31 October 2023

Offshore Renewable Energy Submissions
Building, Resources and Markets
Ministry of Business, Innovation & Employment
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New Zealand

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Tēnā koutou katoa,

OCEANEX SUBMISSION – DEVELOPING A REGULATORY FRAMEWORK FOR OFFSHORE RENEWABLE ENERGY

Introduction

Oceanex Energy NZ Limited is the New Zealand entity of the Oceanex Energy group, an Australian-headquartered offshore wind energy developer ("**Oceanex**").

Oceanex has engaged with the New Zealand Government since August 2019 on facilitating the development of offshore wind in Aotearoa New Zealand including the previous discussion document (Enabling Investment in Offshore Renewable Energy, December 2022). Oceanex is pleased to be able to respond to the Ministry of Business, Innovation and Employment's ("**MBIE**") invitation to submit on the *second* discussion document (Developing a Regulatory Framework for Offshore Renewable Energy) released in August 2023 ("**Discussion Document**"). Oceanex is also grateful for the recent opportunity to discuss in person the Discussion Document in September 2023.

As an offshore wind energy industry developer, Oceanex approaches this submission from an offshore wind industry creation and development perspective and focuses on offshore wind as an important component of New Zealand's future energy mix.

Structure of Submission

Oceanex's submission comprises:

- Part A sets out who Oceanex is, provides context for our submission by describing our views on the regulatory design approach taken to date and contains an executive summary of our key submissions; and

- Part B contains Oceanex's submission on each question of the Discussion Document.

Part A – Oceanex: who we are, the NZ framework and key submissions

About Oceanex Energy

Oceanex is best known for its activities progressed through Oceanex Energy Pty Ltd, an Australian company actively developing a portfolio of offshore wind farms off the coast of Australia. Oceanex has announced plans to develop, construct and operate over 3GW of offshore wind energy capacity in multiple locations off the Aotearoa New Zealand coast. Oceanex has also undertaken an initial assessment of eight potentially viable Aotearoa New Zealand offshore wind sites. To build headway with its Aotearoa New Zealand's plans, Oceanex is planning to establish at least one office in New Zealand in 2024, likely in Wellington and/or New Plymouth.

Oceanex has long held interest in Aotearoa New Zealand, with its first correspondence with MBIE in August 2019 and more recently, since early 2021, with numerous private sector companies and industry bodies. Oceanex has submitted on the Aotearoa New Zealand Infrastructure Strategy Consultation Document on 2 July 2021 in relation to the infrastructure strategy, and more recently the Enabling Investment In Offshore Renewable Energy Discussion Document on 5 April 2023 in relation to the feasibility design. Oceanex also holds a position on the steering committee of the New Zealand Offshore Wind Energy Association's (NZWEA) Offshore Wind branch.

Oceanex was founded, and is led, by Andy Evans and Peter Sgardelis, who are two of the founders of the Star of the South, Australia's first and largest proposed offshore wind farm. In 2012, the Star of the South launched the offshore wind industry in Australia and, as founders, Andy and Peter have been integral to the Australian Government implementing a regulatory framework to govern offshore electricity infrastructure, which came into effect in June 2022. As co-founders of the first and largest offshore wind energy project in Australia, Andy and Peter have practical experience and expertise as the industry leaders within a similar jurisdiction and environment to Aotearoa New Zealand.

Oceanex sees the Government's further development of the regulatory framework as a critical step to ensuring Aotearoa New Zealand signals to the global market that is "open for business" and can attract the right people, resources and investment to unlock its offshore wind potential.

Development of Aotearoa New Zealand's regulatory framework

The Discussion Document demonstrates considerable advances in the Government's development of the offshore wind framework. Oceanex agrees with the clear pathway identified to further develop the framework and has been impressed by the maturity in thinking and the level of engagement with industry participants to date. The consultation questions in this Discussion Document reflect the Government's understanding of strategic issues and perspectives relevant to the industry.

In our initial submission, Oceanex affirmed its support for the proposed approach to managing feasibility activities covered by the first discussion document and emphasised the following elements as being critical to the design of the offshore wind framework:

- **Investment certainty**: An exclusive right to apply for development rights is crucial to ensuring certainty in financing and feasibility activities.

- **The right partner**: The Government has a crucial role in ensuring a transparent process for the granting of feasibility permits and ensuring robust eligibility criteria for feasibility permit applicants.

- **Māori interests and opportunities**: A further criteria of a commitment to provide opportunities to local iwi and/or hapū could apply to the feasibility permit application process.

- **Signal to market**: Oceanex supports the framework being implemented quickly to capitalise on the opportunities that offshore wind provide and to keep pace with the increasingly competitive and maturing international markets.

Key submissions

In this submission, Oceanex sincerely supports the proposal put forward in the Discussion Document that refines elements of the offshore renewables regulatory framework.

