivery Update	Delivery Status
9	Take decisions on measures to increase investment in renewable electricity generation.	Energy	Simeon Brown	Take Cabinet decisions.	June	Cabinet confirmed next steps for the Electrify NZ work programme on 6 May.	<b>GREEN: ACTION IS COMPLETED</b>

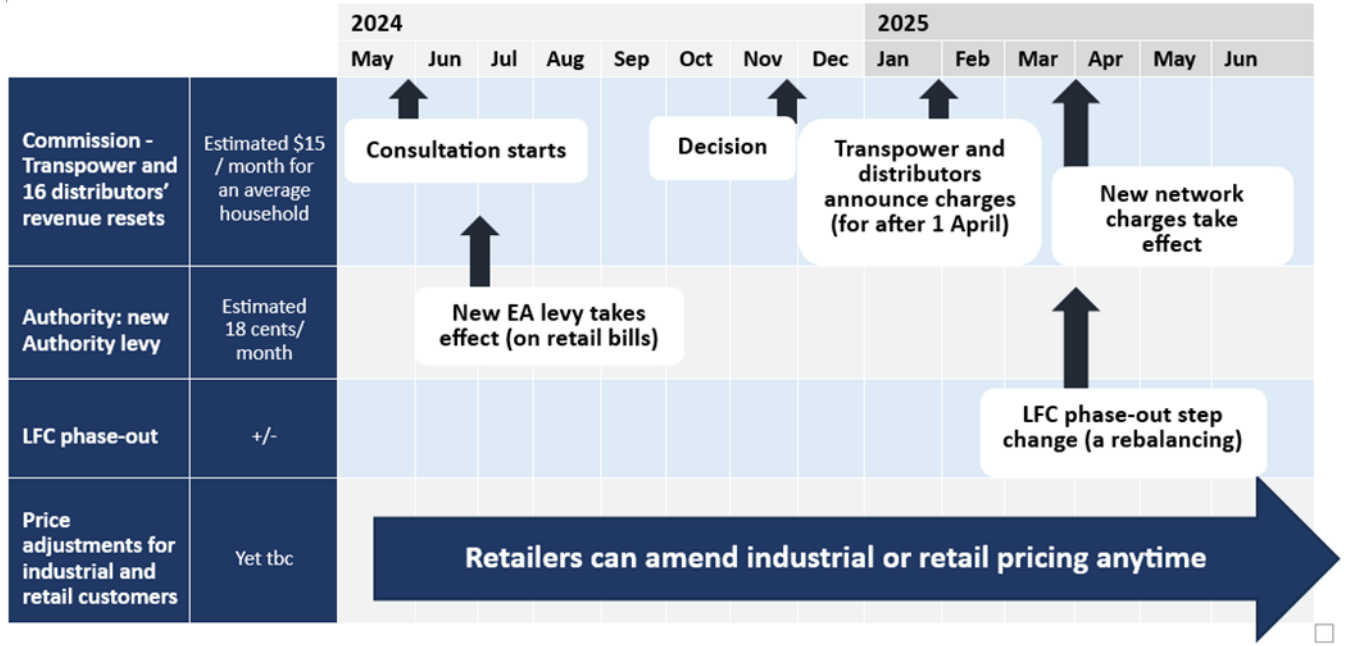


## Stakeholder Updates

Title	Comment
<p><b>Contact Energy’s Tauhara geothermal power station turbine switched on</b></p> <p>Tamara Linnhoff  <small>Privacy of natural persons</small></p>	<p>Contact Energy’s Tauhara geothermal power station turbine turned for the first time this week. Initially Tauhara will generate 152 MW of electricity while it runs more tests over the next few months. Once up to full capacity it will produce about 174 MW. Testing includes a week-long test with Transpower this week where a small amount of electricity generated from the station will be sent to the grid for the first time.</p> <p>The System Operator intends to include Tauhara generation in its next update of the Electricity Risk Curves (ERC’s), this week.</p>
<p><b>Genesis’s announcement on limited coal supply and market security options</b></p> <p>Tamara Linnhoff  <small>Privacy of natural persons</small></p>	<p>On Wednesday 8 May 2024 Genesis announced:</p> <ul style="list-style-type: none"> <li>• It will no longer hold coal supplies sufficient beyond what’s needed to cover their own book (their own use and to supply forward contracts with others). To date, coal stocks have been 700-800,000 tonnes. This will decrease to 350,000 tonnes equivalent to 670 GWh (or as contracted). The decreased coal stock will not be sufficient to cover supply disruptions or dry year risk.</li> <li>• Per its Gen-35 strategy, Genesis is rapidly progressing plans for biomass as an alternative fuel to replace coal – it is committed to at least 670 GWh stored energy, including biomass.</li> <li>• In the coming weeks it will begin market engagement around a new security product called Huntly Firming Options to cover the needs of other market participants for the winters of 2025 and 2026.</li> </ul> <p>Genesis explained the solid fuel stockpile decline has been driven by:</p> <ul style="list-style-type: none"> <li>• A substantial decline in sector gas production across the country, with major field production in April down 33.4% on a year ago. The decline has been faster than official forecasts predicted and is expected to continue. Huntly Power Station runs on gas and coal so less gas creates the need to burn more coal.</li> <li>• An extended period of low hydro inflows requiring higher thermal electricity generation to ensure security of supply.</li> <li>• Demand growth due to industrial, business, home and transport electrification, and new data centres, which is expected to continue. Demand is up 4% in 2024 YTD.</li> <li>• A prolonged outage at Huntly Power Station’s Unit Five gas turbine from June 2023 to January 2024 meant coal was required to replace gas generation.</li> </ul>
<p><b>Rebuilding Redclyffe substation</b></p> <p>Tamara Linnhoff  <small>Privacy of natural persons</small></p>	<p>On 9 May 2024 Transpower announced its preferred plan to strengthen the Redclyffe substation in Napier, which was badly damaged during Cyclone Gabrielle.</p> <p>Transpower’s plan is to build new high-voltage equipment and raise the ground level of the substation to protect it from similar weather events in the future. The new construction will use modern design standards as well as new engineering and technology approaches.</p> <p>Transpower and local lines company Unison explored the possibility of relocating the substation but concluded that this option would take much longer and cost much more, without providing any additional resilience.</p> <p>Transpower will now undertake broader community consultation on this preferred approach.</p>

<p><b>Transpower Security of Supply Assessment (SOSA) 2024</b></p> <p>Tamara Linnhoff  <small>Privacy of natural persons</small></p>	<p>The Electricity Authority sets standards for the margin of generating capacity and energy (for dry periods) that should be available for security of supply. Transpower publishes an annual Security of Supply Assessment (SOSA) of whether the system is likely to have the meet those margins for the next 10 years. The assessment is based on existing generating assets, demand projections, and information on the supply pipeline (focusing on projects that have reached the ‘committed’ state). The assessment helps inform investment decisions into new generation.</p> <p>On 7 May 2024 Transpower published their latest SOSA for 2024 to 2033.</p> <p>In general, Transpower’s assessment of energy margins has improved from last year. It believes it is most likely that the standard will be met until 2030 (three years later than last year’s assessment), although energy margins in the South Island may fall below standards earlier in 2028. If more currently consented or unconsented projects reach the committed stage, energy margins may be met into the 2030’s. However, declining gas supplies could put energy margins at risk from 2025 without demand response from industrial gas users.</p> <p>Their assessment highlights that the tightest margin is for winter generating capacity in the North Island, which is most likely to fall below standards by 2027. Current thermal generation will be critical to keeping the capacity margin above standards from 2025. More flexible generation, demand response, batteries, or HVDC upgrades will be needed, beyond those committed and consented in the pipeline, to meet standards beyond 2029.</p>
<p><b>A timeline for regulatory milestones that are likely to affect retail electricity prices</b></p> <p>Tamara Linnhoff  <small>Privacy of natural persons</small></p>	<p>On 7 May 2024 you asked for a timeline of regulatory decisions that will affect electricity retail prices. Below, we include a timeline that shows the regulatory processes, and also other industry milestones, that affect final prices to industrial, business and residential consumers.</p> <p>At the time of writing we expect you will receive advice from the Commission on their consideration of customer impact and methods to smooth impacts on 10 May 2024.</p> <p>While decisions will be made by the Commission on allowable revenue for Transpower and 16 distribution networks, the networks announce their new pricing schedules at the end of January. The Commission does not oversee how the networks set their prices. Rather, the Authority has set the transmission pricing methodology which applies to Transpower. The Authority also asks distributors to align pricing with its distribution pricing principles. These include a principle that states: “Development of prices should be transparent and have regard to transaction costs, consumer impacts, and uptake incentives.”</p> <p>The July 2024 reset of the Electricity Authority’s levy will be passed on in retail bills.</p> <p>In April 2025, the change in the LFC will result in a rebalancing, affecting some households while benefitting others.</p> <p>Retailers of electricity to industrials, businesses and consumers may choose when and if to reset prices to reflect changes in energy and network cost components. There are no rules on when retailers may change their prices. Many choose to smooth the impact of pricing changes (for examples variation in energy cost and network charges) over time.</p> <p>The Electricity Authority has other work programmes underway to enhance security of supply or competition, or to consider connection costs for new electricity connections. Any decisions on amendments to the Code arising from these projects are likely to have an impact on dynamics in the wholesale or retail electricity markets, or on cost recovery by networks. The direction of these decisions and so the likely impact, is not yet known. The Authority is required to carry out an assessment of benefits, and costs, of Code amendment decisions, and so considers the impact on consumers as part of its normal decision-making process.</p>

