

Submission on *Measures for Transition to an Expanded and Highly Renewable Electricity System*

Name	
Organisation (if applicable)	Certified Energy (NZECS)
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Release of information

Please let us know if you would like any part of your submission to be kept confidential.

I would like to be contacted before the release or use of my submission in the summary of submissions that will be published by MBIE after the consultation.

I would like my submission (or identified parts of my submission) to be kept confidential, and **have stated below** my reasons and grounds under the Official Information Act that I believe apply, for consideration by MBIE.



Thank you for the opportunity to provide a submission in response to the consultation paper 'Measures for a Transition to an Expanded and Highly Renewable Energy System'.

This response begins with priority messages in response to the consultation, followed by a brief overview of Certified Energy and the New Zealand Energy Certification System (NZECS), and closes with some further detail on relevant consultation questions.

1. Priority messages in response to the consultation

Certified Energy has built the NZECS specifically to support the decarbonisation of our national energy systems.

We acknowledge the ambition of the government to accelerate this decarbonisation, and strongly encourage the government to utilise the NZECS to assist in this acceleration. Certified Energy is actively seeking support in ensuring system rules and processes align with the direction of governmental intent.

Further key messages:

- a) The voluntary market has a significant opportunity to accelerate decarbonisation by switching from fossil energy to electricity, and at the same time purchasing renewable electricity in a way that reduces system emissions.
- b) The NZECS has developed a highly supported platform for the tracking of renewable electricity purchases, and is working on enabling the verification and quantification of purchase impact in order to guide the market toward more impactful purchasing behaviours.
- c) Utilising the NZECS, electricity users can execute an energy procurement strategy that meets their internal goals of reducing reportable emissions, plus at the same time achieve verified system impact.
- d) At the same time, Certified Energy is seeing increasing interest from the consumer market for low-carbon, or renewable, electricity purchases, and is seeing a proliferation of alternative options, including direct contracting with renewable generators and other novel electricity retail products, such as that offered by Ecotricity.
- e) Collaboration and coordination across the voluntary market is vital to avoid double-counting and ensuring the integrity of market-based mechanisms. The NZECS has developed and maintains a residual supply mix (RSM), which allows for the removal of explicitly purchased renewable electricity from grid emissions factors, in order to avoid double-counting and maximise the impact of purchases.

- f) The New Zealand government could play an important role in guiding the voluntary market, by establishing a requirement for explicit purchases of renewable electricity to be tracked on the NZECS, and removed from the RSM in order to create a common data standard. Certified Energy is more than happy to explain the potential operationalisation of this concept in more detail.
- g) Further, as Certified Energy establishes the tracking and verification of system impact associated with energy generation, purchase and use, it is going to be important for the country to form a common view on the behaviours that we deem to be impactful. This is an area where the New Zealand government could provide immense value. For example, temporality of energy generation and use (e.g. 24/7 time-matching), and its impact on system emissions, is currently a hotly debated topic.

2. Background: Certified Energy and the New Zealand Energy Certificate System (NZECS)

Certified Energy runs the New Zealand Energy Certificate System (NZECS) which has been active since 2018. Our purpose is to guide and support the voluntary market to direct its efforts toward efficient and rapid decarbonisation of our energy systems. We seek to do this through:

- a) measuring, tracking and verifying the impact of voluntary consumption, generation and purchasing behaviours in energy markets in New Zealand; and
- b) enabling organisations to understand and demonstrate the impacts of their behaviours.

The role of Certified Energy is to ensure that renewable energy information is captured and recorded accurately and to manage the accurate allocation of production attribute ownership between producers and users.

New Zealand Energy Certificates (NZ-ECs) are an internationally recognised market-based mechanism that support electricity generators to expand their renewable generation and offer organisational energy users the opportunity to track their renewable energy purchases while supporting system decarbonisation.

For an organisational energy user, the NZECS enables both:

- procurement of renewable energy; and
- achievement of impact through that procurement strategy.

The NZECS is set up to provide both renewable electricity and renewable gas certification, and is currently developing tracking and certification functions for further sectors in need of decarbonisation, including sustainable aviation fuel (SAF) and freight.

The system has further scope to include non-carbon factors of impact (e.g. productive land-use, cultural considerations) that address environmental sustainability and energy equity considerations.

3. Addressing consultation questions for Chapter 2: Accelerating supply of renewables

Are any extra measures needed to support new renewable generation during the transition? Please keep in mind existing investment incentives through the energy-only market and the ETS, and also available risk management products.

Yes. The continued existence of the NZECS can support the development of new renewable electricity generation.

Certified Energy receives consistent feedback from renewable energy developers that the additional revenue generated through the sale of NZ-ECs can be instrumental in gaining revenue certainty, which in turn is critical to securing project funding. The NZECS is well supported, and functioning effectively.

Governmental support could be gently applied to stimulate price and demand, through requiring that purchases are tracked on the NZECS, or through other nuanced measures, such as supporting Certified Energy's ability to provide price discovery to the market, or through establishing an expectation of associated system impact required.

Certified Energy is more than happy to explain the potential operationalisation of this concept in more detail.

Any new measures should add to (and not undermine or distort) investment that could occur without the measures. If you think extra measures are needed to support renewable generation, which ones should the government prioritise developing and where and when should they be used? What are the issues and risks that should be considered in relation to such measures?

Why should the government prioritise stimulating price and demand for NZ-ECs?

The NZECS is a highly effective tool for enabling the tracking and accounting of renewable electricity purchases. Further to this, Certified Energy is developing a rigorous approach to assessing the associated system benefit of these purchases, in terms of avoided emissions.

Additional effort by the New Zealand government to increase the level of demand for these types of purchases will efficiently lead to additional finance for system decarbonisation. As previously outlined, Certified Energy is more than willing to adapt the system rules and processes to align with governmental intent and we encourage government to carefully consider the impacts of any new measures on existing high-functioning market mechanisms such as the NZECS.