Oceanex's key submissions are:

- **Feasibility permits**: Oceanex supports the Government's intention to run an initial round of feasibility permit applications and then have both an open-door policy and the option to launch subsequent rounds, provided there are clear guardrails around the maximum permit area, and minimum activity and spend on feasibility activities. Oceanex also supports subsequent similar applications being prioritised as this would increase the competitiveness of applications as well as the transparency, certainty and fairness of the process. While Oceanex does not consider a "one-size fits all" approach should be taken (as this could adversely impact the project economics and encourage inefficiencies in the feasibility permit process), Oceanex encourages the Government to consider the applications from a practical and commercial perspective, to maximise the opportunity available for development.

  Please see Oceanex's responses to questions 1 and 3.

- **Commercial permits**: Oceanex supports including all of the proposed criteria for assessing commercial permit applications, with project viability being the key overarching focus. Other key feasibility criteria should include the developer's capability and experience participating in similar projects in Oceania (as well as globally), considering conflicts with other users, and assessment of environmental impacts as part of the proposed health and safety credentials criteria. In particular, Oceanex supports the inclusion of iwi and hapū involvement.

  Please see Oceanex's responses to questions 4 to 9.

- **Economics of the Regime**: Oceanex considers that there is an interdependency between revenue support and revenue gathering mechanisms in appropriate circumstances. Where revenue support is provided by the Government at early stages of a project on the basis that there would be later revenue collection, this should be made clear and optional to developers. Oceanex considers that the Government does not need to make substantive decisions on the economic settings of any revenue support or revenue gathering mechanisms at this early stage of a regime in Aotearoa New Zealand, as decisions made by investors at the early phase of the feasibility stage are not based solely on the price of electricity (for example, developers will be considering the quality of the wind in Aotearoa New Zealand).

  Please see Oceanex's responses to questions 10 to 13.

- **Māori Rights and Interests**: Oceanex reaffirms that it sees significant opportunities for iwi, hapū, and/or whānau before and during feasibility activities, and during commercial activities. Oceanex is very interested to hear Māori perspectives on how iwi, hapū, and/or whānau can best participate at all levels of its projects, including to facilitate a 'locals first' approach where possible.

  Please see Oceanex's responses to questions 14 to 16.

- **Interaction with Environmental Consenting Processes**: Oceanex considers that it would be most efficient to have a single consent authority, to avoid duplication of consenting activities (and the resulting associated time) related to the development. This efficiency in terms of effort and time will also result in cost efficiency. However, Oceanex recognises that it may not be practical for the Government, in the short term, to collapse the different consenting authorities that are currently involved with the different consents required. Accordingly, Oceanex submits that until a single consent authority is in place, that the Government may require the different consenting authorities to work together to minimise (as much as is possible) a duplication of the consenting application activities. Oceanex also submits that environmental consenting for critical path areas should be completed before commercial permits are granted as this would provide project certainty for the whole project life before the final investment decision is made.

  Please see Oceanex's responses to questions 17 to 22.

- **Enabling Transmission and other Infrastructure**: Oceanex submits that the development of onshore transmission assets is best led by the TSO, which is experienced in funding, building, operating and owning those assets. Where there is more than one feasible project in the same area, there will be efficiencies arising from the TSO leading a coordinated approach to building, operating and owning, onshore transmission assets that meet the transmission capacity requirements of all feasible projects. Conversely, there will be design, construction and timeline efficiencies if the developer leads the development of the offshore transmission assets, up to the point of connection with the onshore transmission assets.

Oceanex also suggests that at this stage, developers will likely have more technical expertise and experience to build the offshore transmission infrastructure in the marine environment and for HVDV, so will be best placed to build these.

Please see Oceanex's responses to questions 23 to 27.

- **Decommissioning**: Oceanex agrees that decommissioning obligations should be consistent with other offshore renewable regimes which require a decommissioning plan, cost estimate, and financial security for that cost estimate. It will be important to provide developers with certainty on their decommissioning requirements so that it can be priced into the project. Oceanex considers that decommissioning should require full removal for the life of the project, unless the criteria for an alternative approach is met.

  Please see Oceanex's responses to questions 28 to 34.

- **Regulatory Matters**: Oceanex agrees with proposed hybrid decision-making option where specific matters are reserved for Ministers (for example, significant national interest matters or higher risk decisions), but the majority of decisions remain with the independent regulator. Oceanex also considers that consultation during the permitting process should be provided for, especially for matters that pertain to the public and which have not been covered by the relevant authorities through the approval process – however, the process should ensure no undue delay can arise from multiple consultation rounds.

  Please see Oceanex's responses to questions 37 to 42.

Oceanex continues to be very supportive of the progress of the offshore renewable framework in Aotearoa New Zealand and believes that offshore wind energy provides a unique, large-scale opportunity to meet many stated objectives. Oceanex is hopeful of becoming a key contributor to a prosperous Aotearoa New Zealand and welcomes the opportunity to further discuss its second submission further with MBIE.