**A timeline of regulatory processes, and also other industry milestones, that affect final electricity prices:**



**Current appointments**

**Confidential advice to Government**

**Upcoming appointments**

**Confidential advice to Government**

## Other Updates

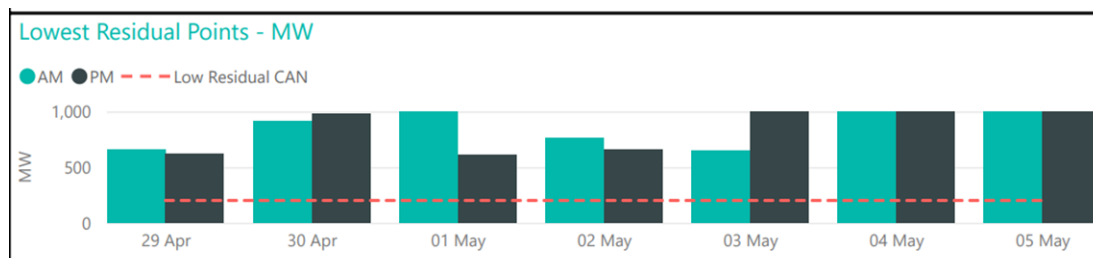
Title	Comment									
<p><b>Request for advice on sustainable aviation fuel by Minister for Climate Change</b></p> <p>Dominic Kebbell <small>Privacy of natural persons</small></p>	<p>Minister Watts, through your office, requested advice on sustainable aviation fuels (SAF) based on Singapore’s recently announced SAF policies, by early May 2024.</p> <p>Our response to this request has been delayed by our gas security of supply and fuel security of supply work. We will aim to provide the advice on SAF by mid-June. We will communicate this to Ministry for the Environment officials.</p>									
<p><b>Introduction of Regulatory Systems Amendment Bills</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>On Monday 13 May 2024, the Cabinet Business Committee will consider approving the introduction of several regulatory systems amendment bills. These bills are vehicles for the ‘repair and maintenance’ of several regulatory systems, including in your portfolio. They implement previously agreed policies.</p> <p><b>Confidential advice to Government</b></p> <p>[Redacted]</p> <ul style="list-style-type: none"> <li>■ [Redacted]</li> <li>■ [Redacted]</li> <li>■ [Redacted]</li> </ul> <p>On 9 May 2024 we provided your office with talking points should you be asked to comment on any of these matters at CBC.</p>									
<p><b>Ministerial powers relating to Independent Crown Entities</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>On 7 May 2024 you asked for advice as to what you can ask from Independent Crown Entities (ICEs).</p> <p>The table below sets out how your ministerial powers as Minister for Energy apply to Independent Crown Entities (ICEs) the Electricity Authority and the Commerce Commission.</p> <table border="1" data-bbox="363 1335 1485 1816"> <thead> <tr> <th></th> <th>Electricity Authority</th> <th>Commerce Commission</th> </tr> </thead> <tbody> <tr> <td><b>Power to direct on Government policy?</b></td> <td>Power to direct under certain provisions in the Electricity industry Act 2010: you may request the Authority to undertake a review and report back on it. You may issue a policy statement, which the EA must have regard to.</td> <td>No power to direct</td> </tr> <tr> <td><b>Power to set overall direction and annual expectations?</b></td> <td>Yes, as you are the ‘Responsible Minister’</td> <td>No, as you are not the ‘Responsible Minister’</td> </tr> </tbody> </table> <p>Guidance from the Public Service Commission on appropriate Ministerial engagement with Crown Entities focuses on the relationship with the responsible Minister.</p> <p>There is fairly broad scope for a Crown entity to advise its responsible Minister on its contribution to achieving the Government’s wider priorities, even though the relationship remains at arm’s length.</p>		Electricity Authority	Commerce Commission	<b>Power to direct on Government policy?</b>	Power to direct under certain provisions in the Electricity industry Act 2010: you may request the Authority to undertake a review and report back on it. You may issue a policy statement, which the EA must have regard to.	No power to direct	<b>Power to set overall direction and annual expectations?</b>	Yes, as you are the ‘Responsible Minister’	No, as you are not the ‘Responsible Minister’
	Electricity Authority	Commerce Commission								
<b>Power to direct on Government policy?</b>	Power to direct under certain provisions in the Electricity industry Act 2010: you may request the Authority to undertake a review and report back on it. You may issue a policy statement, which the EA must have regard to.	No power to direct								
<b>Power to set overall direction and annual expectations?</b>	Yes, as you are the ‘Responsible Minister’	No, as you are not the ‘Responsible Minister’								

	<p>The situation is more complex if you are seeking advice from an Independent Crown Entity where you are not the responsible Minister – for example, if you as Minister of Energy wish to request advice or information from the Commerce Commission. The Guidance suggests that the responsible Minister (in this case, Minister Bayly as the Minister for Commerce and Consumer Affairs) has the primary responsibility for engaging with the Commission, including on work in other portfolios (such as Energy).</p> <p>In practical terms however, the Commission has a very clear understanding of your portfolio interest in its regulatory work relating to electricity networks and its competition analysis relating to electricity markets. We expect it will be inclined to be as helpful as it can in providing information and advice to you in response to concerns you raise. However, it will be for the Commission to determine how they respond to you, given you are not the Entity’s responsible Minister.</p> <p><b>Confidential advice to Government</b></p> <p>[Redacted]</p>
<p><b>Innovation - Fusion</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>MBIE officials recently met with two firms involved in the development of fusion technology – Open Star Technologies (which is Wellington-based) and US-based, Type One Energy. Both firms are developing demonstration projects which aim to generate electricity from fusion before 2030 and prove that this technology can be commercialised.</p> <p>Both firms have identified New Zealand as at the forefront of developing the innovative technologies needed to bring forward fusion technology, such as high temperature superconductors being developed at the Robinson Research Institute.</p> <p><b>Commercial Information</b></p> <p>[Redacted]</p> <p>[Redacted] Type One Energy</p> <p>flagged that the UK and US recently adopted regulatory frameworks to govern the development of fusion generation and offered to put officials in touch with those involved in the development of the US regulatory framework.</p> <p>Fusion generation is seen as a potential replacement for coal-fired generation, offering emissions-free baseload generation. Both firms suggested that fusion reactors could be placed within retired (or retiring) coal power stations and make use of the existing infrastructure which would make it relatively straightforward to incorporate into the existing energy system. The timing of when such systems will be commercially available is uncertain,</p> <p><b>Confidential advice to Government</b></p> <p>[Redacted]</p>
<p><b>Electricity Security of Supply</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p><b>ELECTRICITY CAPACITY</b></p> <p>On Thursday 9 May 2024 a CAN was issued for the morning peak of Friday 10 May. At around 2pm Transpower then issued a media release asking New Zealanders to reduce power on Friday morning. We understand you were briefed by Transpower. We also provided you with an Aide Memoire on Thursday afternoon. By Thursday evening, Transpower staff reported to MBIE officials that the industry had responded, and the situation was looking better.</p>

A low-residual CAN was also issued for the morning peak of Wednesday 8 May 2024, due to a very cold and windless day, and with sizeable tranches of generating capacity offline. Following the CAN all generation available to run was offered in and did run, load was reduced by some industrial users and by some lines companies also actively managing load. Residuals dropped to 157MW.

Capacity margins were relatively healthy during the week prior - to 5 May 2024. The lowest residual point of 613 MW was on Wednesday evening.

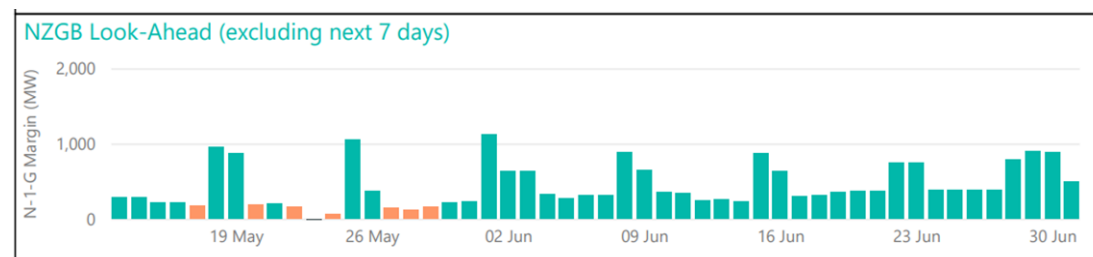
*Residuals for week to 5 May 2024 were above the preferred 200MW threshold.*



*Source: System Operator, Market Operations - Weekly Market Movements*

Transpower publish forecast balances (of expected supply – generation and transmission capacity; and expected demand) to signal to industry participants. A week-ahead tight balance is a signal primarily for generators to offer in additional generation or large-scale demand response.

Low N-1-G margins (less than 200 MW) are forecast on some days in May, and a negative margin of -11 MW on 23 May. The System Operator has recommended participants consider rescheduling outages to avoid these days and avoid scheduling any further outages that may reduce generation margins.



*Source: System Operator, Market Operations - Weekly Market Movements*

**ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 5 May)**

National hydro storage has dropped to 99% of average for this time of year. South Island storage dropped to 99% of its historical mean, while North Island storage fell from 120% to 103%.

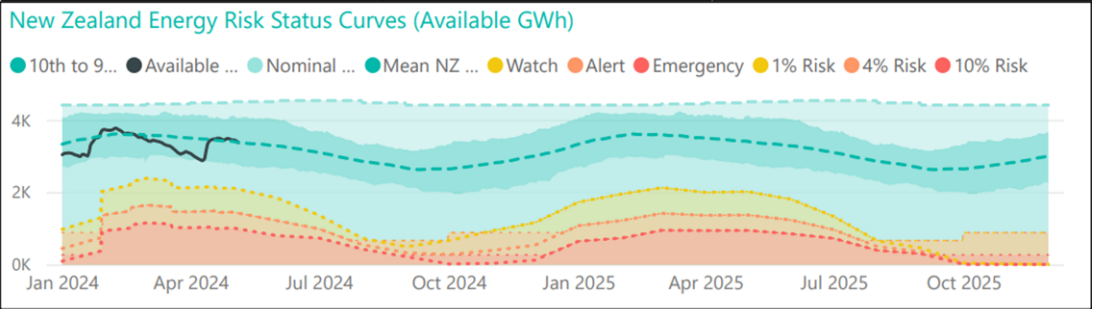
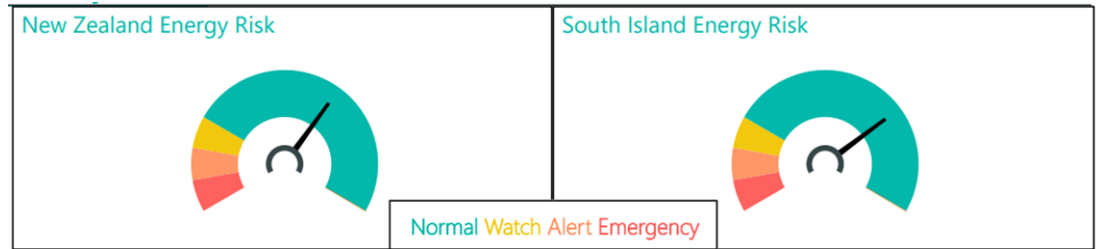
ENERGY (HYDRO) STORAGE LEVEL BY MAJOR LAKE	Owner	Storage as of 8 May 2024 (% full)	Storage last week 1 May 2024 (% full)	Percentage change
Pukaki	Meridian	78.6	81.1	-2.5
Manapouri	Meridian	78.9	89.4	-10.5
Tekapo	Genesis	58.1	60.4	-2.3
Hawea	Contact	70.4	74.8	-4.4
Taupo	Mercury	37.9	44.3	-6.4

*Source: Enerlytica*

## ELECTRICITY SUPPLY RISK (at 5 May 2024)

Energy risk as measured by hydro storage levels relative to the energy risk curves.

