

350 Aotearoa Submission

GENERAL FEEDBACK ON THE MBIE ENERGY STRATEGY

November 2023

350 Aotearoa is the New Zealand arm of the international climate movement 350.org, which aims to unite the world around climate change solutions. Our mission is to strengthen and grow climate action in communities across New Zealand. Our campaigns challenge the cultural acceptance of fossil fuels, and push New Zealand and the rest of the world back on track to 350ppm and, consequently, climate safety (350 is the number that leading scientists say is the safe upper limit for carbon dioxide—measured in “Parts Per Million” in our atmosphere. 350 PPM).

350 Aotearoa welcomes the opportunity to engage with MBIE on the development of the Energy Strategy. Rather than provide feedback on the individual consultation documents, with this submission we hope to provide general guidance on the direction of the Energy Strategy.

Most importantly we believe that this Energy Strategy is critical to a just and equitable transition that prioritises justice for the people in Aotearoa and Papatuanuku. We welcome the vision and objectives set for the Energy Strategy but believe that the scope of the consultations to date is lacking principles and guardrails, This strategy is a big opportunity to set a plan for the well-being of all New Zealanders ensuring that affordability, resiliency and sustainability of our energy networks are met in the short, medium and long-term future.

For that reason with this submission, we'd like to outline 9 principles and guardrails that should be considered for the entire Energy strategy.

- 1. The Energy Strategy's recommendations must have a direct impact on reducing greenhouse gas emissions**
 - a. Globally, we need to halve our emissions by 2030 in order to avoid the worst impacts of climate change.

- b. The strategy must identify what resources the Government needs to allocate to accelerate existing scalable solutions, rather than investing our resources in unproven, inadequate and unrealistic technologies.
- c. The primary solution to the climate crisis is a combination of:
 - i. Keep all fossil fuels in the ground;
 - ii. Replace fossil fuels with Renewable Energy and transform our energy infrastructure to support renewable energy for widespread electrification;
 - iii. Improve energy efficiency and sufficiency.
- d. Avoid dangerous distractions from decreasing greenhouse gas emissions. Dangerous distractions (or 'false solutions') do NOT have a direct impact on reducing greenhouse gas emissions at the speed we need them. They are often used as an excuse to continue the lifetime of fossil fuels.
 - i. "The deployment of Carbon Dioxide Removal to counterbalance hard-to-abate residual emissions is unavoidable if net zero CO₂ or [greenhouse gas] emissions are to be achieved," according to the IPCC¹. However, **CCS (Carbon Capture and Storage), BECCS (Bioenergy with Carbon Capture and Storage) and DAC (Direct Air Capture) must not be employed to continue using fossil fuels.** It would require excess amounts of energy to run itself; only captures some emissions and does not run on scale; and doesn't address fugitive methane emissions along the supply chain in hydrogen use. There will be cases where we will need to rely on this sort of technology to stay at 1.5C, i.e. hard to abate industrial sectors like steel, cement and chemical subsectors, to extract small amounts of remaining carbon.
 - ii. We **strongly oppose offsetting carbon markets.** They often run on inflated credits that don't represent the emission reduction they pretend to be, and de facto work with uselessly low carbon price that opens the door for massive greenwashing. Emission reductions need to happen at the source. At the same time, carbon markets in the form of emission trading systems where a government has full control over the total allowance of emission reductions can be a useful instrument.
 - iii. **Hydrogen is not a one-stop solution:** conventional hydrogen is being used as a delay tactic by the fossil fuel industry to extend their operations lifeline, as well as being presented as the solution to the climate crisis. Green hydrogen, produced from renewable energy, is the only near zero

¹ Intergovernmental Panel on Climate Change, Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (2022), "Summary for Policymakers," 36. <https://www.ipcc.ch/report/ar6/wg3/>

emissions hydrogen - but it still requires a lot of RE to produce. Even green hydrogen should therefore only be considered in hard-to-abate sectors such as shipping, industry and some heavy goods vehicles.

2. The Energy Strategy must support energy justice, enable energy access to all and increase social equity

- a. Recommendations that increase social equity must involve decarbonising our economies while also meeting the need for universal, adequate and just energy access. Energy should be treated as a common good, access to energy is fundamental to human and economic development.
- b. Recommendations should curb excessive, wasteful and unnecessary energy consumption and the highly inequitable control, access and use of energy by the rich and privileged.
- c. **Distributed and decentralized RE systems will therefore be an important component** to ensure energy justice in both availability, accessibility and affordability.
- d. Avoid prioritising RE for the rich and industry over the poor: a Just Transition is for everyone
 - i. Do not support unaffordable solutions that exclude low-income households and essential services (i.e. health and educational institutions) from being able to afford the switch to renewable energy.
 - ii. Support mass public transport running on renewable energy; we are in favour of energy-saving public services over expensive, individualistic transport technologies such as cars run on excessive or expensive technologies. With an extensive public transport system, resource consumption would be significantly reduced, thereby alleviating the effects of extractivism in terms of pollution and biodiversity loss, as well as the harm caused to communities living near these resources. Removing the need to construct infrastructures for every home and office with a car would prevent wasteful use of resources and energy consumption, adhering to the efficiency and sufficiency principles.

