Energy Portfolio Weekly Report

Week commencing:	01/07/2024	**Priority:**	Medium
Security classification:	**In Confidence**	**Tracking number:**	2425-0040

Recipient	**Action sought**
HON SIMEON BROWN **MINISTER FOR ENERGY**	**Note** the contents of this report

Justine Cannon
General Manager
Energy Markets Branch

Ministry of Business, Innovation and Employment

Privacy of natural persons

27 June 2024

Minister's comments:

Energy Portfolio
Officials' Meeting Agenda
(Proposed Agenda TBC)
10:30 am – 11:30 am Tuesday 2 July 2024

Item	Subject	People	Oral Item / Paper #	Action Required
1.	EEC Act Amendments	Scott Russell Peter Bartlett	Paper 2324-3176	Discussion
2.	Energy Demand and Supply Scenarios (EDGS)	Mike Hayward	Oral	Discussion
3.	Weekly Report & Work Programme	Minister	Oral	Discussion
4.	Any other business	All	Oral	Discussion

Ministry of Business, Innovation & Employment officials attending:

Name	Position
Carolyn Tremain	Chief Executive and Secretary (Tentative)
Paul Stocks	Deputy Secretary, Building, Resources and Markets
Justine Cannon	General Manager, Energy Markets
Peter Bartlett	Director, Sector Engagement
Scott Russell	Manager, Energy Use Policy
Mike Hayward	Manager, Markets

Key Updates

Title	Comment
Implementing Electrify NZ Daniel Brown Privacy of natural persons [redacted]	Confidential advice to Government [redacted] Targeted engagement on matters in RM Bill 2 and the national direction programme is scheduled to commence in July 2024. RM Reform Ministers will receive further briefings on the detailed design of RM Bill 2 and the national direction programme over July to October 2024.
New permitting regime for offshore renewable energy Melanee Beatson Privacy of natural persons [redacted]	Confidential advice to Government [redacted]
Fast-Track Consenting Regime Susan Hall Privacy of natural persons [redacted]	Confidential advice to Government [redacted] [redacted]
Auckland Airport jet fuel resilience Dominic Kebbell Privacy of natural persons [redacted]	You asked for monthly reports on our work relating to Auckland Airport jet fuel resilience. We are continuing to monitor the situation and will advise you with next steps once we receive the progress report from fuel companies in July 2024.
Hazards from Trees Regulations Tamara Linnhoff Privacy of natural persons [redacted]	Confidential advice to Government [redacted] [redacted]
Hydrogen refuelling station capabilities Melanee Beatson Privacy of natural persons [redacted]	Following your bilateral meeting with the Minister of Climate Change on 24 June, you requested information on capabilities of the Hiringa Energy refuelling network, and the decisions that led to the stations being capable of 350 bar refuelling only. Hydrogen is compressed to increase its energy density, most commonly at pressures of 350 bar and 700 bar. Hydrogen fuel cell light vehicles like the Toyota Mirai and Hyundai Nexo can store hydrogen at 700 bar, while most heavy vehicles currently in operation store hydrogen at 350 bar. This is because heavy vehicles have more space to store sufficient fuel at lower pressure to achieve useful operating ranges, although there is interest in 700 bar storage for trucking to further increase range.

	In 2018, the Provincial Growth Fund and Hiringa co-funded a hydrogen infrastructure supply feasibility study that informed the subsequent decision in 2020 to provide financing and grant funding to support Hiringa's four North Island stations. The study recommended that the stations should initially be fitted with 350 bar refuelling capability, due to: • the significantly lower cost of 350 bar equipment compared to 700 bar • technical assessment of the operating needs of heavy vehicles, for which 350 bar refuelling was found to be suitable for New Zealand freight routes in the North Island that would make use of the network • an assessment of more limited market demand for hydrogen for light vehicles compared to heavy trucks • the ability for light hydrogen fuel cell vehicles to still be fuelled to half capacity at 350 bar, which the report stated would provide 60% of the maximum range for a Hyundai Nexo fuel cell vehicle (360km). The study also recommended the stations include the ability to be upgradable to 700 bar in future, if demand arises. Hiringa has indicated that its stations have been designed to enable upgrades to 700 bar, as well as the potential to accommodate future upgrades to on-site electrolyser capacity and hydrogen storage. The New Zealand Hydrogen Council has informed us that the Halcyon Power/Obayashi station in Wiri, Auckland is being fitted with 700 bar capability.