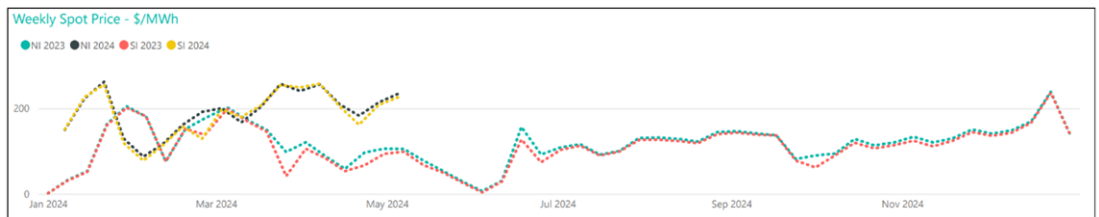
*New Zealand controlled energy storage is average for this time of year:*



Source: System Operator, Market Operations - Weekly Market Movements

## WHOLESALE ELECTRICITY PRICES

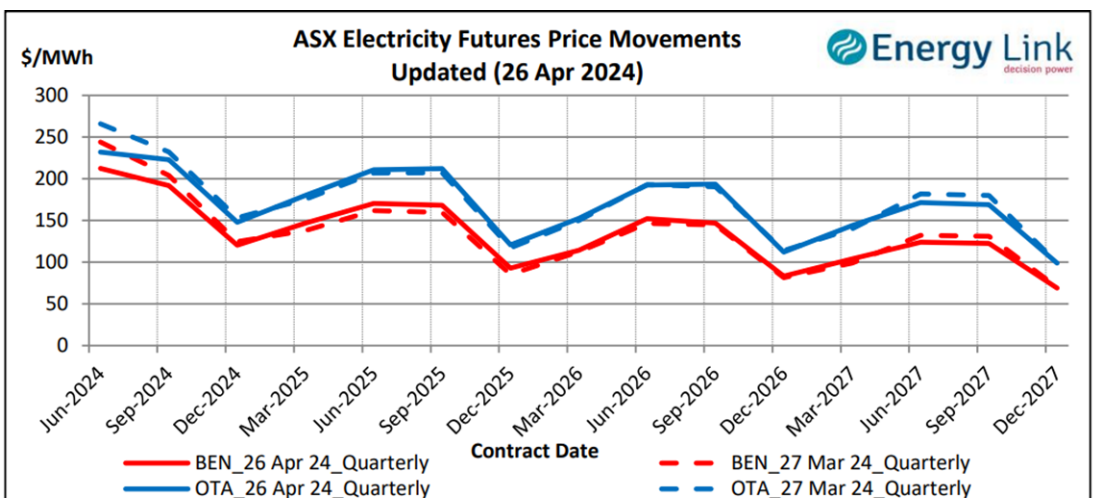
### Weekly Spot Price (week ended 5 May 2024)



Source: System Operator, Market Operations - Weekly Market Movements

### ASX Electricity Futures Prices (as of 26 April 2024)

– at the time of writing last week’s report was not yet available



Source: Energy Link, Energy Trendz Weekly

## Upcoming Ministerial Items

### 1. Upcoming Energy meetings

Meeting date	Meeting	Details
<b>Tuesday 14 May 2024</b> 8:30 am – 9:00 am	Meeting with Luke Blincoe and Huia Burt, Electric Kiwi	<b>Briefing provided:</b> 9 May 2024
<b>Tuesday 14 May 2024</b> 9:30 am – 9:50 am	Meeting with Clarus energy group	<b>Briefing provided:</b> 9 May 2024
<b>Tuesday 14 May 2024</b> 1:00 pm – 1.30 pm	Meeting with Chris Bishop and Thabit Shams, GHD	<b>Provide advice:</b> (Transport Lead)
<b>Tuesday 14 May 2024</b> 2:30 pm – 3:00 pm	Meeting with Andy Lester, CEO, MainPower NZ, re Mt Cass Wind Farm	<b>Briefing provided:</b> 9 May 2024
<b>Wednesday 15 May 2024</b> 1:00 pm – 1:30 pm	Meeting with Gull CEO at Auckland Office	<b>Briefing due:</b> 13 May 2024
<b>Wednesday 15 May 2024</b> 2:30 pm – 3:00 pm	Meeting with Carl Blanchard and Natalie McClew, PWC	<b>Provide advice:</b> (Transport Lead)

### 2. Upcoming Briefings and Aides Memoire to Minister for Energy

Due date	Product	Sign out Manager
w/c 13 May 2024	<b>Briefing</b> Hydrogen Roadmap – proposed content and next steps	Melanee Beatson
<small>Confidential advice to Government</small> [REDACTED]	[REDACTED]	[REDACTED]
w/c 13 May 2024	<b>Briefing</b> Offshore renewable energy – decommissioning proposals	Melanee Beatson
15 May 2024	<b>Aide Memoire</b> Proactive release of Energy paper titles – April 2024	Kylie Smeaton
16 May 2024	<b>Briefing</b> Electricity Authority draft Statement of Performance Expectations and Statement of Intent	Jacqui Bassett
16 May 2024	<b>Briefing</b> Energy Efficiency and Conservation Authority draft Statement of Performance Expectations and Statement of Intent	Jacqui Bassett
w/c 20 May 2024	<b>Briefing</b> Offshore renewable energy – offences and penalties	Melanee Beatson



Due date	Product	Sign out Manager
w/c 27 May 2024	<b>Briefing</b> Discussion on potential measures to enable distributed energy resources and a smarter electricity system	Peter Bartlett
w/c 3 June 2024	<b>Briefing</b> Fuel security study – update on development of Request for Proposals	Dominic Kebbell
Confidential advice to Government [Redacted]	[Redacted]	[Redacted]
Timing TBC	<b>Slides for discussion</b> Advice on competition matters in wholesale market electricity	Tamara Linnhoff
Confidential advice to Government [Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
Timing TBC	<b>Briefing</b> Offshore renewable energy – transmission infrastructure	Melanee Beatson
Timing TBC	<b>Briefing</b> Offshore renewable energy – decommissioning	Melanee Beatson
Timing TBC	<b>Briefing</b> Offshore renewable energy – permit variations	Melanee Beatson

### 3. Written Parliamentary Questions

Due to Minister	Number	Member	Question
13/05/24	PQ10306	Chloe Swarbrick	What advice, if any, has the Minister seen which has led him to the conclusion that, “The previous government stifled investment confidence in the natural gas sector. We are now seeing the serious impacts of these decisions with significant reduction in gas being produced which is leading to significant supply constraints and higher prices for consumers,” listed by title, date, intended audience?
13/05/24	PQ10445	Lan Pham	How many, if any, proposed solar farms have been consented but are yet to start construction; listed by name of project and date of consent granted?
13/05/24	PQ10449	Lan Pham	How many, if any, proposed wind farms have been consented but are yet to start construction; listed by name of project and date of consent granted?

Due to Minister	Number	Member	Question
14/05/24	PQ10572	Dr Megan Woods	Further to WPQ 9186 (2024), who owns the 182 installed chargers listed by owner and location?
14/05/24	PQ10573	Dr Megan Woods	Further to WPQ 9186 (2024), who owns the chargers 81 chargers that did not receive co-funding through the Low Emissions Transport Fund (LETF) and its predecessor, the Low Emissions Heavy Vehicle Contestable Fund (LEVCF), listed by organisation who installed and location of charger?

#### 4. Upcoming Cabinet papers

Committee	Due date to Minister	Title of Paper	Comment or Purpose
ECO	Cabinet consideration 13 May 2024	Amendments to Tree Regulations	To seek Cabinet agreement to changes to the Tree Regulations
Confidential advice to Government			
Confidential advice to Government			

#### 5. Ministerial Correspondence received

Due date	Tracking number	Correspondent	Summary of Correspondence
14/05/24	SB24-367	Privacy of natural persons	Mt Cass Wind Farm
14/05/24	SB24-369		Request for Assistance with Power Supply Connection in Kaikohe
14/05/24	SB24-370		New large scale hydro dam
15/05/24	SB24-374		Sustainable energy and solar power farmers in New Zealand
16/05/24	SB24-375		Status of public EV charging
16/05/24	SB24-376		Onshore wind developer
17/05/24	SB24-378		Rio Tinto electricity charges and Tiwai

## 6. Ministerial Official Information Act Requests

Due date to the office	Tracking number	Requester	Summary of request	Status	Sign Out Manager
14/05/24	OIA24-188	Privacy of natural pe [Redacted]	Request for documents	Gathering information	Scott Russell
15/05/24	OIA24-192	Privacy of natural p [Redacted]	Request for Aide Memoires	Scoping	Pete Bartlett/ Daniel Brown

## 7. Departmental Official Information Act Requests

None this week.

Confidential advice to Government

Confidential advice to Government

Confidential advice to Government



## Energy Portfolio Weekly Report

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<b>Week commencing:</b>	20/05/2024	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2324-3170

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Recipient	Action sought
<b>HON SIMEON BROWN MINISTER FOR ENERGY</b>	<b>Note</b> the contents of this report

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Justine Cannon  
**General Manager**  
Energy Markets Branch  
Ministry of Business, Innovation and Employment

Privacy of natural persons

**17 May 2024**

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Minister's comments:

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**Energy Portfolio**  
**Proposed Officials' Meeting Agenda (TBC with the**  
**Minister Monday morning)**  
**4:30 pm – 5:30 pm Monday, 20 May 2024**

<b>Item</b>	<b>Subject</b>	<b>People</b>	<b>Oral Item / Paper #</b>	<b>Action Required</b>
<b>1.</b>	Gas Security Response Group	Paul Stocks, Justine Cannon, Dominic Kebbell	Paper 2324-3493	Discussion
<b>2.</b>	RM Ministers – Wednesday meeting	Daniel Brown	Paper 2324-3433	Discussion
<b>3.</b>	Climate Priorities Ministerial Group (if required)	Sharon Corbett, Scott Russell	Paper 2324-3385	Discussion
<b>4.</b>	Weekly Report & Work Programme	Minister	Oral	Discussion
<b>5.</b>	Any other business	All	Oral	Discussion

**Ministry of Business, Innovation & Employment officials attending:**

<b>Name</b>	<b>Position</b>
Carolyn Tremain	Chief Executive and Secretary
Paul Stocks	Deputy Secretary, Building, Resources and Markets
Justine Cannon	General Manager, Energy Markets
Sharon Corbett	Policy Director, Energy Markets
Daniel Brown	Manager, Electrify NZ
Dominic Kebbell	Manager, Gas and Fuel Supply Policy
Scott Russell	Manager, Energy Use Policy