Oceanex would be delighted to discuss its submission with you and can be contacted at

Oceanex

Part B – Submissions on Consultation Document Questions

Oceanex submission
Developing a Regulatory Framework for Offshore Energy
31 October 2023

PART B: Consultation Document Questions

	Question	Comment
Chapter 4: Further detail on feasibility permits		
1.	Following an initial feasibility permit application round, should there be both an open-door policy and the ability for government to run subsequent rounds? If not, why not?	Oceanex supports the Government's intention to run an initial application round and then have both an open-door policy and the option to launch subsequent rounds. To ensure successful open-door rounds, there should be clear guardrails for the scope and nature of the feasibility permits. This will provide developers with certainty to prepare a fit-for-purpose feasibility permit application. For example, developers need clear guidelines on the maximum area size that can be granted for a feasibility permit, and this should apply from the date the initial feasibility activities commence under the permit so developers can optimise their planning and programming. For that reason, and on the above basis, Oceanex is supportive of, although not a strong advocate for, a declared area model. Oceanex expects there will be an influx of potential investors into Aotearoa New Zealand in the offshore renewables sector after the Australian permits are granted – these new entrants, in particular those that had not previously operated in Aotearoa New Zealand or Australia, will benefit from clear and strong Government guidance. Oceanex would be comfortable with the option for early entry, provided there are guardrails around maximum permit area, and minimum activity and spend on feasibility activities. Aotearoa New Zealand has the opportunity to align its regulatory regime with the Australian regime – first, to enable Aotearoa New Zealand to be a "fast follower", learning from the lessons from Australia, but taking advantage of the profile and momentum built from the permit rounds in Australia, and secondly, to frame the offshore renewables regime in Aotearoa New Zealand as being "linked" to the Australian regime such that investors would think of Australia and New Zealand as a single region for investment in this sector, positioning Aotearoa New Zealand to take advantage of available capital that is not committed to projects in Australia.

	Question	Comment
		This could be facilitated by the Government in a number of ways, including allowing for streamlined consents, nudging areas of interest, and giving aspirational targets for renewable energy production (not just statutory targets). The open-door policy could be released at the same time as the initial application round, or promptly after the outcomes of the initial application round, to ensure applicants have visibility of the proposed regime and so that they are not delayed from making further applications. However, where there is interest in the same area from multiple applicants, the open-door policy should envisage the Government's ability to require those applicants to participate in an application round, so as to improve opportunities for multiple parties to submit their applications. Oceanex also supports subsequent similar applications being prioritised, where this would increase the competitiveness of applications, and the transparency, certainty and fairness in the process – for example, applications relating to the same area being reviewed against the same merit criteria at the same time.
2.	What size of offshore renewable energy projects do you think are appropriate for a New Zealand context?	Oceanex submits that a maximum size of up to 500 square metres should be considered for the feasibility permit. By setting a fixed limit, this places the onus on developers to be efficient in their project planning and development. Oceanex also agrees that 250 square kilometres is likely to be sufficient to accommodate 1GW of development. Oceanex notes the Government's preference to have a maximum limit of 250 square kilometres for exclusive use. While Oceanex recognises that developers can undertake feasibility activities for areas surrounding the permitted exclusive use area, developers would not be able to apply for commercial permits for those surrounding areas. Accordingly, developers will want to have their permitted areas cover all of their proposed area of development. An insufficient area for development will adversely affect the investment interest from investors. The Government should also consider requiring applicants to apply for a minimum size of the permit area (similar to the Australian approach), to ensure only genuine applications are made and to mitigate against the risk of applicants "banking" viable development sites and blocking others from proceeding with a site.

	Question	Comment
		Therefore, in terms of specific sizing of the permit areas, while Oceanex does not consider a "one-size fits all" approach should be taken (as this could adversely impact the project economics and encourage inefficiencies in the feasibility permit process), Oceanex would encourage the Government to consider the applications from a practical and commercial perspective, to maximise the opportunity available for development.
3.	Do you think the maximum size of a project should be put forward by developers and set out in guidance material, rather than prescribed in legislation? If not, why not?	Oceanex agrees that Option 2 (maximum size put forward by developers and set in guidance) is preferable to Option 1 (setting the maximum size in legislation). Oceanex considers guidance from the Government will be important to provide certainty on parameters of the permit area and project sizes, while minimising the risk of losing flexibility in what the Government can consider and grant, including as the regime in Aotearoa New Zealand continues to learn from overseas lessons and adapt for local circumstances. Option 2 also provides more flexibility for applicants to plan, adapt and/or scale projects to ensure financial and operational workability.
Chapter 5: Commercial Permits		
4.	Should there be a mechanism for government to be able to compare projects at the commercial stage in certain circumstances? If yes, would the approach outlined in Option 2 be appropriate or would there be other ways to achieve this same effect?	Oceanex considers that Option 1 (developer-initiated, non-comparative processes) is preferable to progressing projects as quickly as possible, given the long lead-time to developments of this nature. This also means that experienced developers that are efficient and can progress to the next stages are not held back by developers that are slower, less efficient or experienced, or did not sufficiently invest in the project to ensure timeliness of progress. However, Oceanex recognises that the Government will need an ability to consider projects that are competing for the same non-spatial resources or capacity. Accordingly, Oceanex considers that Option 2 (developer-initiated, with an option to compare) is workable also, if there is a strict, limited timeframe for other projects to submit their applications and the comparative assessment is undertaken swiftly by the Government. Oceanex agree that it will be difficult to manage this issue earlier in the feasibility stage.
5.	Are the proposed criteria appropriate and complete? If not, what are we missing?	Oceanex supports including all of the proposed criteria, with *project viability* being a key overarching focus.