Stakeholder Updates

Title	Comment
Independent study on EDBs' productivity Tamara Linnhoff Privacy of natural persons	The Commerce Commission has released an independent study by Cambridge Economic Policy Associates' (CEPA) into the productivity of electricity distribution businesses (EDBs) over the 2008-2023 period. The main findings/points of the study are: • CEPA estimate that EDBs' productivity measures fell about 1.4% per annum between 2008-2023. Most of the fall occurs between 2008-2014 with the productivity measures only falling slightly or remaining broadly constant between 2014-2023. • CEPA estimate that the productivity measures of exempt EDBs falls more than the productivity of non-exempt EDBs. CEPA acknowledge the difficulties in accurately estimating EDBs' productivity and caveat that their estimate is only an approximation.
Renewable generation pipeline – Lodestone Energy solar development Tamara Linnhoff Privacy of natural persons	Lodestone Energy have confirmed a fourth project under phase two of their solar programme. The 220 MW solar farm in the Mackenzie Basin will be built in partnership with the owners of the high-country Haldon Station. The solar farm site is 340 hectares, or 1.5 per cent of the station and on currently unproductive land. It will produce 240 GWh of electricity per year, enough for about 50,000 homes. Construction is expected to start in 2025. In January Lodestone confirmed that resource consents were in place for three projects in Canterbury at Clandeboye, Mount Somers and Dunsandel. Generation potential is 150 GWh and construction of these is due to commence in the December quarter.
Update on the Community Renewable Energy Fund Scott Russell Privacy of natural persons	On 25 and 26 June severe rain and gales affected parts of Tairawhiti and the Hawke's Bay causing some power outages and evacuations around the regions. Wairoa lost power and declared a local state of emergency with whanau evacuated throughout the night of 25 June. Three Community Renewable Energy Fund (CREF) resilience sites were used as civil defence centres, evacuation centres and/or welfare centres. Te Poho o Rawiri Marae in Kaiti was used as an evacuation centre and has an operational solar photovoltaic and battery system funded by CREF. The War Memorial Hall and Taihoa Marae in Wairoa were both used as evacuation centres and have contracted funding under CREF to install solar and battery on the buildings. Officials are yet to receive any feedback on the usage of solar and battery from Te Poho o Rawiri Marae.
Consumer Advocacy Council 2024 Sentiment Survey Scott Russell Privacy of natural persons	The Consumer Advocacy Council has completed its third sentiment survey which was released on 26 June 2024. This survey of residential consumers and small businesses aims to determine how small consumers feel about New Zealand's electricity sector. A copy of this survey has been sent to your office. Some of the key findings are: • Two out of three residential consumers are worried about their electricity bill • Almost half of households and more than a third of small businesses are finding it harder to pay electricity bills than a year ago • Affordability and resilience of the network to storms remain top issues of concern • Consumers are struggling to navigate the market as retailers bundle power with other services such as broadband

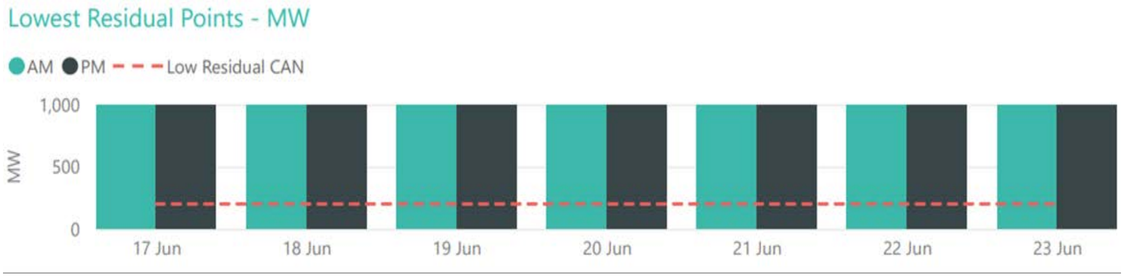
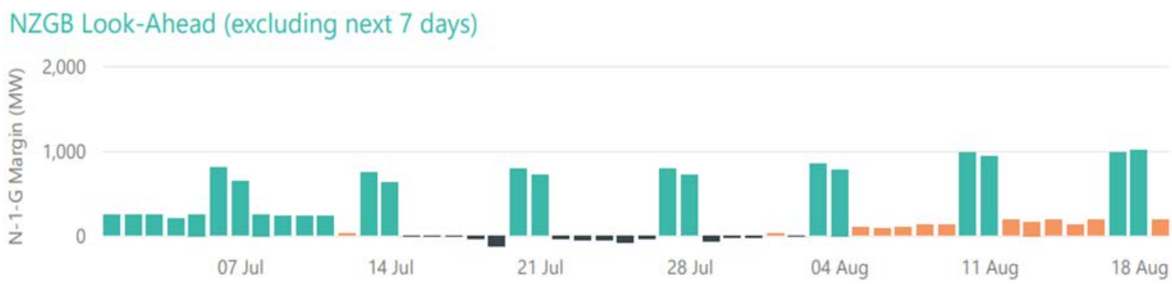
Current appointments

Confidential advice to Government

Upcoming appointments

Confidential advice to Government

Other Updates

Title	Comment
Electricity security of supply Tamara Linnhoff Privacy of natural persons	**ELECTRICITY SUPPLY RELIABILITY (for the week to 26 June 2024)** The Transpower substation in Waiotahe (Bay of Plenty) tripped on the 26 June 2024, resulting in an outage to 898 customers. Power was restored within 16 minutes as the local EDB Horizon was able to bring on installed generation. The cause of the outage was human error. A Northpower worker (the service provider in this area) accidentally cut a live cable. As you are aware, outages also occurred in Northland last weekend due to fallen transmission tower and for an hour on Sunday morning in the Coromandel. **ELECTRICITY CAPACITY (for the week to 23 June 2024)** Residual generation margins remained healthy last week with residuals over 1000 MW all week. Residuals for week to 23 June 2024 were above the preferred 200MW threshold.  *Source: System Operator, Market Operations - Weekly Market Movements* N-1-G margins remain above 200 MW until July 12. Last week, Transpower signalled (via a CAN) low residuals later in July. On 26 June Transpower issued a revised CAN for potential shortfalls on most weekdays from 12 July through to the end of July, including a potential shortfall of -181MW on 19 July. The potential shortfalls are due to a number of pre-scheduled generation outages for essential maintenance and several important units being out of service for lengthy periods due to equipment faults that are complex and time-consuming to repair. These add to planned transmission outages from Transpower. Transpower anticipates there will be no impact on consumers. This is because the New Zealand Generation Balance (NZGB) is a conservative planning tool to help industry plan essential outages. Closer to the day, Transpower switches to tracking actual offers, so gains a more accurate picture of forecast peak load, generation offers and demand bids than the NZGB balances.  *Source: System Operator, Market Operations - Weekly Market Movements* **ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 23 June 2024)** Above average hydro inflows persisted in the North Island last week but, despite this, North Island hydro storage dropped from 72% to 70% of the historic mean for the time of year. South Island storage decreased from 77% to 74% of average with continued below average inflows.