## Key Updates

Title	Comment
<p><b>Implementing Electrify NZ</b></p> <p>Daniel Brown <small>Privacy of natural persons</small></p>	<p><b>Confidential advice to Government</b></p> <p>[Redacted]</p> <p>The Commerce Commission (Commission) continues to finalise modelling on estimated impact on electricity bills, ahead of its 29 May launch of consultation on proposed revenue resets for Transpower and 16 distribution networks. The Commission provided a briefing to you on Fri 10 May, and at the time of writing (16 May) we expect the Commission will provide further information this week on estimated bill impacts and level of smoothing across the five-year period.</p> <p>The Electricity Authority (Authority) is in the process of establishing a technical group, including experts from industry, to develop proposals to amend the Electricity Industry Participation Code 2010 (Code) so that it can regulate connection prices to lines networks.</p>
<p><b>Fast-Track Consenting Regime</b></p> <p>Susan Hall <small>Privacy of natural persons</small></p>	<p>The ENV Select Committee has continued to hear oral submissions, splitting into two sub-committees to allow for the hearing of a greater number of submitters. The Committee has prioritised submissions from individual submitters this past week.</p> <p><b>Confidential advice to Government</b></p> <p>[Redacted]</p>
<p><b>Hazards from Trees Regulation</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p><b>Confidential advice to Government</b></p> <p>[Redacted]</p> <p>[Redacted]</p>
<p><b>Amendments to the Energy Efficiency and Conservation Act 2000</b></p> <p>Scott Russell <small>Privacy of natural persons</small></p>	<p>During New Zealand's period of tight supply on 10 May 2024, media coverage by Radio New Zealand highlighted Vector Chief Executive Simon McKenzie's calls for the Government to introduce regulations and rules to enable mandated smart EV charging, to help shift EV charging demand away from network peaks.</p> <p>We are continuing to progress amendments to the Energy Efficiency and Conservation Act 2000 which will future-proof the regulatory regime and, crucially, enable the regulation of EV chargers to support the electricity system in providing distributed flexibility capability during periods of peak demand. Modernising the regime in this way will ensure it keeps pace with international jurisdictions which have already taken steps to regulate for distributed flexibility capability and will respond to the sector's calls for regulatory support to enable smart EV charging in New Zealand.</p> <p><b>Confidential advice to Government</b></p> <p>[Redacted]</p>

<p><b>Gas Security Response Group</b></p> <p>Dominic Kebbell  <small>Privacy of natural persons</small></p>	<p>The first meeting of the Gas Security Response Group was on Friday 10 May and the second on Friday 17 May.</p> <p>The Group has provided data and information requested from MBIE and the GIC on expected gas supply and demand for the next twelve months. GIC has collated the data and provided it to MBIE. Members have also provided information on specific concerns they were having with supply and possible solutions.</p> <p>We have also held bilateral meetings with other large gas users to get their views on the current situation. To date this has included Fonterra, Ballance and New Zealand Steel.</p> <p>The Group was informed that there would be a report back to Cabinet on the initial findings and a draft of the Cabinet paper would be prepared for Ministers by Friday 17 May 2024.</p> <p>We have provided you and Minister Jones with a draft Cabinet paper to report back on the data and information provided by the Group for discussion with your colleagues. <small>Confidential advice to Gov.</small></p> <p>[Redacted]</p>
<p><b>Consultation on Emissions Trading Scheme settings</b></p> <p>Scott Russell  <small>Privacy of natural persons</small></p>	<p>On 15 May 2024, the Ministry for the Environment released consultation documents on:</p> <ul style="list-style-type: none"> <li>• Annual updates to the New Zealand Emissions Trading Scheme (NZ ETS) unit limits and price control settings for the period 2025-29</li> <li>• Proposed changes to the NZ ETS Regulations 2024. (This consultation primarily seeks views of mandatory and voluntary participants in the NZ ETS who may be directly affected by the regulatory changes proposed.)</li> </ul> <p>There has been media coverage on Option Three of the unit limits section of the paper, which proposes adjusting the number of units to manage the impact of non-ETS policies such as the 'NZ Steel deal'.</p> <p>The price settings for 2025-2029 were agreed before the NZ Steel deal was agreed. Option Three proposes shrinking the volume of New Zealand Units auctioned in response to changes like the deal with NZ Steel, to lock-in emissions reductions not foreseen when auction volumes for 2025-2029 were originally set. Other proposed options for unit limits are:</p> <ul style="list-style-type: none"> <li>• Keeping the status quo, with some small technical adjustments</li> <li>• Lowering the supply of units by a smaller amount than proposed under option Three.</li> </ul> <p>Public consultation closes on 14 June 2024. <b>Confidential advice to Government</b></p> <p>[Redacted]</p> <p>We recommend you direct any media inquiries relating to these ETS settings and regulatory updates to the Minister of Climate Change.</p>

## Stakeholder Updates

Title	Comment
<p><b>Offshore wind developers' letter on seabed mining</b></p> <p>Melanee Beatson <small>Privacy of natural persons</small></p>	<p>Four offshore wind developers - BlueFloat Energy, Taranaki Offshore Partnership, Sumitomo Corporation and Parkwind – sent a letter to your office on 10 May 2024 outlining their concerns with proposed seabed mining projects in South Taranaki. The letter was also sent to the Minister for RMA Reform, the Minister for Regional Development and the Minister for Climate Change.</p> <p><b>Confidential advice to Government</b></p>
<p><b>Renewable generation pipeline – project status updates</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>KeaX has been granted resource consent for a 111 hectare 50 MW solar farm in Leeston, Canterbury. Resource consent has been granted, after KeaX's first attempt was declined in March last year. Construction is on leased farmland and is expected to commence in the next 12 months. The farm will comprise 140,000 tracking solar panels (which can follow the sun as it moves across the sky). The development is described as being capable of powering 11,000 homes.</p> <p>Meridian Energy's Harapaki 176 MW wind farm in the Hawke's Bay will open ahead of schedule in late July in time for the second half of winter 2024. The wind farm's original target for opening was revised from June 2024 to September 2024 after Cyclones Hale and Gabrielle.</p>

## Current appointments

<p><b>Confidential advice to Government</b></p>			
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## Upcoming appointments

<p><b>Confidential advice to Government</b></p>			
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## Other Updates

Title	Comment
<p>§ 18(d)</p> <p>[Redacted]</p>	<p>§ 9(2)(f)(iv), § 18(d)</p> <p>[Redacted]</p> <ul style="list-style-type: none"> <li>■ [Redacted]</li> <li>■ [Redacted]</li> </ul> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>
<p><b>Gas security of supply</b></p> <p>Dominic Kebbell</p> <p><small>Privacy of natural persons</small></p>	<p><b>Gas field updates</b></p> <p>Pohokura output remains at 48.7 TJ/day. This is a 35.9 per cent increase from a month ago but still 17.4 per cent lower than 3 months ago. Kupe output is at 47.2 TJ/day, a 0.7 per cent decrease from a month ago and a decrease of 14.2 per cent from 3 months ago. Methanex continues to operate one Motunui plant.</p>
<p><b>Climate Priorities Ministerial Group (CPMG)</b></p> <p>Scott Russell</p> <p><small>Privacy of natural persons</small></p>	<p>The second CPMG meeting is scheduled for 7:30pm on Monday 20 April 2024. We understand the substantive agenda items will focus on:</p> <ul style="list-style-type: none"> <li>■ <small>Confidential advice to Government</small> [Redacted]</li> <li>■ [Redacted]</li> <li>■ [Redacted]</li> </ul> <p>We have sent your office a briefing with suggested talking points for the meeting. This advice covers both your energy and transport portfolios.</p>
<p><b>Update on the Consumer Data Right</b></p> <p>Scott Russell</p> <p><small>Privacy of natural persons</small></p>	<p>Work is progressing on the Consumer Data Right (CDR).</p> <p>The Consumer and Product Data Bill was introduced to the house on 16 May 2024. <small>Confidential advice to Government</small> [Redacted]</p> <p>[Redacted] On 16 May we provided you with a short update and communications material to have on hand, in support of the Minister of Commerce and Consumer Affairs (responsible for the Bill and designations made under it).</p>

	<p>We are continuing work with the Electricity Authority (the Authority) to provide you with advice on the Authority's work <b>Confidential advice to Government</b></p> <p>Once there is an announcement that Government is assessing the electricity sector for designation, officials will begin a short period of targeted engagement with key stakeholders including electricity retailers, consumer advocates, government agencies, technology providers and data specialists. This targeted engagement will inform our preparation of policy papers and public discussion documents.</p> <p>We will continue to update you regularly on progress of the Bill and exploring designation of the electricity sector.</p>
<p><b>Confidential advice to Government</b></p>	<p>[Redacted content]</p>
<p><b>Energy initiatives in the Australian Budget 2024/25</b></p> <p>Scott Russell</p>	<p>The Australian Government announced their 2024/25 Budget on 14 May 2024. This budget provides over \$3.5 billion in energy system related reforms and policies.</p> <p>The key policy is a \$300 energy bill rebate for all households and small businesses in the 2024/25 financial year. This will be applied to Australians energy bills in quarterly instalments over the year.</p> <p>Other energy related budget announcements include:</p> <ul style="list-style-type: none"> <li>• \$134.2 million to prioritise approvals for renewable energy projects of national significance, and support faster decisions on environment, cultural heritage and planning approvals.</li> <li>• \$27.7 million for reforms on consumer energy resources (such as rooftop solar, household batteries and electric vehicles) that will unlock further savings and benefits for all energy customers.</li> <li>• \$20.7 million to improve community engagement and voluntary national developer standards for new infrastructure projects.</li> <li>• \$16.6 million to ensure the Australian Energy Regulator decisions and spending on the clean energy transformation are in the best interests of Australian consumers.</li> <li>• \$1.8 million to implement regulatory changes so consumers can switch to a better energy deal with just 'one click.' These changes intend to stop contracts automatically rolling over to higher-cost deals, ensure people receive the concessions and rebates they are entitled to, and reduce excess fees and charges.</li> <li>• \$1.6 million to review electricity market laws that regulate misconduct in electricity retail, contract and wholesale markets.</li> </ul> <p>In addition, a number of energy-related initiatives focused on renewable energy supply chains and manufacturing capacity were announced as part of the Future Made in Australia package, including:</p> <ul style="list-style-type: none"> <li>• \$6.7 billion over ten years for a Hydrogen Production Tax Incentive and a \$2 billion expansion to the Hydrogen Headstart Programme.</li> </ul>

- \$3.2 billion over ten years to support commercialisation of renewable energy technologies, including for green metals and low carbon liquid fuels.
- \$1.5 billion for the Solar Sunshot and Battery Breakthrough initiatives to support manufacturing supply chains for these technologies.