3. The Energy Strategy must ensure clean water, air, and a healthy environment for all while protecting biodiversity.

- a. The only realistic pathway to 1.5C is to phase out fossil fuels while at the same time restoring and protecting the integrity of biodiversity and ecosystems; we take

- a rights-based approach which centres in particular on the land rights of Māori. This includes the avoidance of pathways that rely on massive carbon removals.
- b. The use of agricultural lands and freshwater resources must be towards ensuring staple food, health and well-being of people and communities.
 - c. Land use change, principally deforestation is a major driver of greenhouse gas emissions. Recommendations should not contribute to the loss of carbon sinks.
 - d. Avoid compromising land that is needed for the food, water and well-being of communities
 - i. It's crucial that in consenting processes, Māori have free, prior, informed consent in the process and decision-making of energy projects in their communities.
 - ii. There should be clear policies against deforestation of native, biodiverse forests. As research shows forests stay standing when Indigenous Peoples' rights to traditional lands and self-determination are respected.
 - iii. Best practices should be implemented to protect ecological habitats. To reduce biodiversity threats from RE projects, installations should be sited in areas with little biodiversity, and authorities should implement biodiversity-friendly operational procedures in line with biodiversity-conscious recommendations.

4. Energy should be produced close to the communities using it as much as possible.

- a. We need energy to benefit communities while the transition needs to take place at scale and speed. Generating energy where it will be consumed is an essential principle that often allows for better efficiency and sufficiency.
- b. Recommendations should contribute to efficiency and sufficiency, limit the wasteful use of resources, and adhere to environmental justice values, i.e. not dumping pollution on poor communities.
- c. We recognise that RE might need to be deployed at large and to some degree centralized way, but must not threaten the land rights of Indigenous Peoples and livelihoods of frontline communities e.g. offshore wind.
 - i. Energy projects and transmission lines necessary for a complex grid around renewable energy, must under all circumstances respect the land rights of Indigenous Peoples and livelihoods of frontline communities.
 - ii. We do not support energy transmission lines and infrastructures that effectively grab/steal land from communities. Free, prior and informed consent of communities is required across any infrastructure project that will affect the lives and livelihoods of communities.

- iii. We do not support (historically) privileged communities to continue to use excessive amounts of energy while dumping the pollution of the said energy to marginalized communities.

5. The Energy Strategy should not be based on extractive relationships and neocolonial practices.

- a. The accelerated development of renewable energy systems required for a transition, combined with the massive building and/or retrofitting of infrastructures that will run on renewable energy, will require a proportionately massive rise in the scale and volume of extraction and production of raw materials and minerals.
- b. Risks to the reliability, affordability and sustainability of mineral supply are real and manageable² with appropriate policies and regulations.
- c. In order not to replicate the extractivist processes of the fossil fuel industry, raw materials and minerals should:
 - i. Have democratic and transparent regulatory systems with the highest social, environmental and economic transparency regarding the sources of control to better assess and manage risks;
 - ii. Have regulatory policies on energy efficiency and sufficiency, curbing excessive, unnecessary, and wasteful energy consumption;
 - iii. Have programs and policies for the recycling and reuse of minerals.

6. The Energy Strategy must pave the way for Energy Democracy

- a. It's crucial for a just and equitable energy transition that ownership and control of renewable energy infrastructure is transferred from private monopolies increasingly to communities and the public sector or small and medium enterprises, which will allow for electricity to be produced close to where it would be consumed, and communities and workers directly benefiting from improved energy access and governance.
- b. The recommendations should aim to allow the Govt to support the policies and infrastructure that will create energy systems where people are more actively involved, either through direct influence on energy policies and investments, social ownership of renewable energy systems, increased consumer agency, distributed energy generation or other community-led solutions.

² <https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions/executive-summary>

- c. Recommendations should push back against the concentration of wealth and power in the hands of a few large corporations prioritizing profit over public interest which is currently the case.
- d. Based on decentralization and dispersion of ownership, solar power enables new democratic organizational forms. Solar power (as well as wind) constitutes the backbone of energy collectives and cooperations in which people rather than markets decide how much to produce and consume energy.

7. The Energy Strategy must uphold the rights of people and communities

- a. MBIE's recommendations should be led by the communities at the centre of the climate crisis, and those most impacted should be at the forefront of decision-making - including Māori, other historically marginalized and impacted communities, women, children and youth, elders, and low-income and rural communities.
- b. RE produces three times as many jobs as fossil fuels³. Living wages, social protection, security of tenure, and occupational safety and health that are consistent with international labour standards must be ensured. Therefore it is important the Energy Strategy lays out in its recommendations the policy settings and resources needed to ensure Aotearoa New Zealand is ready for the energy transition.