ENERGY (HYDRO) STORAGE LEVEL BY MAJOR LAKE

Major Lake	Owner	Storage as at 23 June 2024 (% full)	Storage last week 19 June 2024 (% full)	Percentage change
Pukaki	Meridian	51.2	54.6	-3.4
Manapouri	Meridian	33.3	51.1	-17.8
Tekapo	Genesis	35.1	37.6	-2.5
Hawea	Contact	35.6	43.6	-8.0
Taupo	Mercury	32.1	35.0	-2.9

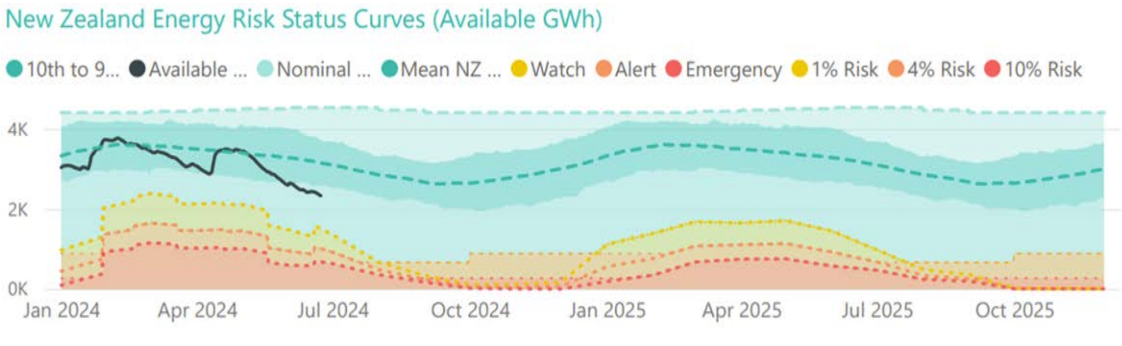
Source: Enerlytica

ELECTRICITY SUPPLY RISK (at 23 June 2024)

Despite the lower lake levels, energy risk as measured by hydro storage levels relative to the energy risk curves.

- We can expect lake levels to continue to fall throughout winter (in part because snow takes time to melt)
- However lake levels remain above the 1% 'watch' risk curve (at which there is a 1:100 probability of running out). There are two more serious risk curves beneath that, which we're further from reaching.
- Projections suggest the coal stockpile is sufficient to last throughout this winter. The coal stockpile will probably fall below the 350 kt level in the coming weeks/month - which is the level Genesis said they'd maintain it at. We are engaging with Genesis to understand if they've had uptake of their Huntly firming Options (hedges backed by Huntly) and if/when they begin importing coal again.
- Transpower and the Authority have not yet expressed major concerns about energy supplies for this Winter.

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



Source: System Operator, Market Operations - Weekly Market Movements

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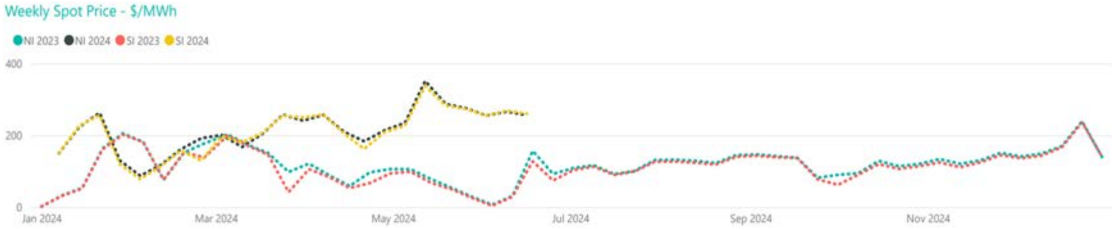
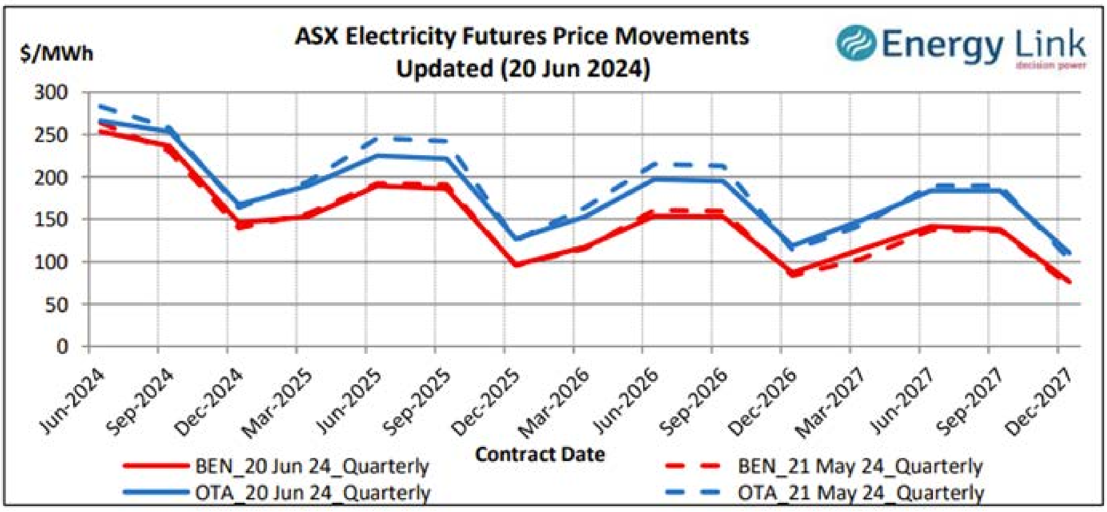
WHOLESALE ELECTRICITY PRICES