**Electricity security of supply**

Tamara Linnhoff  
 Privacy of natural persons

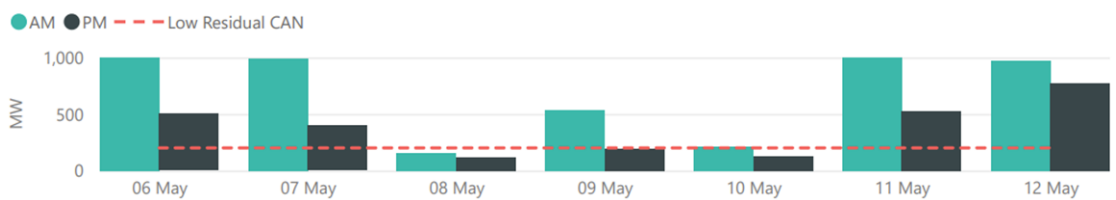
**ELECTRICITY SUPPLY RELIABILITY (for the week to 12 May)**

Last weekend a geomagnetic storm caused by solar flares led Transpower to switch off some circuits to prevent damage to essential transmission equipment. They disconnected some power lines, to decrease the impact of the currents, while ensuring the network remained stable so there were no blackouts. There was no impact on consumer supply from the storm or Transpower’s actions. Transpower is now looking at how its experience during this weekend’s geomagnetic storm can help refine its plans for future events.

**ELECTRICITY CAPACITY (for the week to 12 May)**

Residuals for the ‘week ahead’ to 12 May 2024 were under and close to the preferred 200MW threshold

Lowest Residual Points - MW



Source: System Operator, Market Operations - Weekly Market Movements

Tight capacity margins were projected last week for 8 and 10 May, due to the first cold snap of the year and substantial plant on outage (for maintenance ahead of winter). A Low Residual Customer Advice Notice (CAN) was sent out for the morning of Wednesday 8 May. A CAN was also sent for the morning peak of 10 May, which was then escalated to a Warning Notice (WRN).

Industry responded to both CANs. For 10 May, generators amended their offers to increase supply, industry offers 60MW of demand response, and households curtailed demand by 200MW (equivalent to a city the size of Hamilton). 30MW was provided by solarZero’s ‘virtual power plant’ (VPP). The responses resulted in just over 200 MW of residual for Friday morning.

There are some low margins in May, however N-1-G margins are adequate in the look-ahead through to early July 2024

There are some days throughout May with low N-1-G margins (less than 200 MW), and a negative margin of -10 MW on 23 May. Transpower is recommending participants consider rescheduling outages currently planned on these days and avoid scheduling any further outages that may reduce generation margins.

NZGB Look-Ahead (excluding next 7 days)



Source: System Operator, Market Operations - Weekly Market Movements

**ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 10 December)**

National hydro storage dropped from 99% to 93% of the historic mean for this time of year. South Island storage decreased to 94% of average, while North Island storage fell from 103% to 79% of average.

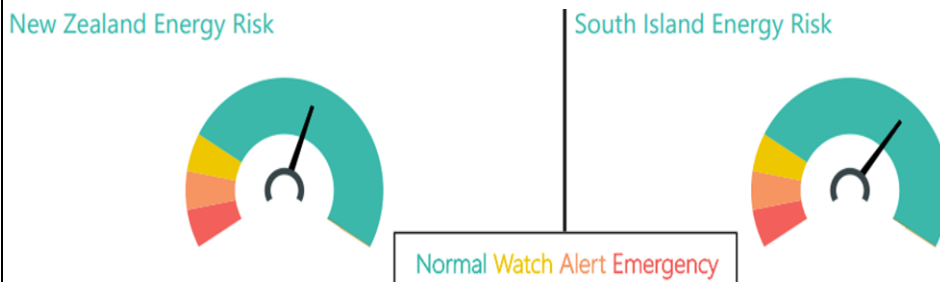
### ENERGY (HYDRO) STORAGE LEVEL BY MAJOR LAKE

Major Lake	Owner	Storage as at 15 May 2024 (% full)	Storage last week 8 May 2024 (% full)	Percentage change
Pukaki	Meridian	73.9	78.6	-4.7
Manapouri	Meridian	56.1	78.9	-22.8
Tekapo	Genesis	54.4	58.1	-3.7
Hawea	Contact	64.4	70.4	-6.0
Taupo	Mercury	28.6	37.9	-9.3

Source: Enerlytica

### ELECTRICITY SUPPLY RISK (at 12 May)

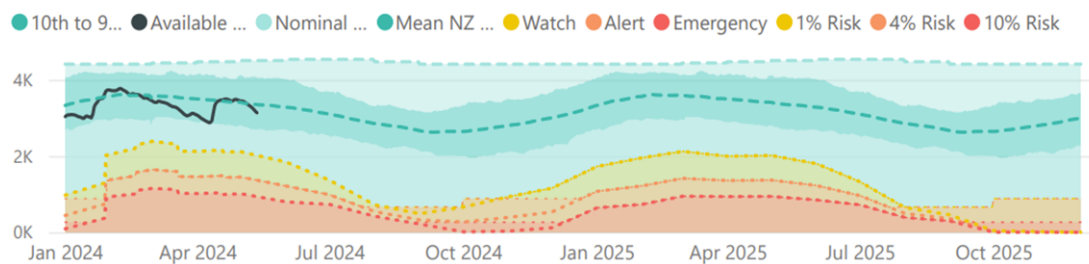
Energy risk as measured by hydro storage levels relative to the energy risk curves.



New Zealand controlled energy storage is average for this time of year:

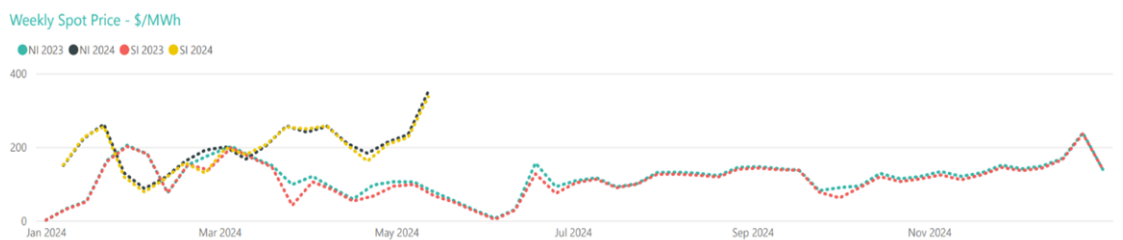
Source: System Operator, Market Operations - Weekly Market Movements

### New Zealand Energy Risk Status Curves (Available GWh)



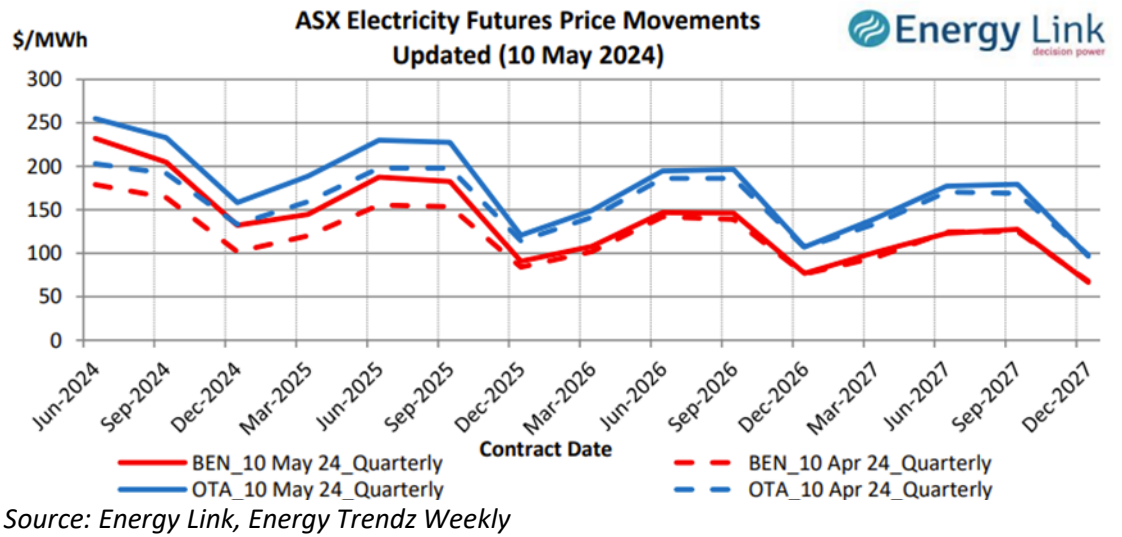
### WHOLESALE ELECTRICITY PRICES

#### Weekly Spot Price (week ended 12 May)



Source: System Operator, Market Operations - Weekly Market Movements

ASX Electricity Futures Prices (as at 12 May)





## Upcoming Ministerial Items

### 1. Upcoming Energy meetings

Meeting date	Meeting	Details
<b>Monday 20 May 2024</b> 7:30 pm – 9:00 pm	Meeting with Multi Minister’s Climate Priorities Ministerial Group (CPMG)	<b>Talking/Bullet Points Due:</b> 17 May 2024
<b>Tuesday 21 May 2024</b> 7:00 pm – 8:00 pm	Meeting with Infrastructure and Investment Minister's Group	<b>Briefing Due:</b> 16 May 2024
<b>Wednesday 22 May 2024</b> 7:00 pm – 8:00 pm	RMA Ministerial Group – monthly meeting	<b>Briefing Due:</b> 17 May 2024
<b>Thursday 23 May 2024</b> 8:30 am – 9:00 am	Meeting with Commerce Commission (Briefing provided by Commission 10 May 2024)	<b>Briefing Due:</b> Not required
<b>Thursday 23 May 2024</b> 10:15 am – 11:00 am	Meeting with Heather Roy, Chair and members of the Security and Reliability Council	<b>Draft Speech Due:</b> 16 May 2024 <b>Briefing Due:</b> 22 May 2024 (delivered 16 May 2024)
<b>Thursday 23 May 2024</b> 4:00 pm – 4:30 pm	Meeting with SolarZero and Aurora Energy	<b>Briefing Due:</b> 16 May 2024
<b>Thursday 23 May 2024</b> 5:00 pm – 5:30 pm	Meeting with Sam Stubbs, Managing Director, Simplicity Kiwi	<b>Briefing Due:</b> TBC

### 2. Upcoming Briefings and Aides Memoire to Minister for Energy

Due date	Product	Sign out Manager
w/c 20 May 2024	<b>Briefing</b> Offshore renewable energy – decommissioning and trailing liability	Melanee Beatson
w/c 27 May 2024	<b>Briefing</b> Offshore renewable energy – offences and penalties	Melanee Beatson
w/c 27 May 2024	<b>Briefing</b> Offshore renewable energy – permit variations	Melanee Beatson
w/c 27 May 2024	<b>Briefing</b> Discussion on potential measures to enable distributed energy resources and a smarter electricity system	Peter Bartlett
w/c 3 June 2024	<b>Briefing</b> Fuel security study – update on development of Request for Proposals	Dominic Kebbell
<small>Confidential advice to Government</small>	[REDACTED]	[REDACTED]

Due date	Product	Sign out Manager
Confidential advice to Government [Redacted]	[Redacted]	[Redacted]
Timing TBC	<b>Briefing</b> Information on international sustainable aviation fuel policies	Dominic Kebbell
Confidential advice to Government [Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
w/c 1 July 2024	<b>Briefing</b> Offshore renewable energy – transmission infrastructure	Melanee Beatson

### 3. Written Parliamentary Questions

None this week.