	Question	Comment
		Additionally, and reflective of our comments to the Government's first consultation paper, Oceanex submits that the feasibility criteria should further include: • Under the capability of the developer, a screen of the developer's technical and commercial ability to meet decommissioning obligations (noting that the review of the developer's arrangements for decommissioning should involve review of the decommissioning plan, estimates of decommissioning costs, and the proposed financial security to meet the decommissioning costs – see our further comments below at questions 28 to 34). • Also under the capability of the developer, substantive involvement in similar projects in the Oceania region and supply chain capabilities to ensure timely delivery of the project. • Consideration of potential for conflict with other users; and identification of mitigation processes to manage any conflict. The proposed criteria identify iwi and hapū; however, there are other marine users including commercial fisheries, local communities, defence recreational users and petroleum activities that may also be impacted or excluded from the licence area. • Inclusion of environment in the proposed health and safety credentials criteria. Oceanex submit that the environment should have equal importance with health and safety in regards to this criteria, including demonstrating an understanding of the environmental consents required under New Zealand legislation, and plans to deliver the project safely. Oceanex supports the other criteria listed, in particular relating to iwi and hapū involvement.
6.	Should there be mechanisms to ensure developers deliver on the commitments of their application over the life of the project? If yes, what should these mechanisms be?	Oceanex agrees with the suggested mechanism of the developer maintaining a Management Plan and regular review meetings with the regulator to ensure permit holders continue to meet the commercial assessment criteria over the life of the project. Similar assessments should also occur where there is any request to transfer the permit to another entity.
7.	Is 40 years an appropriate maximum commercial permit duration? If not, what would be an appropriate duration?	Oceanex supports the proposed maximum commercial permit duration of 40 years. As noted in the Discussion Document, this would be consistent with the Australian offshore renewables regime and other comparable NZ regimes. There should also be the option to grant a shorter permit length than the statutory maximum period.

	Question	Comment
8.	Should a developer that wishes to geographically extend their development be required to lodge new feasibility permit and commercial permit applications? Why or why not?	Oceanex supports the proposed process of requiring new feasibility permit and commercial permit applications in respect of the geographical extension to an existing development. If the process for feasibility permits and commercial permits proceeds as noted above, then there should be sufficient flexibility for the feasibility stage to be accelerated, with the existing permit holder able to trigger the commercial permit assessment stage when the feasibility requirements have been met.
9.	Would the structure of the feasibility and commercial permit process as described enable research and development and demonstration projects to go ahead? If not, why not?	Oceanex agrees that research and development will be an important part of the success of the offshore renewables sector in Aotearoa New Zealand – however, these R&D projects pose risks to Aotearoa New Zealand generally and to other developers (particularly where the area overlaps with another project) so should be managed under the feasibility permit regime or by a specialised research and development permit regime. As required under the Australian regime, the assessment criteria should consider similar merit criteria as provided for other feasibility permits. In addition, the permit assessment should consider how (if any) the project may overlap with other feasibility permits and whether fast-tracking of the project to a commercial permit would be appropriate, or whether recourse through the feasibility permit process should be required as a prerequisite.
Chapter 6: Economics of the Regime		
10.	Is there an interdependency between the case for revenue support mechanisms and the decision as to whether to gather revenue from the regime? What is the nature of this interdependency?	Oceanex considers there is an interdependency between revenue support and revenue gathering mechanisms, to the extent that very substantial capital investment is required to develop an offshore renewable project, and revenue gathering will compound the costs of such development. Revenue support will provide some certainty in terms of the return on the investment that is made, to support the business case for the development, including to pay for any costs incurred as a result of revenue gathering mechanisms. Where revenue support is provided by the Government at early stages of a project on the basis that there would be later revenue collection, this should be made clear and optional to developers. Oceanex considers that the Government does <u>not</u> need to make substantive decisions on the economic settings of any revenue support or revenue gathering mechanisms at this early stage of a regime in Aotearoa New Zealand, as decisions made by investors at the early phase of the feasibility