Weekly Spot Price (week ended 23 June 2024)



Source: System Operator, Market Operations - Weekly Market Movements

ASX Electricity Futures Prices (as at 20 June 2024)



Source: Energy Link, Energy Trendz Weekly

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Developments in the Australian Offshore Electricity Infrastructure regime

Melanee Beatson

Privacy of natural persons

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On 20 June 2024, the Australian Government announced preliminary decisions on feasibility licences for offshore wind projects off the coast of Hunter, New South Wales. One project (backed by Oceanex and Equinor, a Norwegian developer) has been shortlisted for consultation with First Nations. The final decision is subject to the outcomes of this consultation, and consultation with licence applicants. If approved, the project could produce up to 2 GW of renewable electricity.

Applications for the Hunter offshore wind zone closed in November 2023. The Offshore Infrastructure Registrar received eight feasibility licence applications. This is significantly less than the applications received for Gippsland, which received 37 applications but covered a larger area and had greater power generation potential.

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Monitoring the removal of the Auckland Regional Fuel Tax

Mike Hayward

Privacy of natural persons

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As requested, we will be providing updates in your weekly report on fuel retail prices and importer margins following the removal of the Auckland Regional Fuel Tax (ARFT). This will summarise the monitoring by MBIE to ensure the ARFT removal is being passed through to consumers. We will supply information on retail prices and importer margins for both regular petrol and diesel for the Auckland region, and how they have changed over time.

There will be a delay between receiving fuel data and it appearing in your weekly report. We receive price data on a Monday and Tuesday for the preceding week. This will be included in the weekly report sent to your office on Friday. This means the weekly report updates will cover the following periods:

- Weekly report for week commencing Monday 8 July: data for the week Monday 24 June to Sunday 30 June (the last week of the ARFT is in place), as well as historical price information.

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	• Monday 15 July (and onwards): data for Monday 1 July to Sunday 7 July (i.e., the first week of the ARFT removal), with similar timeframes for reporting through to the end of September. We can instead provide an update on prices directly to your office as soon as we receive this each week (ahead of its inclusion in the weekly report). This would result in an update of fuel prices soon after the end of each week.

Upcoming Ministerial Items

1. Upcoming Energy meetings

Meeting date	Meeting	Details
Monday 1 July 2024 9:30 am – 10:00 am	With Berislav Gaso Executive Vice President for Energy, OMV	**Briefing Due:** 28 June 2024
Thursday 4 July 2024 9:30 am – 10:00 am	Rob Gaimster CEO and Adam Leach, Concrete NZ	**Briefing Due:** 2 July 2024
Thursday 4 July 2024 10:00 am – 10:30 am	Rod Carr Chair and Jo Hendy CEO, Climate Change Commission	**Briefing Due:** Transport lead
Thursday 4 July 2024 11:00 am – 11:30 am	Vicky Brady, President Environment Institute of Australia and New Zealand Inc.	**Briefing due:** 1 July 2024

2. Upcoming Briefings and Aides Memoire to Minister for Energy

Due date	Product	Sign out Manager
4 July 2024	**Briefing** Proactive release of Cabinet paper Gas Security Response Group - Report back to Cabinet	Dominic Kebbell
4 July 2024	**Briefing** Draft letter of support to FlexForum	Peter Bartlett
Confidential advice to Government [redacted]	[redacted]	[redacted]
5 July 2024	**Briefing** Delivering on NZ-First-National Coalition commitments relating to security of supply and avoiding excessive prices	Tamara Linnhoff
5 July 2024	**Briefing** Electricity distribution businesses' involvement in generation	Tamara Linnhoff
10 July 2024	**Briefing** New Zealand Petroleum Reserves Release: Implications	Dominic Kebbell
Confidential advice to Government [redacted]	[redacted]	[redacted]
July TBC	**Briefing** Advice on Gas Industry Company's recommendation to confirm urgent amendments to the CCM Regulations	Dominic Kebbell
Confidential advice to Government [redacted]	[redacted]	[redacted]

Due date	Product	Sign out Manager
Confidential advice to Government [redacted]	[redacted]	[redacted]
Confidential advice to Government [redacted]	[redacted]	[redacted]
Confidential advice to Government [redacted]	[redacted]	[redacted]
Confidential advice to Government [redacted]	[redacted]	[redacted]

3. Written Parliamentary Questions

Due to Minister	Number	Member	Question
1 July 2024	38578	Hon Dr Megan Woods	What advice, reports, briefings, aide memoires, or any other documents has the Minister or any member of their Office received regarding the use of consultants and contractors, by title and date for the week ending Sunday 23 June 2024?
1 July 2024	38581	Hon Dr Megan Woods	How much, if any, did each of the Minister’s relevant Ministries, Agencies and Departments spend on contractors and consultants for the week ending Sunday 23 June 2024?