### 4. Upcoming Cabinet papers

Committee	Due date to Minister	Title of Paper	Comment or Purpose
Confidential advice to Government [Redacted]	[Redacted]	[Redacted]	[Redacted] priority work to address these risks
Confidential advice to Government [Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]

### 5. Ministerial Correspondence received

Due date	Tracking number	Correspondent	Summary of Correspondence
22/05/2024	SB24-380	Privacy of natural persons	Taxation and Climate Policy
23/05/2024	SB24-384	[Redacted]	Gas Crisis – should it be limited or not
23/05/2024	SB24-388	[Redacted]	Support us home owners who have installed solar power at our homes

24/05/2024	SB24-389	Privacy of natural persons	Increase in gas prices
24/05/2024	SB24-390		Generation of electricity at Huntly power station
24/05/2024	SB24-392		Low user power rates
24/05/2024	SB24-393		Wastewater energy assessment for NZ
24/05/2024	SB24-394		Solar Power Energy Purchase
24/05/2024	SB24-395		Power supplies
27/05/2024	SB24-398		Hydropower to help New Zealand reach 100% renewable energy
27/05/2024	SB24-400		Energy shortages – no lines fee to homes that have batteries
27/05/2024	SB24-401		Option to provided significant benefits to the country power supply
27/05/2024	SB24-404		Encouraging and supporting the installation of Solar Panels

## 6. Ministerial Official Information Act Requests

Due date to the office	Tracking number	Requester	Summary of request	Status	Sign Out Manager
29/05/2024	OIA24-188	Privacy of natural persons	Request for documents	Gathering information	Scott Russell
Yet to be commissioned	OIA 24-229	Privacy of natural persons	Material relating to GIDI briefing	Gathering information	Scott Russell

## 7. Departmental Official Information Act Requests

None this week.

## 8. Work programme and milestones

Confidential advice to Government

Confidential advice to Government

Confidential advice to Government



## Energy Portfolio Weekly Report

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**Week commencing:** 27/05/2024

**Priority:** Medium

**Security classification:** In Confidence

**Tracking number:** 2324-3171

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**Recipient**

**Action sought**

**HON SIMEON BROWN  
MINISTER FOR ENERGY**

**Note** the contents of this report

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Justine Cannon  
**General Manager**  
Energy Markets Branch  
Ministry of Business, Innovation and Employment

Privacy of natural persons

**24 May 2024**

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Minister's comments:

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**Energy Portfolio**  
**Proposed Officials' Meeting Agenda**  
**(TBC with the Minister Monday morning)**  
**3:30 pm – 4:30 pm Tuesday, 28 May 2024**

Item	Subject	People	Oral Item / Paper #	Action Required
1.	Fuel Cabinet paper	Dominic Kebbell	Paper 2324-3508	Discussion
	<small>Confidential advice to Government</small> [Redacted]	[Redacted]	[Redacted]	[Redacted]
3.	Offshore Renewable Energy Timelines	Melanee Beatson John Buick-Constable Susan Hall	Paper 2324-3588	Discussion
4.	Weekly Report & Work Programme	Minister	Oral	Discussion
5.	Any other business	All	Oral	Discussion

**Ministry of Business, Innovation & Employment officials attending:**

Name	Position
Carolyn Tremain	Chief Executive and Secretary (Tentative)
Paul Stocks	Deputy Secretary, Building, Resources and Markets
Justine Cannon	General Manager, Energy Markets
Sharon Corbett	Policy Director, Energy Markets
Susan Hall	Policy Director, Energy Markets
Dominic Kebbell	Manager, Gas and Fuel Supply Policy
Melanee Beatson	Manager, Offshore Renewable Energy and Hydrogen
Scott Russell	Manager, Energy Use Policy



## Key Updates

Title	Comment
<p><b>Implementing Electrify NZ</b></p> <p>Daniel Brown <small>Privacy of natural persons</small></p>	<p><b>Confidential advice to Government</b></p> <p>[Redacted]</p> <p>You met with the Commerce Commission (Commission) on 23 May and heard more detail on their use of smoothing mechanisms and estimated impact of the proposed revenue resets on average consumer electricity bills. The Commission continue to finalise their impact modelling and signalled you can expect to receive updated information on Monday 27 May, ahead of its 29 May 2024 consultation launch.</p>
<p><b>Fast-Track Consenting Regime</b></p> <p>Susan Hall <small>Privacy of natural persons</small></p>	<p><b>Confidential advice to Government</b></p> <p>[Redacted]</p> <p>The Environment Select Committee has continued to hear oral submissions on the Fast-Track Approvals Bill.</p>
<p><b>Low Fixed Charge Regulations mid-point review</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>On 16 May 2024 you sent out letters to retailers, distributors, ERANZ and ENA requesting their assistance in the development of the mid-point review. Following this, the MBIE website has been updated with the scope of the mid-point review and, as signalled in your letter, we have written to the same retailers and distributors with the more detailed information requests.</p> <p>There has been some early media interest in the review. Suggested media response lines and reactive Q&amp;A have been shared with your office.</p>
<p><b>Hazards from Trees Regulations</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p><b>Confidential advice to Government</b></p> <p>[Redacted]</p> <p>[Redacted]</p>
<p><b>Gas Security Response Group</b></p> <p>Dominic Kebbelle <small>Privacy of natural persons</small></p>	<p>We provided you with a draft Cabinet paper on Friday 17 May 2024 “Gas Security Response Group: Report back to Cabinet”, to be considered on Monday 27 May 2024. <small>Confidential advice to Government</small></p> <p>[Redacted]</p> <p>The next meeting of the Group is scheduled for 7 June 2024, where we will finalise participation in workstreams. As directed, we are also expanding membership to New Zealand Steel, Fonterra, Ballance and Oji. We will also work with GIC to update the supply assessments based on new information from Genesis that production at Kupe will be lower than expected due to a failed well intervention campaign.</p>

## Stakeholder Updates

Title	Comment
<p><b>Update on Chatham Island's wind turbine project</b></p> <p>Scott Russell  <small>Privacy of natural persons</small></p>	<p>You requested an update on the Chatham Island renewable energy project.</p> <p>Budget 2023 set aside \$10.7 million to reduce diesel generation and establish a renewable energy system on the Chatham Islands.</p> <p>The project has been progressing well, with two payments totalling \$3,466,663 being released to Chatham Islands Trust. Payment one related to the undertaking of pre-construction and planning activities and payment two related to the downpayments for the supply contracts with Vestesen and Vestas, for three wind turbines and grid balancing unit. Resource consents and landowner agreements are now in place.</p> <p>The three turbines will supply power to the electrical grid using a grid integration system supplied by Vestesen. Included in the system is an approx. 500kWh battery to manage wind and load fluctuations. These are currently being manufactured and the equipment is projected to be installed in May 2025, with a planned completion date of July 2025.</p> <p>Once built the project is expected to nearly entirely displace the use of diesel for electricity generation on the island, though some diesel generation capacity will still be required for back up.</p>
<p><b>Draft decision on Wellington Electricity price path 'reopeners'</b></p> <p>Tamara Linnhoff  <small>Privacy of natural persons</small></p>	<p>The Commerce Commission has published a draft decision to approve two 'reopeners' made by Wellington Electricity, seeking the ability to recover extra revenue during the current regulatory period (ending on 31 March 2025).</p> <p>The Commission's draft decision suggests it will allow Wellington Electricity to recover an extra \$10.2 million before the end of the period - \$2.2m for extra lines capacity supporting Wellington digital media and movie business Weta FX, and \$8m to allow Wellington Electricity to relocate its main data centre, back-up control room and data recovery services. The draft decision approves both reopeners on the basis they meet the criteria for "unforeseeable major capex projects".</p> <p>Both applications were made in February 2024 - demonstrating the Commission can assess reopener requests quickly where necessary, contrary to some industry concerns that the process can be too slow.</p>
<p><b>Reducing Energy Hardship Conference</b></p> <p>Scott Russell  <small>Privacy of natural persons</small></p>	<p>The Reducing Energy Hardship Conference run by Ara Ake, WISE Charitable Trust and Community Energy Network occurred on 20-21 May 2024. The key focus of the two days was on building equity into communities.</p> <p>Your pre-recorded speech was well received. Many speakers acknowledged your comments on the Energy Hardship Expert Panel report and low-fixed-charge review. Scott Willis, Green MP spoke on day two mentioning the need for more community energy initiatives and continued funding for energy hardship programmes.</p> <p>Other notable speakers at the conference included:</p> <ul style="list-style-type: none"> <li>• Deborah Hart, Chair of the Consumer Advocacy Council, who delivered a keynote on consumer sentiment, electricity market settings, and electricity prices.</li> <li>• Keri Brown, Former Chair of the Energy Hardship Expert Panel, who provided an update on the Expert Panel's report and key actions the report recommended.</li> <li>• Mike Casey, Rewiring Aotearoa, who spoke about the need to address finance barriers to help New Zealanders electrify their homes.</li> <li>• Bernard Hickey, Journalist/Author of the Kaka, who discussed the need to quickly electrify New Zealand while the price of solar and batteries is low.</li> </ul>

Next Steps:

- The MBIE Energy Hardship webpage will be updated to reflect the content of your speech, and in line with the key messages provided to your office
- With the conclusion of the Energy Hardship Expert Panel’s work the submissions to the discussion paper “Te Kore, Te Pō, Te Ao Marama Energy Hardship: The challenges and a way forward” will be published on the MBIE webpage

