



Te Kaunihera-ā-Rohe o Ngāmotu

**New Plymouth
District Council**



TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI

STRATFORD
DISTRICT COUNCIL

Taranaki Mayoral Forum

Our Reference
F22/55/007-D23/44575

Kia ora

Taranaki Mayoral Forum Submission on Advancing New Zealand's Energy Transition

1. The Taranaki Mayoral Forum is committed to ensuring our region remains at the heart of New Zealand's energy sector. The oil and gas industry in Taranaki has provided economic development and energy security for the country. But with climate change posing a systemic threat to communities and ecosystems, we know the country must reach our emissions targets. Transitioning to a new energy system, that enhances the well-being of communities, will require the cooperation of central government, local government, iwi, the private sector, communities and workers.
2. Through its people, natural resources and location, Taranaki has the potential to be a centre of renewable energy excellence and drive the country's transition. There is a wealth of energy expertise in the region that is ready to turn their abilities towards renewable energy production. Taranaki's world-class wind resource and ample sunlight is waiting to be harnessed. And our location in the North Island, close to major demand centres, offers transmission benefits.
3. Achieving the renewable potential of Taranaki and the country without harming communities in the process will require strategic nous and dedicated resource. The Mayoral Forum welcomes the package of consultation documents. They move us towards developing a New Zealand Energy Strategy and an Equitable Transitions Strategy, which we have been highly concerned about the lack of to date. Without these wider strategies in place, it is difficult to see the range of ideas presented in the current consultation documents coalescing into a cohesive and equitable programme of change.
4. We call on the Government to commit to placing Taranaki at the heart of New Zealand's renewable energy system. In particular, we call for:
 - support for advancing energy industry growth and tangible projects, leveraging our oil and gas expertise and infrastructure;
 - the creation of a suitable enabling environment to support the attraction of industry to leverage energy generation assets and the development of Port Taranaki for offshore wind and hydrogen export;
 - support for training and career development in our communities to meet the projected labour demands for renewable energy initiatives;
 - the development of a regulatory environment that facilitates investment in the renewable energy industry in Taranaki; and
 - investment in the transmission lines out of Taranaki so that Taranaki's renewable energy can reach the national grid.

These actions both promote an equitable transition for Taranaki, and provide a strong approach for New Zealand's shift to clean, renewable energy.

5. We also recognise that there are divergent views on how New Zealand should achieve its renewable energy goals. For instance, we are aware that there is some opposition to hydrogen within our communities, and we expect that there will be some opposition to offshore wind as well. There is also a wide range of views on how important behaviour change and overall electricity demand reduction should be. The Government needs to provide a clear and consistent strategy on the approach, be flexible as technology changes, and provide ample opportunity for community engagement.

Taranaki Mayoral Forum
C/- Stratford District Council

Email:
Phone:

| stratford.govt.nz

Offshore electricity generation

6. We strongly support the development of a bespoke regulatory regime for offshore renewable electricity generation, and for this to be brought into force rapidly. This regulatory regime should be as simple as possible, while ensuring environmental protections are in place.
7. Drawing from the consultation document, our specific comments are as follows:
 - We are supportive of there being a one-stop shop for consenting applications across the territorial sea and the exclusive economic zone. However, it is critical that local government has a strong and legally required role in this process. We have had considerable issues trying to monitor and enforce consent conditions that have been put in place by the Environmental Protection Authority where local government was not adequately involved in their drafting.
 - The regime put in place needs to be fair to applicants. Applications should be assessed on their own merits, as opposed to being compared against each other.
 - We favour an open-door policy rather than a 'block offer' approach for new permits. The latter creates difficulties for processing consents as applications end up grouped together.
 - We strongly support the inclusion of iwi and hapū throughout the process. Guidance should be developed on expectations in this regard. The participation of iwi and hapū should also be compensated.
 - We recommend that the regulatory criteria for commercial permits include consideration of local economic impacts and community benefits. Doing this properly requires the participation of relevant local authorities and regional economic development agencies.
 - We recommend that the regulatory regime be as flexible as possible due to ongoing technological changes. This means avoiding statutorily imposed consent lifespans that will negatively impact on longer life technologies.
 - As evidenced by past issues in Taranaki, consideration of decommissioning upfront is critical. Commercial permits must demonstrate full lifespan considerations, with commitments transferring to new asset owners. Regulations should encourage commercial permit holders to implement circular design principles in construction in order to minimise waste. Decommissioning regulations also need to address what happens if consent conditions are breached to such an extent that permits are revoked.
 - We do not see a royalty regime as essential for offshore wind. New Zealand will be stretched to reach its renewable energy targets, and royalty charges could disincentivise investment. We also note the lack of royalties for onshore renewables, and the philosophical difference in charging royalties for non-renewable (e.g. oil and gas) and renewable (e.g. offshore wind) resources. However, if a royalty regime is instituted, those funds should be ring-fenced for the local region, rather than go into the consolidated fund. This reflects that the negative impacts of development will be felt locally.
 - We wish to emphasise the crucial nature of port infrastructure. This is not only for offshore wind, but also green hydrogen. The Government needs to ensure an appropriate enabling environment for long-term and strategic port development that meets the needs of the industry.
 - Regulations should promote collaboration between developers to ensure cost and resource efficiency in connecting to the transmission grid.
 - We recommend that Government also incentivise early movers, and support research and development.