4. Confidential advice to Government [redacted]

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

ECO	Draft paper was provided to you on 21 June 2024. Date at ECO is TBC	Amendments to the Electricity (Hazards from Trees) Regulations 2003	To seek agreement to publicly release a consultation document with proposals for 'phase 2' amendments to the Electricity (Hazards from Trees) Regulations 2003
LEG	Confidential advice to Government [redacted]	Amendments to the Electricity (Hazards from Trees) Regulations 2003	To approve 'phase 1' amendments to the Electricity (Hazards from Trees) Regulations 2003 and Gazettal

5. Ministerial Correspondence received

Due date	Tracking number	Correspondent	Summary of Correspondence
1 July 2024	SB24-480	Privacy of natural persons [redacted]	Pending connection of power to business - Vector
1 July 2024	SB24-481		Power Cuts in East Auckland
1 July 2024	SB24-482		Mercury Energy – loyalty program
1 July 2024	SB24-484		Access to lines power on Māori ancestral land
2 July 2024	SB24-479		Competition issues in the electricity sector
2 July 2024	SB24-485		Medium and long term future energy needs
2 July 2024	SB24-486		Costing of subsidising roof solar versus the cost of clean alternatives

6. Ministerial Official Information Act Requests

Due date to the office	Tracking number	Requester	Summary of request	Status	Sign Out Manager
3 July 2024	OIA24-257	Privacy of natural persons [redacted]	Request for briefing	Gathering information	Madeline Sherwood King
5 July 2024	OIA24-261		Request for briefing	Scoping	Tamara Linnhoff
5 July 2024	OIA24-262		Request for briefing	Scoping	Melanee Beatson
5 July 2024	OIA24-263		Request for briefing	Scoping	Scott Russell
9 July 2024	OIA24-265		Select Briefings from April 2024	Scoping	Dominic Kebbell
10 July 2024	OIA24-259		Request for briefings	Gathering information	Dominic Kebbell

7. Departmental Official Information Act Requests

Due date to the office	Tracking number	Requester	Summary of request	Status	Sign Out Manager
12 July 2024	2324-2338	Privacy of natural persons [redacted]	Communication to Minister Investment in Decarbonising Industry Fund	Gathering information	Scott Russell

8. Work programme and milestones

Confidential advice to Government

Confidential advice to Government

Confidential advice to Government

Energy Portfolio Weekly Report

Week commencing:	08/07/2024	**Priority:**	Medium
Security classification:	**In Confidence**	**Tracking number:**	2425-0041

Recipient	Action sought
HON SIMEON BROWN **MINISTER FOR ENERGY**	**Note** the contents of this report

Justine Cannon
General Manager
Energy Markets Branch

Ministry of Business, Innovation and Employment

Privacy of natural persons

5 July 2024

Minister's comments:

Energy Portfolio
Officials' Meeting Agenda
5.00pm – 6.00pm Monday, 8 July 2024

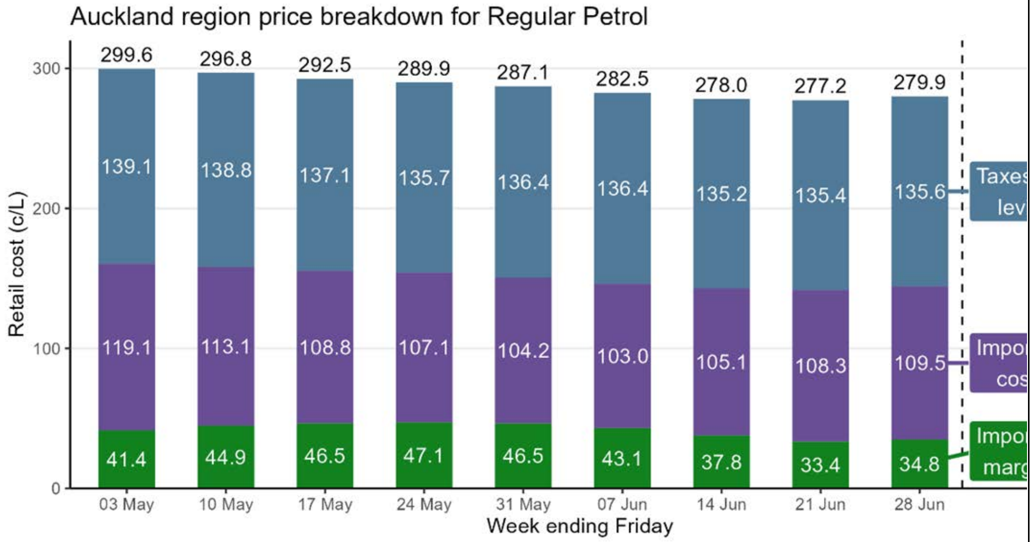
Item	Subject	People	Oral Item / Paper #	Action Required
1.	Gas Security Response Group	Paul Stocks, Justine Cannon	Oral	Discussion
2.	Confidential advice to Government [redacted]	Confidential advice to Government [redacted]	[redacted]	[redacted]
3.	Output plan	Justine Cannon	Oral	Discussion
4.	RM National Direction	Daniel Brown	Oral	Discussion
5.	Weekly Report & Work Programme	Minister	Oral	Discussion
6.	Any other business	All	Oral	Discussion

Ministry of Business, Innovation & Employment officials attending:

Name	Position
Carolyn Tremain	Chief Executive and Secretary
Paul Stocks	Deputy Secretary, Building, Resources and Markets
Justine Cannon	General Manager, Energy Markets
Sharon Corbett	Policy Director, Energy Markets
Daniel Brown	Manager, Electrify NZ
Gareth Wilson	Strategic Advisor, Electricity Policy