8. Recommendations should match financial and historical responsibility

- a. As per the agreed principle of common but differentiated responsibilities and respective capabilities, finance needs to flow from those who have caused the climate crisis to those who have not.
- b. Both **investments and support must be needs-based**, built on the scientific boundaries to keep global warming below 1.5C and the support needs of vulnerable communities especially if renewable projects are not profitable or invested in at the scale and speed necessary at market conditions.

9. Actual implementation and how a technology is implemented are key for making a judgment call

- a. Implementation is everything. Only by honouring the above principles, including community consent and inclusive planning processes, solutions are rooted in justice.

³ <https://ukerc.ac.uk/publications/green-jobs/>

- b. We, therefore, see an ongoing need for the Energy Strategy Team to monitor the implementation and urge the Minister for Energy and House of Representatives to adopt these principles.

Specific Recommendations Relating Electricity Market Measures

Together with the New Zealand Council of Trade Union and FIRST Union, we launched the [Generating Scarcity: How the gentailers hike electricity prices and halt decarbonisation](#) report on November 14th 2022. The report reveals how the gentailers have distributed billions in excess dividends to shareholders thereby preventing reinvestment in renewables and keeping power prices high. In summary, the report made the following finding and recommendations.

The report shows that:

- From 2014 until 2021, the four big generator-retailer firms (the gentailers) distributed \$8.7 billion in dividends off only \$5.35 billion earned in profits. Collectively, the gentailers have delivered \$3.7 billion in excess dividends to shareholders over this period, averaging \$459 million a year.
- The NZ Government is a major beneficiary of this, collecting \$ 1.35 billion in excess dividends as part of the \$3.75 billion collected from its 51 percent shareholding over this period. This is an average of \$150 million per year.
- Systemic underinvestment in generating capacity has enabled excess dividend distribution, leaving New Zealand's generating capacity practically flat over the last decade.
- Underinvestment in renewable generation enables high-cost high-emission fossil fuel electricity to set the prices for cheaper renewable electricity, dragging prices up across the market and bolstering profits.
- Excess dividend distribution's impact is offset by a process of asset revaluations, itself the result of rising electricity prices. Asset revaluations now account for 56 per cent of the value of fixed assets held by the three mixed ownership gentailers (\$10.9 billion out of \$19.6 billion).
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This report argues that as the largest shareholder of three gentailers, the New Zealand Government should:

- Submit a minimum profit reinvestment target at the next shareholder meetings to rapidly develop new renewable generation;

- Require that future dividends received from its shareholding be used to buy back gentailer shares, to be held by a special purpose vehicle with the objective of maintaining stable and secure energy supply ;
- That fossil fuel generation facilities be ringfenced for strictly non-commercial use to ensure national electricity security;
- That the Govt invests at least the equivalent of its \$1.35 billion excess dividend since partial-privatisation in community and household electricity schemes; and
- That a windfall tax be levied against the gentailers for the remainder of the excess dividend.

In addition to this we support Flick Energy's the small electricity retailers calls for fairer power prices, calling for the Government to either split up the gentailers to either generate or retail electricity or making sure everyone purchased power on the same market.



Climate Bill Delivery Action at Genesis Office in Tāmaki Makaurau April 2023.

Specific Recommendations relating to Community Energy

While not in the scope of the Energy Strategy consultations, we strongly recommend embedding a section on the role of community energy. We believe, community energy is critical for a just and equitable transition to renewable electricity and tackling energy hardship. Distributed energy generation and storage can help with the resiliency of our electricity network as well as support local communities with wider decarbonisation efforts in their communities.

This is why we are asking our Government to make a commitment and release a strategy that will help Aotearoa achieve 750MW community energy generation and 400MW community storage by 2035. A strategy on community energy should help address the barriers and support a level playing field. We support the key opportunities and policy gaps of the 2019 “Strategic Project on Community Energy - Final Report” prepared by Dr. Anna Berka for EECA.



Photo of 350 Volunteers holding a banner that says “We need Community Energy for a Just Transition”.

Specific Recommendations relating to Gas Transition Plan

- The expansion of natural gas infrastructure jeopardizes energy transition, as natural gas is not a bridge technology towards a 100 per cent renewable energy system as defined by the Paris Climate Agreement.⁴ We strongly oppose plans to expand New Zealand’s offshore and onshore gas exploration.
- We need clear and strong signals to show that we are transitioning from gas, to prevent further stranded assets (for corporations or communities)
- We strongly oppose the introduction of new fossil fuel subsidies and advocate for an end of free industrial allocations.
- We need a fast managed decline of all fossil fuel production in Aotearoa
- The IEA's 1.5 aligned scenario shows there's no room for development of any new fields⁵
- Oil Change International research shows 60% of fossil fuels in existing fields must stay in the ground.⁶

⁴ <https://www.sciencedaily.com/releases/2022/07/220705103634.htm>

⁵ https://climateanalytics.org/media/2030_targets_for_1-5.pdf

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Photo of Power Up for Climate Solutions Protest outside Parliament on 17.10.2023.