	Question	Comment
		stage are not based solely on the price of electricity (for example, developers will be considering the quality of the wind in Aotearoa New Zealand). This means that consideration of these matters does not need to hold up establishment of the feasibility permit regime and the Government can consider and make decisions on revenue support and/or revenue gathering mechanisms in the first two or three years of the feasibility permit regime. This will still enable the Government to provide visibility and certainty to developers (and investors and other stakeholders) prior to developers undertaking the most substantive feasibility activities (that can cost up to $60m or $70m).
11.	Is there a risk in offering support mechanisms for offshore renewables without offering equivalent support to onshore renewables? Are there any characteristics of offshore renewables which mean they require support that onshore renewables do not?	Oceanex agrees with the risks highlighted in the Discussion Document, particularly the reduced need for revenue mechanisms in Aotearoa New Zealand's context with increasing technological maturity, falling project costs, and New Zealand's high quality wind conditions. However, development of offshore renewables is very capital intensive, by far more so than for onshore renewables but with far high energy yields per MW nameplate installed. Revenue support mechanisms will facilitate such large-scale capital investment and ensure the timely progress of development of offshore renewables.
12.	Should there be a revenue flow back to government? And, if yes, do you have views on how this should optimally be structured? For comments on potential flows to iwi and hapū please refer to Chapter 7.	Development of offshore renewables is very capital intensive and revenue flow back to the Government will add to the costs of such development. Accordingly, Oceanex considers that the Aotearoa New Zealand's regime should not have any revenue flow back to the Government, similar to the approach in Australia. If, however, there is mechanism for any revenue flow back to the Government, then such revenue should be fully reinvested back into the industry (including for local skills development).
13.	Do you agree with the proposed approach to cost recovery? If not, why not?	Oceanex agrees with the proposed approach of cost recovery using a permit application fee and annual fee to recover the Government's administration costs for the regime. However, if the Government is recovering its costs or more, it should also be commensurate to ensure sufficient Government staffing to process and respond swiftly. Drawing a comparison with the Australian regime, which has cost recovery of $300,000 for the application fee and annual cost reimbursement for administration costs of the Australian Government.

	Question	Comment
Chapter 7: Māori Rights and Interests and Enabling Iwi and Hapū Involvement		
14.	Is there anything you would like us to consider as we engage with iwi and hapū on Māori involvement in the permitting regime?	Oceanex reaffirms that it sees significant opportunities for iwi, hapū, and/or whānau before and during feasibility activities, and during commercial activities. Oceanex is very interested to hear Māori perspectives on how iwi, hapū, and/or whānau can best participate at all levels of its projects, including to facilitate a 'locals first' approach where possible.
15.	Have we identified the key design opportunities to work collaboratively with iwi and hapū alongside consultation? Is there anything we have missed?	Oceanex considers that, in addition to decision-making involvement and economic opportunities, the design process should also consider how iwi and hapū can actively participate in, and support, all parts of the project. Such approaches could include partnering opportunities, the input of Māori views through a collaborative forum, and local workforce opportunities.
16.	Are there any Māori groups we should engage with (who may not have already engaged)?	Oceanex has no further comment other than that engagement with Māori groups should be as wide and deep as possible.
Chapter 8: Interaction with Environmental Consenting Processes		
17.	For each individual development, should a single consent authority be responsible for environmental consents under the RMA and the EEZ Act? Why or why not?	Oceanex considers that it would be most efficient to have a single consent authority, to avoid the duplication of consenting activities (and the resulting associated time) required to obtain consents related to the development. This efficiency in terms of effort and time will also result in cost efficiency. Additionally, the single consent authority will have the ability to consider all consents required for the project, taking into account all relevant considerations prior to making decisions on all of the consents. However, Oceanex recognises that it may not be practical for the Government, in the short term, to collapse the different consenting authorities that are currently involved with the different consents required. Accordingly, Oceanex submits that until a single consent authority is in place, that the Government requires the different consenting authorities to work together to minimise (as much as is possible) duplication of the consenting application activities – for example, where an applicant has provided information to a consenting authority and that information is relevant to the purposes of