Key Updates

Title	Comment
Implementing Electrify NZ Daniel Brown Privacy of natural persons [redacted]	Confidential advice to Government [redacted] Confidential advice to Government [redacted]
Fast-Track Consenting Regime Susan Hall Privacy of natural persons [redacted]	We are expecting the Cabinet paper on policy and technical amendments to the Fast Track Bill for recommendation to the Environment Select Committee via the Departmental Report to be circulated for Ministerial consultation imminently. We will provide you with suggested feedback on the Cabinet paper. Confidential advice to Government [redacted]
Mid-point review of the phase out of the Low Fixed Charge regulations Tamara Linnhoff Privacy of natural persons [redacted]	MBIE has received pricing data from most retailers and distributors. We are now starting data collation and analysis, following up on late submissions, and starting assessment of the qualitative information responses received to date.
Hazards from Trees Regulations Tamara Linnhoff Privacy of natural persons [redacted]	We have commenced targeted consultation on the exposure draft for the 'Phase 1' amendments. The consultation period will end on 19 July 2024. Submissions will then be analysed, and any changes to the amendments considered and communicated to the Parliamentary Counsel Office to finalise. Confidential advice to Government [redacted]
EEC Act Amendments Scott Russell Privacy of natural persons [redacted]	We provided a revised draft of the Cabinet Paper for amending the EEC Act to your office on Thursday 4 July. We have begun departmental consultation. Confidential advice to Government [redacted]
Release of New Zealand's petroleum reserves data Mike Hayward Privacy of natural persons [redacted]	MBIE will release New Zealand's petroleum reserves as at 1 January 2024 at 11am on Thursday 11 July 2024. We report annually on oil, natural gas and LPG production profiles, deliverability, and remaining reserves resources by field. Key industry commentators have been informed via our website that we intend to release the reserves data on this date. The reserves data are Tier One official statistics released in accordance with Statistics NZ's Principles and Protocols for Official Statistics. Information is embargoed until the release on our website at 11am Thursday 11 July. Tier One practices serve to maintain public confidence in the data – such as employment, inflation and unemployment statistics – where information is market or politically sensitive.

	We will provide you with an embargoed aide-memoire on the contents of the release on Wednesday 10 July, prior to the release of the data. Your office will also be provided a copy of the media release, suggested Q&As, and a briefing on the implications for the gas market as soon as it is released.
Monitoring the removal of the Auckland Regional Fuel Tax Mike Hayward Privacy of natural persons	MBIE's latest fuel monitoring data for the week ending 28 June 2024 is provided below. Please note that this is for the week prior to the removal of the ARFT. •  The graph above shows the median discounted retail price for regular petrol in the Auckland region each week from May 2024. This price is broken down into importer cost (how much it costs to buy the fuel and ship it to New Zealand), taxes and levies (including the ARFT, ETS, and GST), and importer margin (the gross margin applied to these costs by fuel importers). The importer margin covers distribution and retail costs as well as profit margins. This graph will track how the removal of the ARFT impacts retail prices in Auckland, and whether fuel retailers are passing the drop in taxes on to consumers. If retailers are passing on the price decrease, we expect importer margins to stay relatively constant – if they aren't, we expect to see a step change in importer margins following the removal of the ARFT.
APEC Energy Ministers Meeting August 15-17, Lima Peru Peter Bartlett Privacy of natural persons	We expect you to receive an invitation this week to the APEC Energy Ministers Meeting, which will take place in Lima, Peru from 15-17 August. The expected outcomes of the meeting are a joint statement, which will also endorse an APEC policy guidance document for hydrogen deployment. The statement is currently in draft and will be negotiated in coming weeks but is currently consistent with government policy. We understand you have decided not to travel this year due to focusing on delivering your domestic priorities and legislation in the house. International relations If you do not wish to travel, you could delegate participation to an appropriate senior official. Please let us know your preferred approach.

Stakeholder Updates

Title	Comment
Recent Electricity Authority survey on demand side flexibility Peter Bartlett Privacy of natural persons	In January the Electricity Authority (the Authority) invited industry participants to complete a survey to assess the availability of demand-side flexibility (DSF) resources, such as control of consumers' hot water cylinders. DSF describes situations where consumers change the time or the amount of their electricity consumption, reducing the amount of generation needed at that time. The Authority sought the information to inform future solutions for accelerating the uptake of demand response in the wholesale market and to inform their decisions on the *Potential solutions for peak electricity capacity issues* consultation. The Authority received 13 responses, with the following key findings: • Approximately 450MW of reported DSF could be available now, spread across New Zealand. • Potential use and availability of DSF varies depending on consumers' preferences. For instance, for EVs to be used as DSF, they need to be plugged in and connected to the distribution network which is dependent on the development and distribution of smart chargers. Large consumers might also put conditions on utilisation, for example requiring several days notice to make capacity available. • Around 210MW (46 percent) of reported DSF is from large scale industrial consumers • 160MW of the reported DSF is from hot water (50MW) and ripple control (110MW) which may already be offered into the reserve market. Both utilise control of hot water cylinders but use different technology. • DSF from EVs and batteries is spread across the county however its amount remains limited (0.1 percent of total DSF).

Current appointments

Confidential advice to Government

Upcoming appointments

Confidential advice to Government

Other Updates

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Gas security of supply

Dominic Kebbell

Privacy of natural persons

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The Gas Security Response Group met on Friday 5 July to report on progress of the workstreams and potential next steps. We will provide you with a draft Cabinet paper on 10 July summarising this information for your report back to Cabinet.