Hydrogen Roadmap

8. We consider green hydrogen potentially has a critical role to play in New Zealand's energy future. For the country, it offers promise in reducing emissions in hard to abate sectors. And we support those focused on in the consultation document (i.e. heavy transport, shipping, aviation and industrial processes). Hydrogen could also play a role in energy storage, albeit as part of a wider package of storage solutions. It's role in improving the economics of renewable generation, by providing a profitable off-ramp for supply when grid demand is low, should also not be understated.
9. As set out in the *H2 Taranaki Roadmap*, Taranaki is ideally placed to underpin and enable advancements in New Zealand's hydrogen industry. We are home to significant water, wind and solar resources; already have large producers and users of hydrogen; have considerable relevant industry expertise to draw on; and our deep-water port offers connection to developing hydrogen markets offshore. A hydrogen industry, through being a supply off-ramp, is particularly important for supporting the development of Taranaki's offshore renewable electricity industry.

10. Given the early stage of the industry, the Government has a key role to play. This is not only in defining a vision and roadmap. But also for actively enabling and accelerating its development in line with the latest understanding of its role decarbonisation. The Regional Hydrogen Transition Programme is a positive step in this direction. We call on the Government to be still more ambitious in its support for the industry. Along with dedicated funding, this also requires a strong focus on creating a world-class regulatory system – including bespoke advice for resource consenting processes – to manage risks without stifling a nascent but growing industry.
11. On the question of exports, the Mayoral Forum supports a regime that allows for New Zealand hydrogen to support climate mitigation around the world. For countries like Japan and Singapore, who simply do not have enough local renewable generation capacity to meet demand, hydrogen derived energy will be a critical component of their transition. Producers of hydrogen – or energy solutions that use hydrogen as a feedstock – should not be unduly restricted from export. A ton of carbon abated in New Zealand or Japan is still one less ton of carbon in the atmosphere. We recommend this begin with a feasibility study of the export potential of hydrogen that assesses the full carbon lifecycle of such exports.
12. Finally with regard to hydrogen, we note the development of the industry is opposed by some sections of our communities. It is clear that it carries unique risks that require careful management. While the current low-rate of conversion efficiency in its production is also a key limitation. It also must not be used as a crutch to avoid behaviour change or to allow unsustainable industry practice to continue. As the industry develops, ongoing public engagement will be vital to address issues around social licence.

Gas Transition

13. The Mayoral Forum welcomes the considered approach the Government is taking to a gas transition. It is clear that a transition needs to occur, but it must be managed to avoid economic or energy system shocks. An unmanaged transition poses considerable risks to community well-being, especially in Taranaki.
14. In a gas transition, we recommend a greater focus on helping households transition to alternative energy sources. This helps ensure that gas reserves are available for industrial uses, particularly those that have few viable alternatives at present. There is also a real risk that the fixed costs of the gas network will become spread over a decreasing base, causing households to face significant cost increases over time. A support package for the residential sector to electrify appliances will be crucial.
15. The Government must also be aware of the risk that a transition results in the inability of the private sector to match supply with demand and resulting market failure. For example, the unexpected exit of Methanex from the market would jeopardise continued investment in supply. The sector is not well placed to manage this risk. There needs to be a clear plan, with supporting regulation in place as required, to minimise such risk.
16. As part of the transition, we support continued investigation and investment into biogas, hydrogen, carbon capture and storage, renewable gas trading and gas storage. All options need to be kept on the table as we move towards our emissions targets. However, not all options are created equal¹. It is important that none are used as an excuse to not reduce emissions. We view the potential for renewable gas trading to be a particularly important. It allows hard to abate sectors to efficiently achieve emissions reductions through incentivising lower emission gas alternatives.

Renewable Electricity

17. The Mayoral Forum is supportive of pursuing a range of measures to achieve an expanded and highly renewable electricity system. Achieving sufficient electricity supply, especially if hydrogen production becomes an important part of the energy solution, will be a challenge. We will need a wide range of tools to achieve our mitigation targets.
18. On renewable energy zones, we recommend the Government consider how these can work with the regional spatial strategies under the *Spatial Planning Act 2023* or its replacement. Spatial strategies will need to include indicative locations for infrastructure required to support renewable energy production. There is a strong opportunity for these to work together. To do so will require collaboration between councils, Transpower, local lines companies and potential energy generators.

¹ We note that some sections of our community have concerns about carbon capture and storage for this reason.

19. We also recommend that consideration be given to developing local energy transition plans at a community level. These plans can help communities to understand where spare capacity is available within the local network for electrification and where other alternatives may be required to decarbonise. We understand that internationally these have been done in conjunction with local government. Such a model could work well in New Zealand too.
20. We support the removal of barriers to distributed energy resources (DER) uptake, such as the Multiple Trading Relationships Pilot with Ara Ake and the Electricity Authority. Reducing barriers would provide Iwi and local communities with greater energy resilience and the ability to both consume and produce electricity. This also helps with the behaviour change required to better manage energy efficiency.
21. Finally, across all the consultation documents, we wish to reiterate our commitment to working in partnership to achieve New Zealand's emissions reduction goals. Building the renewable energy infrastructure our country needs is a significant challenge. However, with over fifty years of energy experience, our region is ready to become New Zealand's centre of renewable energy excellence and meet this challenge.