	Question	Comment
		another consenting authority, the applicant may require the first consenting authority to provide that information and associated documentation to the second consenting authority. Oceanex understands there is the ability for cross-boundary activities (ie activities subject to the EEZ Act and RMA) to be jointly processed (which can be subject to separate decisions) and considers this goes some way to address those concerns in relation to duplication, while further investigation is undertaken with respect to having a single consent authority. Oceanex also understands that a project considered to be of national significance can be referred to a board of inquiry for assessment and a joint decision. Oceanex considers the board of inquiry framework to assess joint applications is favourable.
18.	Do environmental consenting processes adequately consider environmental effects such that it is not necessary to duplicate an assessment of environmental effects in the offshore renewables permitting regime?	Oceanex considers that the existing environmental consenting processes, including under the EEZ Act and RMA (or Natural and Built Environment Act 2023), adequately consider environmental impacts. The consenting authorities for environmental legislation have the appropriate expertise, or can delegate functions to persons with appropriate expertise, to assess environmental impact assessments of proposed developments. Oceanex submits it is preferable to not duplicate the environmental consenting process in the offshore renewables regime.
19.	Should the offshore permitting regime assess the capability of a developer to obtain the necessary environmental consents? If not, why not?	Oceanex considers that the offshore permitting regime should include an assessment of the capability of the developer to obtain environmental consents, as per the response to question 5. Oceanex suggests inclusion of environment in the proposed health and safety credentials criteria, including demonstrating an understanding of the environmental consents required under New Zealand legislation, and plans to deliver the project safely.
20.	What is the optimum sequencing between obtaining feasibility permits, commercial permits and relevant environmental consent(s)?	Option 1 (feasibility permit, relevant environmental consent(s), commercial permit) is the logical sequence. Moving beyond feasibility, and into environmental consenting before commercial permits, would provide project certainty for the whole project life before the final investment decision is made. Early consents on critical path areas will be essential to inform the likely project success before construction activities are progressed. If environmental consents were later in the sequence, then

	Question	Comment
		there would be a risk that the final investment decision is made and the project is then not able to be consented (or has to be modified in way that makes it not commercially viable) which would jeopardise investor confidence.
21.	Are there are any other matters about the environmental consent regimes that you think need to be considered in the context of the offshore renewable energy permitting regime?	Oceanex submits that guidance and/or policies on the requirements for assessing impacts and mitigation within marine mammal sanctuaries and Marine Protected Areas would assist developers in their project design, baseline survey design and environmental impact assessment. Such guidance or policies would also provide transparency and confidence in the assessment of consents. For example, within Australia, the additional consenting requirements and expectations within government-identified Biologically Important Areas for threatened species are now well-understood. The greater level of protection within these areas means the nature and scale of understanding of baseline data, detail of impact assessment, and level of mitigation and monitoring is much greater. The locations of marine mammal sanctuaries along the west coast of the North Island means that many proposed offshore wind activities will inevitability interact with these areas; and confidence on the expectations for consenting in these areas would be of benefit to the industry.
22.	How should the factors outlined influence decisions to pursue offshore renewable energy developments in the EEZ or the Territorial Sea? Are there other factors that may drive development in the EEZ versus the Territorial Sea?	Oceanex considers that the jurisdiction of proposed developments should be developer-led. The industry is in early stages, and baseline data for environmental values and sensitivities and other marine users is relatively limited. The factors outlined (environmental, economics, amenity and other marine users) are very location-specific. In many cases, the data will not be known until feasibility activities, baseline environmental surveys and stakeholder consultation begins. In general terms, Oceanex agrees that the greater the distance the wind turbines are from shore, the greater the cost; and conversely, the greater the distance the turbines are from the shore means the less impact on amenity. In very general terms, the deeper the water, the less biodiversity is supported; however, this is influenced by complex factors. Regarding other marine users, commercial fishing restrictions intensity is generally greater closer to shore; but as with the other factors, this is site-specific and needs to be verified.

	Question	Comment
Chapter 9: Enabling Transmission and other Infrastructure		
23.	Are the trade-offs between a developer-led and a TSO-led approach, set out above, correct? Is there anything missing? What could we learn from international models?	Oceanex submits that the development of onshore transmission assets is best led by the TSO, which is experienced in funding, building, operating, and owning those assets. Where there is more than one feasible project in the same area, there will be efficiencies arising from the TSO leading a coordinated approach to building, operating, and owning onshore transmission assets that meet the transmission capacity requirements of all feasible projects. Conversely, there will be design, construction and timeline efficiencies if the developer leads the offshore transmission assets, up to the point of connection with the onshore transmission assets. This also leverages the experience and expertise of the developer and its contractors constructing transmission assets in the marine environment and with high-voltage direct current (HVDV) electric power transmission systems (which the TSO does not usually have). While the developers want to control the design and construction of these assets as part of the construction of the whole offshore facility, the developer generally does not want to own the offshore transmission assets. Oceanex supports the approach taken in Australia with a natural delineation at the point of connection, where the developer builds and manages the offshore facilities (including the offshore transmission assets) up to the point of connection, and from completion (or at a later date) the assets can then be transferred to the TSO. Oceanex acknowledges that the TSO may consider it risky taking ownership and operating offshore transmission assets that it did not design or construct. These risks can be mitigated by the TSO having project oversight involvement with the design and construction of the offshore transmission assets, including involvement in the testing and acceptance of those assets, or co-ownership of assets with Oceanex, the relevant developer, or transmission asset owner. This means that the TSO should manage engagement with the community with regards to onshore transmission assets, while the developer does the same with regards to offshore transmission assets (which can be wrapped up with the community consultation on the development of the offshore renewables facility).