**Current appointments**

**Confidential advice to Government**

**Upcoming appointments**

**Confidential advice to Government**

## Other Updates

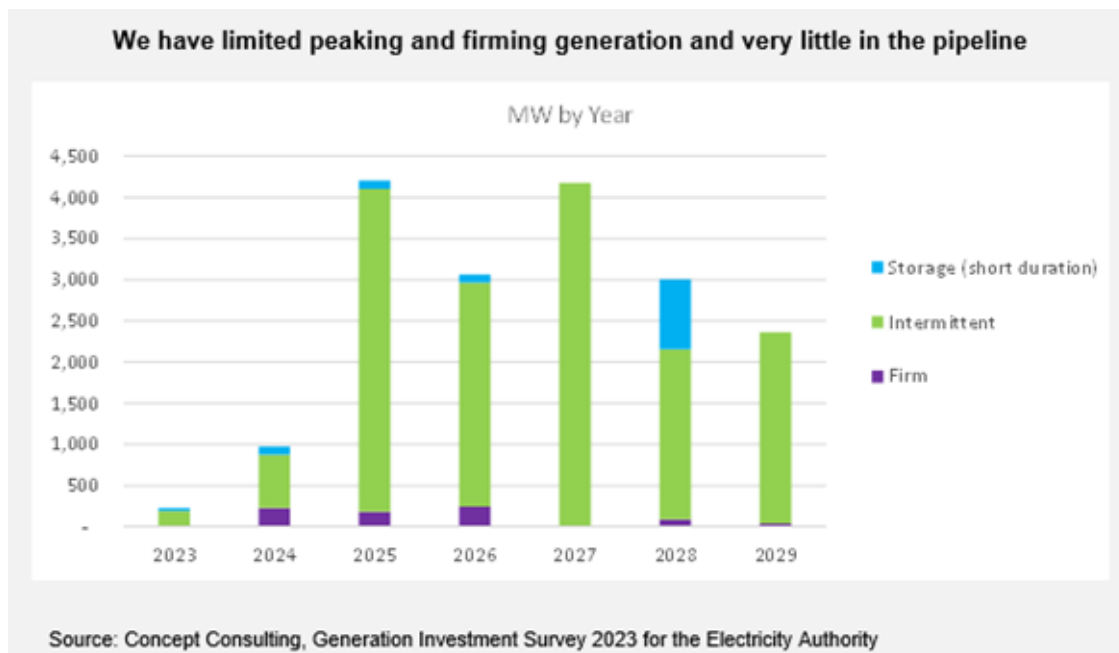
Title	Comment
<p><b>New Zealand – Japanese cooperation on geothermal technology</b></p> <p>Peter Bartlett <small>Privacy of natural persons</small></p>	<p><b>Confidential advice to Government</b></p> <p>[Redacted]</p>
<p><b>Gas security of supply</b></p> <p>Dominic Kebbelle <small>Privacy of natural persons</small></p>	<p>Pohokura output increased to 49.1 TJ/day. This is a 2.2 per cent increase from a month ago but still 15.7 per cent lower than 3 months ago. Kupe output is at 47.1 TJ/day, a 0.8 per cent decrease from a month ago and a decrease of 13.6 per cent from 3 months ago. Genesis has announced that the Kupe South-9 (KS-9) well is non-commercial, meaning Kupe will not return to 77 TJ/day. Methanex continues to operate one Motunui plant.</p>
<p><b>Update on the Consumer Data Right</b></p> <p>Scott Russell <small>Privacy of natural persons</small></p>	<p>Work continues to progress the Consumer Data Right (CDR).</p> <p>The Consumer and Product Data Bill is now scheduled for <b>Confidential advice to Government</b> [Redacted]. On 16 May 2024 we provided you with communications material related to exploring a CDR for the electricity sector to have on hand, in support of the Minister of Commerce and Consumer Affairs.</p> <p><b>Confidential advice to Government</b></p> <p>[Redacted]</p> <p>As signalled in our briefings to you, officials have started a short period of targeted engagement with key stakeholders in the electricity sector, following the announcement that Government is considering the electricity sector for designation. This targeted engagement will inform our preparation of policy papers and public discussion documents.</p> <p>We will continue to update you regularly.</p>
<p><b>Wholesale market competition and the pipeline for new electricity generation</b></p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>Wholesale market competition is unlikely to be improved by currently planned new investments in generation plant.</p> <p>On 15 May we briefed you on wholesale market competition matters, and relayed:</p> <ul style="list-style-type: none"> <li>• security of supply is being exacerbated by lack of electricity generation capacity and limited energy storage</li> <li>• peaking and firming generation, and long-duration energy storage (for dry spells) is mainly held by the vertically integrated generator-retailers.</li> </ul> <p>The Authority’s summary of the known generation pipeline includes:</p> <ul style="list-style-type: none"> <li>• Committed generation has lifted significantly compared to the last survey, with its annual output capability (once built) rising from 2,600 GWh to nearly 5,000 GWh.</li> <li>• Most developers are pursuing solar, wind or geothermal projects. There is some interest in batteries and other flexible plant (e.g., biofuels) but it is currently limited.</li> </ul> <p>We shared the chart replicated below to illustrate that the generation pipeline contains mainly intermittent renewables which may not be useful in tight supply situations. You</p>

requested an explanation of what was meant by ‘storage’? The figure’s ‘Storage (short duration)’ category reflects grid-scale batteries.

The committed ‘storage’ (grid-scale batteries) in the pipeline is for peaking capacity and those investments are being undertaken mainly by the gentailers – so these are unlikely to reduce any market power held by gentailers during tight supply situations.

Similarly, the pipeline for firming generation, and for baseload generation using a source of long-duration stored energy, comprises upgrades of existing hydro stations all held by the gentailers or Manawa and one small geothermal station.

Chart shared in MBIE Working Paper: Competition in wholesale and retail electricity markets, MBIE Energy branch - policy thinking. For discussion with Minister Brown, 7 May 2024.



**Electricity security of supply**

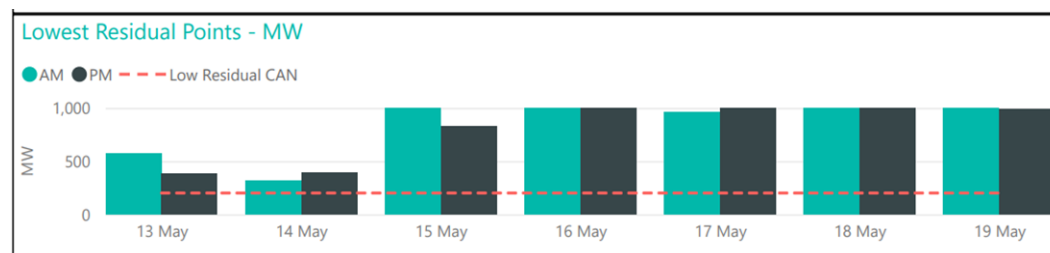
Tamara Linnhoff

Privacy of natural persons

**ELECTRICITY CAPACITY (for the week to 19 May 2024)**

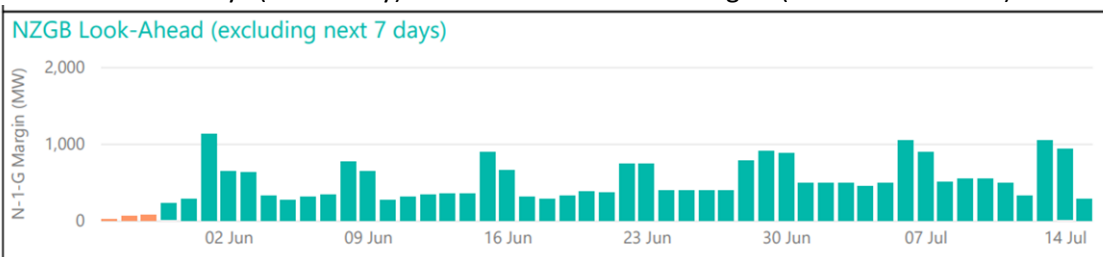
Residual generation margins were healthier last week as temperatures increased, with a minimum residual of 321 MW.

Residuals for week to 19 May 2024 were above the preferred 200MW threshold.



Source: System Operator, Market Operations - Weekly Market Movements

Residuals are expected to be tight over the next two weeks. Forecast N-1-G margins show there are three days (27-30 May) which have low N-1-G margins (less than 200 MW).



Source: System Operator, Market Operations - Weekly Market Movements

**ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 19 May 2024)**

In the week to 19 May, national hydro storage continued to decline from 93% to 87% of the historic mean for this time of year. This was due to lower than average inflows and high demand, that week. South Island storage dropped to 88% of its historical mean, while North Island storage fell to 74%.

Despite the substantial rainfall experienced since 20 May, the following catchment storage figures show slowly declining lake levels.

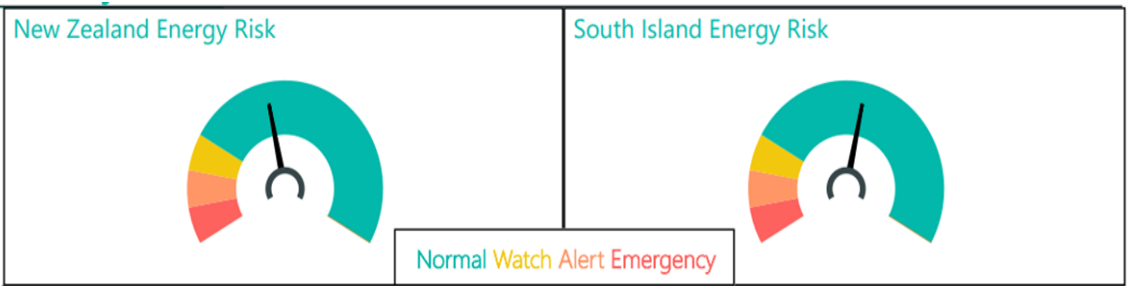
**ENERGY (HYDRO) STORAGE LEVEL BY MAJOR LAKE**

Major Lake	Owner	Storage as at 22 May 2024 (% full)	Storage last week 15 May 2024 (% full)	Percentage change
Pukaki	Meridian	69.7	73.9	-4.2
Manapouri	Meridian	40.6	56.1	-15.5
Tekapo	Genesis	51.2	54.4	-3.2
Hawea	Contact	60.3	64.4	-4.1
Taupo	Mercury	32.9	28.6	+4.3

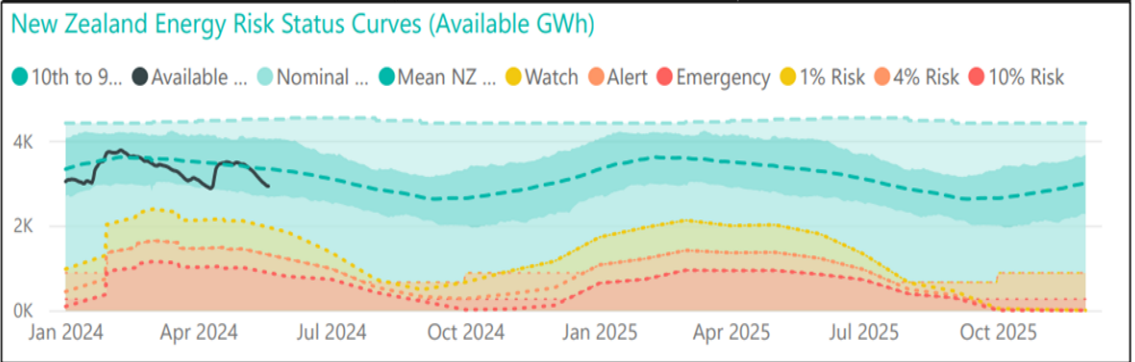
Source: Enerlytica

**ELECTRICITY SUPPLY RISK (as at 19 May)**

Energy risk as measured by hydro storage levels relative to the energy risk curves.