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Electricity security of supply

Tamara Linnhoff

Privacy of natural persons

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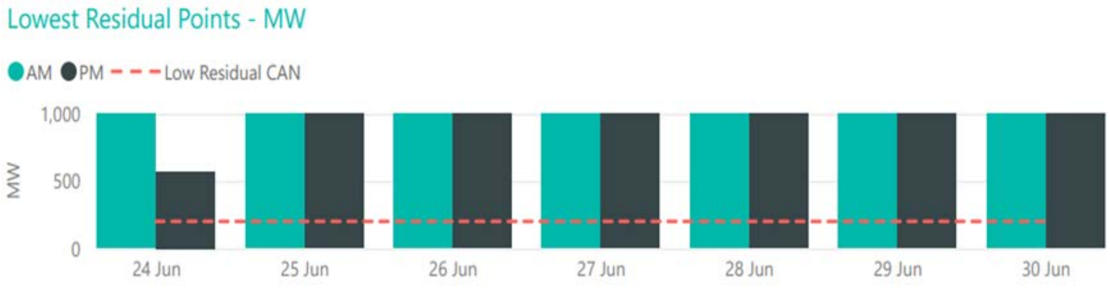
ELECTRICITY CAPACITY (for the week to 30 June 2024)

Residual generation margins remained healthy last week. The lowest residual of 570 MW was on Monday evening, coinciding with low wind and high demand. All other residuals were above 1,000 MW.

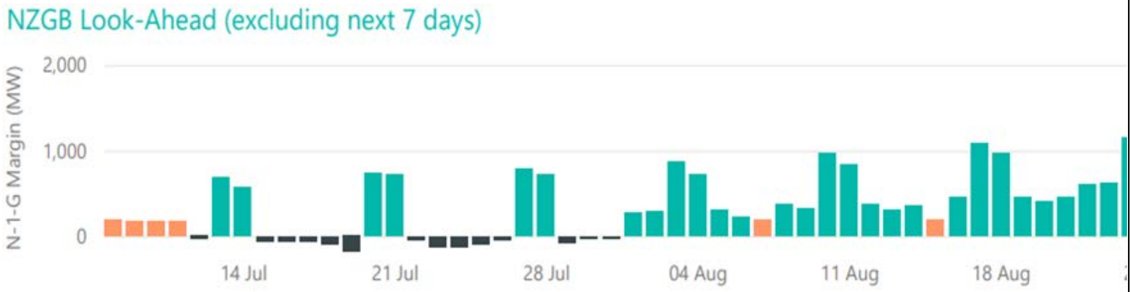


Source: System Operator, Market Operations - Weekly Market Movements

N-1-G margins remain above 200 MW until July 12. As outlined in last week's report, on 26 June Transpower issued a revised CAN for potential shortfalls on most weekdays from 12 July through to the end of July. The largest potential shortfall (for 19 July) is 184 MW.

The potential shortfalls are due to a number of pre-scheduled generation outages for essential maintenance and several important units being out of service for lengthy periods due to equipment faults that are complex and time-consuming to repair. These add to planned transmission outages from Transpower.

Transpower anticipates there will be no impact on consumers. This is because the New Zealand Generation Balance (NZGB) is a conservative planning tool to help industry plan essential outages. Closer to the day, Transpower switches to tracking actual offers, so gains a more accurate picture of forecast peak load, generation offers and demand bids than the NZGB balances.



Source: System Operator, Market Operations - Weekly Market Movements

ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 30 June)

National hydro storage has continued to decline to 71% of average for this time of year. South Island storage dropped to 72% of its historical mean, while North Island storage decreased to 63%.

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ENERGY (HYDRO) STORAGE LEVEL BY MAJOR LAKE

Major Lake	Owner	Storage as at 3 July 2024 (% full)	Storage last week 26 June 2024 (% full)	Percentage change
Pukaki	Meridian	49	51.2	-2.2
Manapouri	Meridian	38.3	33.3	+5.0
Tekapo	Genesis	34.9	35.1	-0.2
Hawea	Contact	32.6	35.6	-3.0
Taupo	Mercury	31.4	32.1	-0.7

Source: Enerlytica

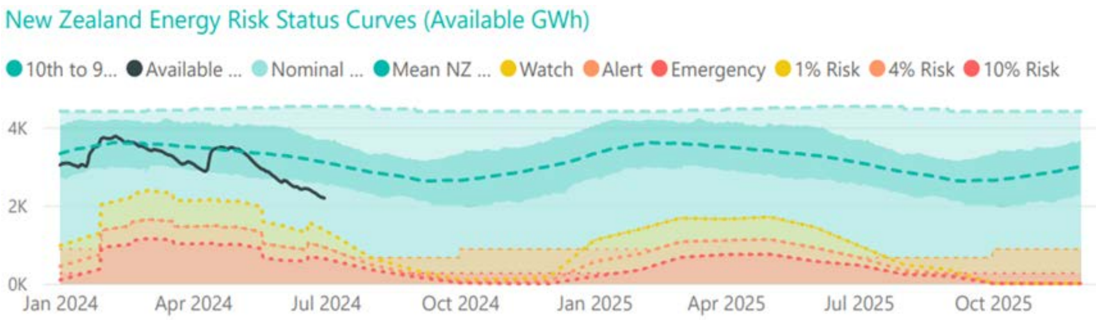
However a late June NIWA report signals:

> *More big deluges are possible before the end of winter as a returning La Nina climate pattern develops more quickly than forecasters had anticipated.*
>
> *The wetter outlook marked a shift from the drier conditions that Niwa has been observing and predicting throughout the year so far, on the back of a now-faded El Nino system.*
>
> *Between now and September, Niwa is picking rainfall near to above normal for the north and west of the South Island and near-normal amounts elsewhere.*

ELECTRICITY SUPPLY RISK (at 30 June)

Energy risk remains in the normal range - as measured by hydro storage levels relative to the energy risk curves.