	Question	Comment
24.	Which party do you think should build offshore connection assets? Can existing processes already provide the flexibility for this to be carried out by the developer?	Oceanex agrees that developers will likely have more technical expertise and experience to build the offshore transmission infrastructure in the marine environment and for HVDV, so will be best placed to build these. These assets can be included in the design and construction of the offshore renewables facility.
25.	What are the potential benefits and opportunities for joint connection infrastructure? Do you agree with the barriers set out and how could these be addressed?	Oceanex agrees with the three risks identified in the Discussion Document (commercial sensitivities, timelines not aligning, and unwillingness to take on delivery risk).
26.	Do you agree with the representation of the timeline challenge for onshore interconnection assets? What opportunities might there be to front load planning work for interconnection upgrades? What role do you see for the developer in this?	Oceanex considers that infrastructure issues and delays will impact on the delivery timeline of projects. Accordingly, onshore interconnection asset requirements and timelines could be accounted for during the feasibility permit assessment. Oceanex expects developers to be happy to work proactively and constructively with the proposed owner of the onshore interconnection assets, to front load the planning work. This can be included as one of the feasibility activities.
27.	What changes might be needed in order to deliver the types of port infrastructure upgrades needed to support offshore renewables?	Oceanex has been engaging with key ports such as the Port of Taranaki to assess the changes and augmentation that will be required. This may include ensuring consistent draft (water depth) quayside and in entry/exit channels, areas for manufacturing (which can be a significant local content and jobs opportunity), suitable laydown areas and siting of an operations and maintenance facility to service projects for 30+ years of operation. A huge benefit of offshore wind is that most logistics happen at the port or in the harbour and channels, so there are less onshore logistics changes required and road upgrades should be minimal.
Chapter 10: Decommissioning		
28.	Should developers be required to submit a decommissioning plan, cost estimate and	Oceanex agrees that decommissioning obligations should be consistent with other offshore renewable regimes which require a decommissioning plan, cost estimate and financial security for that cost

	Question	Comment
	provide a financial security for the cost estimate? If not, why not?	estimate. It will be important to provide developers with certainty on their decommissioning requirements so that it can be priced into the project. Oceanex acknowledges that there will need to be financial security. The financial security should be proportionate to the stage of the project. Oceanex submits that at the feasibility stage the financial security should be a smaller amount, with security building up over time as the project progresses, rather than requiring significant upfront financial security.
29.	Should the decommissioning plan, cost estimate and financial security be based on the assumption of full removal? If not, why not?	Option 2 is preferred. Oceanex considers that decommissioning shall be presumed as being full removal, with the option to consider an alternative approach closer to the time of the decommissioning. Such alternative would be subject to consent by the relevant regulators. As projects move through concept definition, the developer has the ability to make the case for partial removal when taking into account long-term potential impacts or benefits. This could also promote designing for decommissioning, which has the potential to generate long-term environment and social enhancement. Oceanex considers that an alternative approach should be assessed using similar criteria as used in the Australian legislation. For example: • The developer should be required to demonstrate how the alternative delivers equal or better environmental outcomes, where the risks are considered as low as reasonably practicable and acceptable, and where all other applicable requirements under the Offshore Petrol and Greenhouse Gas Storage Act 2006 and regulations, including well integrity, safety-related matters and other applicable laws, are met. • Review of an alternative approach to full removal should be evaluate both end states against relevant criteria across environmental, safety, societal, technical and cost dimensions, and be underpinned by relevant supporting studies and stakeholder consultation.
30.	What are your views on the considerations set out in relation to the calculation of the cost estimate and financial security value or	As a threshold issue, Oceanex considers that financial security must bear in mind the large development and capital expenditure before any revenue is generated from a project, so any decommissioning financial security should start very low and increase once revenue increases and

	Question	Comment
	suggested approach for financial security vehicle?	once infrastructure is actually placed in the sea and becomes a risk. Any financial security should be on a 'steeped' basis, increasing during the project to a capped amount – the instrument used should support that in order to provide the security the New Zealand Government requires, yet allowing the developer to progress projects and provide the many benefits to the people of Aotearoa New Zealand. Oceanex notes that financial security for decommissioning is a key area of focus for the New Zealand Government. The options proposed are in line with security mechanisms considered in other jurisdictions for similar liabilities.
31.	What should the developer be required to provide in relation to decommissioning at the feasibility application stage?	Oceanex considers an initial decommissioning plan, accompanied with an indication of cost estimate and initial financial security, as suggested in Chapter 5, is relevant for the feasibility permit application and review. However, the developer should be required to reconsider/update the decommissioning material for the commercial permit application.
32.	What ongoing monitoring approach do you think is appropriate for the decommissioning plan, cost estimate and financial security?	Oceanex supports the suggested approach of a mix of annual reviews (during construction and five years prior to decommissioning) and three to five yearly reviews during operations, with the flexibility to undertake ad hoc reviews. This approach will ensure sufficient, but not overly burdensome, monitoring.
33.	Are there any other ways in which the regulatory regime could encourage the refurbishment of infrastructure or the recycling of materials?	Oceanex notes there will be a significant amount of steel that can be recycled and reused following decommissioning of the site. Oceanex considers that recycling the site materials should be a natural part of the developer's decommissioning process and given the potential recovery costs of the large amounts of steel, may be important in offsetting part of the decommissioning costs.
34.	Should offshore renewable energy projects applying for a consent to decommission be required to provide a detailed decommissioning plan related to environmental effects for approval by consent authorities?	Oceanex supports early decommissioning planning. Global lessons learned on decommissioning indicate that early planning improves efficiency, reduces costs and encourages innovation. Requiring an early decommissioning plan is a suitable mechanism for encouraging this planning. Decommissioning plans should be provided during the early years of a feasibility licence or on completion of FEED studies, once there is further clarity around what infrastructure may actually be placed in the sea that will need to be decommissioned.