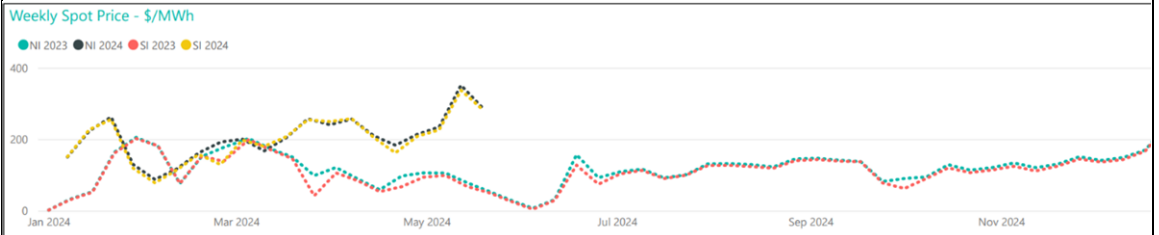
New Zealand controlled energy storage is below average for this time of year:



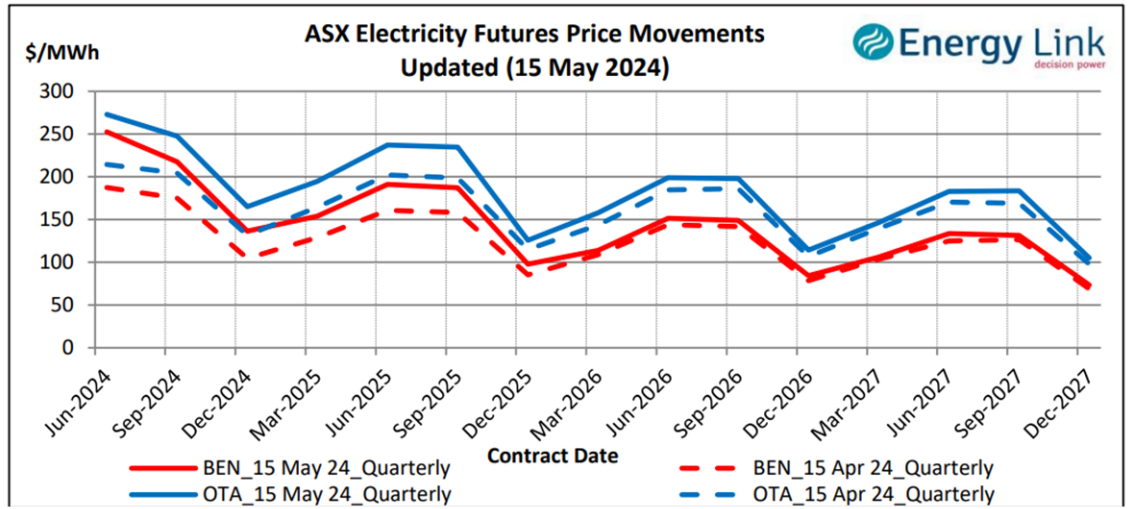
Source: System Operator, Market Operations - Weekly Market Movements

**WHOLESALE ELECTRICITY PRICES**

**Weekly Spot Price (week ended 19 May 2024)**



Source: System Operator, Market Operations - Weekly Market Movements  
**ASX Electricity Futures Prices (as at 15 May 2024)**



Source: Energy Link, Energy Trendz Weekly



## Upcoming Ministerial Items

### 1. Upcoming Energy meetings

Meeting date	Meeting	Details
<b>Thursday 30 May 2024</b> 7:30 am – 8:00 am	Regular meeting with Minister Shane Jones	<b>Briefing due:</b> Not applicable
<b>Thursday 30 May 2024</b> 8:30 am – 9:00 am	PRE-RECORD Energy Resources Taranaki Forum	<b>Speech due:</b> 16 May 2024

### 2. Upcoming Briefings and Aides Memoire to Minister for Energy

Due date	Product	Sign out Manager
w/c 27 May 2024	<b>Briefing</b> Offshore renewable energy – offences and penalties	Melanee Beatson
w/c 27 May 2024	<b>Briefing</b> Offshore renewable energy – permit variations	Melanee Beatson
28 May 2024	<b>Aide Memoire</b> ERP2 - Revised energy chapter for consultation	Scott Russell
<small>Confidential advice to Government</small> [Redacted]	[Redacted]	[Redacted]
10 June 2024	<b>Briefing</b> Proactive release -- Gas (Levy of Industry Participants) Regulations 2024	Dominic Kebbell
<small>Confidential advice to Government</small> [Redacted]	[Redacted]	[Redacted]
Timing TBC	<b>Briefing</b> Initial discussion on demand flexibility and distributed energy resources	Peter Bartlett
<small>Confidential advice to Government</small> [Redacted]	[Redacted]	[Redacted]
Timing TBC	<b>Briefing</b> Information on international sustainable aviation fuel policies	Dominic Kebbell
<small>Confidential advice to Government</small> [Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
w/c 1 July 2024	<b>Briefing</b> Offshore renewable energy – transmission infrastructure	Melanee Beatson

### 3. Written Parliamentary Questions

Due to Minister	Number	Member	Question
29/05/2024	13343	Hon Dr Megan Woods	Did he submit a legislative bid for offshore wind permitting for 2024, and if so what priority did he rank it?
29/05/2024	13344	Hon Dr Megan Woods	What advice, listed by date and title has he received on permitting for offshore wind?
29/05/2024	13346	Hon Dr Megan Woods	When did he commission the cabinet paper on offshore wind permitting that will form the basis of cabinet decisions this month?
29/05/2024	13348	Hon Dr Megan Woods	On what date, if ever, did he receive advice or a briefing on the outcome of the Developing a Regulatory Framework for Offshore Renewable Energy Second Discussion Document consultation that closed on 2 November 2023?
29/05/2024	13350	Hon Dr Megan Woods	On what date and by whom was the graph he held up during Oral Parliamentary Question 6 on the 9th May produced?
29/05/2024	13351	Hon Dr Megan Woods	Did his office produce the graph he held up during Oral Parliamentary Question 6 on the 9th May?
29/05/2024	13352	Hon Dr Megan Woods	Did Transpower produce the graph he held up during Oral Parliamentary Question 6 on the 9th May?
29/05/2024	13358	Hon Dr Megan Woods	What advice, if any, listed by date and title, has he received from MBIE officials or Transpower that the occurrence of low residual notices from Transpower are the result of the previous Government's cancellation of new oil and gas exploration permits in 2018?
29/05/2024	13432	Hon Dr Megan Woods	What advice has he received, listed by date and title, of options for resetting policy to reduce industrial emissions that his officials advised on 8 December 2023, they would provide in early 2024?
29/05/2024	13664	Francisco Hernandez	How much money has been budgeted for the Carbon Neutral Government Programme for the Minister's Departments, if any, for the next financial year?
29/05/2024	13712	Francisco Hernandez	What was budgeted for the Ministers' departments, if any, for the Carbon Neutral Government Programme in the 2023/24 financial year and how much was spent?

#### 4. Upcoming Cabinet papers

Committee	Due date to Minister	Title of Paper	Comment or Purpose
Confidential advice to Government			
Confidential advice to Government			
Confidential advice to Government			
Confidential advice to Government			

#### 5. Ministerial Correspondence received

Due date	Tracking number	Correspondent	Summary of Correspondence
27/05/2024	SB24-398	Privacy of natural persons	Hydropower to help New Zealand reach 100% renewable energy
27/05/2024	SB24-400		Energy shortages – no lines fee to homes that have batteries
27/05/2024	SB24-401		Option to provided significant benefits to the country power supply
27/05/2024	SB24-404		Encouraging and supporting the installation of Solar Panels
4/06/2024	SB24-407		Information around energy/power outages
6/06/2024	SB24-408		Solution to lack of electricity generating capacity
6/06/2024	SB24-409		Building of a nuclear power station to help power issue

7/06/2024	SB24-411	Privacy of natural persons	Memo to electricity companies to comply with the ACT by sending data
10/06/2024	SB24-412		Abolishing the power companies bring the cost of electricity down
10/06/2024	SB24-413		Max Bradford reform incomplete
10/06/2024	SB24-415		Questions regards to a credible plan for emissions reductions

## 6. Ministerial Official Information Act Requests

Due date to the office	Tracking number	Requester	Summary of request	Status	Sign Out Manager
29/05/2024	OIA24-188	Privacy of natural persons	Request for documents	Gathering information	Scott Russell
4/06/2024	OIA24-223		List of all briefings received between April 1, 2024 and April 30 2024	Gathering information	Kylie Smeaton
5/06/2024	OIA24-225		Correspondence received Transpower between 29 April - 12 May 2024	Scoping	Dominic Kebbelle
6/06/2024	OIA24-226		Information relating to the data underpinning the chart by Transpower	Scoping	Dominic Kebbelle
6/06/2024	OIA24-226		Correspondence regarding Fast-track applications process	Scoping	Abby Cheeseman
6/06/2024	OIA24-228		Correspondence related to fast-track application letters	Scoping	TBA
6/06/2024	OIA24-232		Correspondence related to fast-track application letters	Scoping	TBA
7/06/2024	OIA24-235		Proposed solution of importation of coal for Huntley Power Station	Scoping	TBA
7/06/2024	OIA24-236		All correspondence of organisations who received Fast-track letters	Scoping	TBA

## 7. Departmental Official Information Act Requests

None this week.

Confidential advice to Government

Confidential advice to Government

Confidential advice to Government