	Question	Comment
Chapter 11: Compliance		
35.	How can the design of the regulatory regime encourage compliance so as to reduce instances of non-compliance?	Oceanex supports the VADE compliance mechanisms as a useful tool to encourage compliance with the regime. The compliance regime also needs to be clear and certain to ensure developers have early visibility to incorporate compliance into the design of their operational processes.
36.	Is the compliance approach and toolbox, described above, appropriate for dealing with non-compliance within the regulatory regime?	Oceanex considers the proposed regulatory regime is appropriate to deal with non-compliance (and encourage compliance) with the regulatory regime.
Chapter 12: Other Regulatory Matters		
37.	Should the decision maker within the regime be the regulator but with an option for the Minister to become the decision maker in a specific set of circumstances? If not, why not?	Oceanex agrees with the proposed hybrid decision-making option where specific matters are reserved for Ministers (for example, significant national interest matters or higher risk decisions), but the majority of decisions remain with the independent regulator. The regulator's role will ensure technical input in decision-making, consistency in process over time and ensures certain matters remain independent from political influence.
38.	Should there be an opportunity for public submissions on the commercial permitting decision? What would this capture that the environmental consent decision does not? If not, why not?	Oceanex considers that consultation during the permitting process should be provided for, especially for matters that pertain to the public and which have not been covered by the relevant authorities through the approval process. However, the process should ensure that no undue delay can arise from multiple consultation rounds. It must be borne in mind that developers will be expending large amounts of capital during the feasibility phase (likely in the vicinity of NZD200m or more), so certainty is a requirement to then progress to a commercial permit and any consultation requirements that go beyond the approvals processes (whether environmental or otherwise), should be spelt out as early as possible. All developers are heavily invested in engaging with all stakeholders, so engagement will be occurring regardless of formal public submission requirements. It is a matter of striking the right balance

	Question	Comment
		between complying with formal approval processes and ensuring the public are adequately heard, which is in everyone's interest. Transition of a project from a feasibility permit to a commercial permit is expected to focus on whether the proponent has sufficiently demonstrated that the project proposal is technically and commercially viable. It is assumed that, as part of the award of a commercial permit, New Zealand Government will assess whether sufficient consultation has been undertaken through the feasibility permit stage to demonstrate that project viability has taken into account community and stakeholder views. Additional consultation on the award of the commercial permit itself is unlikely to provide additional benefit. As the Discussion Document notes, consultation is also a requirement of environmental consenting. Accordingly, Oceanex supports Option 1, where notification of an application and award is made for feasibility and commercial permits, and one consultation process is held to hear all views on the project.
39.	Should permitting decisions be able to be appealed and if so which ones? Which body should determine such appeals?	Oceanex considers that appeal processes should be available to ensure fair and transparent decisions and processes are used. The ordinary New Zealand courts would be the appropriate appeal authorities, which would also ensure public accountability and review of decisions in accordance with all relevant legal considerations. However, in order for New Zealand to be an investment destination of choice, it will be important for appeals to be heard on a timely basis.
40.	What early information would potential participants of the regime need to know about health and safety regulations to inform decisions about whether to enter the market?	Oceanex considers that it would be useful to understand whether specific health and safety regulations will be enacted to apply to offshore wind projects. Most experienced developers will be familiar with similar high-risk health and safety obligations from other jurisdictions, so should be well prepared to develop and adhere to health and safety management plans. However, developers will want certainty about whether health and safety obligations are likely to change in the near-term.

	Question	Comment
41.	What are your views on the approach to safety zones including the trade-offs between the different options presented?	Oceanex considers that Option 4 is preferable as this provides flexibility in the safety zone during development stages and is consistent with comparable regimes in Australia and the United Kingdom.
42.	Do you have any views or concerns with the application of these proposals to other offshore renewable energy technologies?	Oceanex has no further comments on this question.