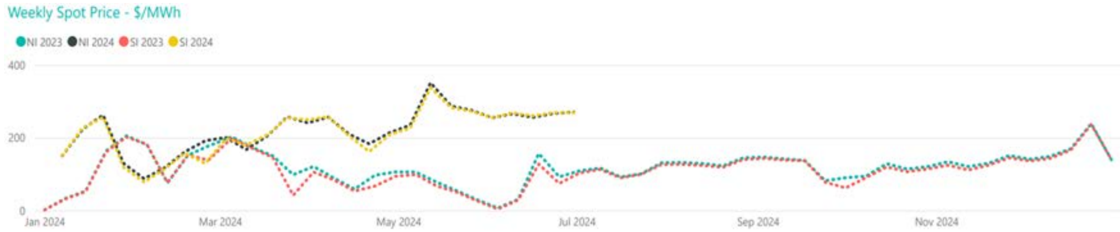
New Zealand controlled energy storage is below average for this time of year:



Source: System Operator, Market Operations - Weekly Market Movements

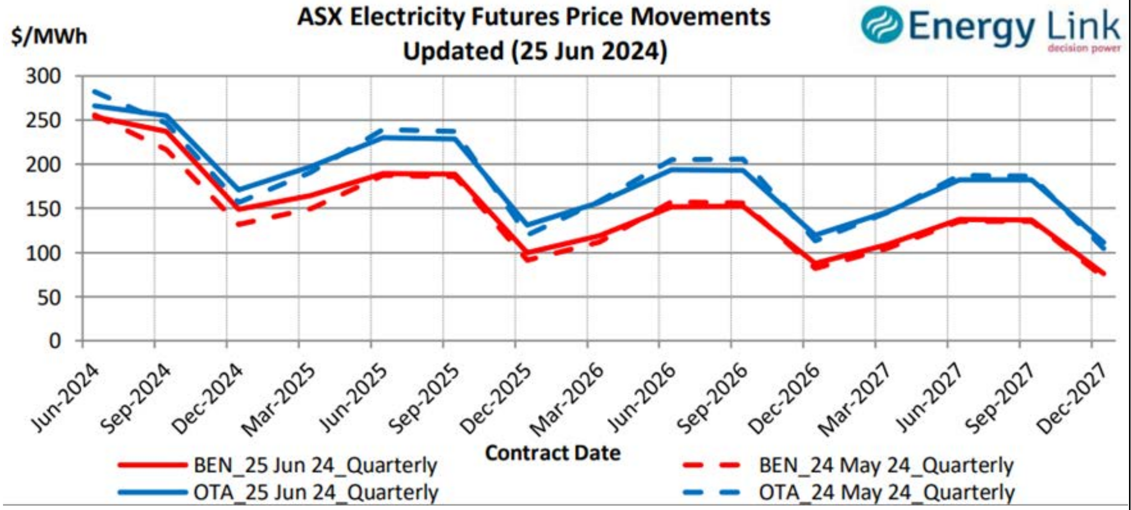
WHOLESALE ELECTRICITY PRICES

Weekly Spot Price (week ended 30 June)



Source: System Operator, Market Operations - Weekly Market Movements

ASX Electricity Futures Prices (as at 25 June 2024)



Source: Energy Link, Energy Trendz Weekly

Ara Ake Work Programme

Peter Bartlett
Privacy of natural persons

Under its funding contract with MBIE, Ara Ake is required to produce a yearly work programme and agree key performance indicators. The work programme for 2024/25 has now been finalised and will focus on:

- Sustainable molecules such as hydrogen, SAF and other green fuels in hard to abate industries, including the role of CCUS and biomass in providing inputs for these fuels
- Demand response and demand flexibility
- Energy resilience

In addition, the KPIs will focus Ara Ake on testing and trialling technology/pilots and supporting commercial innovations in these areas. Ara Ake also plays an important connecting and information sharing role through organising events and producing in house research, but more priority will be placed this year on supporting concrete technology and innovation projects.

Upcoming Ministerial Items

1. Upcoming Energy meetings

Meeting date	Meeting	Details
Friday 12 July 2024 9:00 am – 10:00 am	Canterbury Mayoral Forum	**Briefing Due:** Local Government portfolio led
Friday 12 July 2024 1:20 pm – 2:05 pm	Visit to Fabrum	**Briefing Due:** 10 July 2024

2. Upcoming Briefings and Aides Memoire to Minister for Energy

Due date	Product	Sign out Manager
9 July 2024	**Briefing** Advice on Gas Industry Company's recommendation to confirm urgent amendments to the CCM Regulations	Dominic Kebbell
10 July 2024	**Briefing** New Zealand Petroleum Reserves Release: Implications	Dominic Kebbell
10 July 2024	**Briefing** New Zealand's Petroleum Reserves as at 1 January 2023	Resource Markets
10 July 2024	**Aide Memoire** Data centres	Tamara Linnhoff
15 July 2024	**Aide Memoire** Proactive Release of Energy paper titles and weekly reports – June 2024	Kylie Smeaton
Confidential advice to Government [redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
Confidential advice to Government [redacted]	[redacted]	[redacted]
Confidential advice to Government [redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

3. Written Parliamentary Questions

None this week.

4. [redacted] Confidential advice to Government

Committee	Due date to Minister	Title of Paper	Comment or Purpose
[redacted] Confidential advice to Government			
[redacted] Confidential advice to Government	[redacted]	[redacted]	[redacted]
[redacted] Confidential advice to Government	[redacted]	[redacted]	[redacted]
ECO	Draft paper was provided to you on 21 June 2024. Date at ECO is TBC	Amendments to the Electricity (Hazards from Trees) Regulations 2003	To seek agreement to publicly release a consultation document with proposals for 'phase 2' amendments to the Electricity (Hazards from Trees) Regulations 2003
LEG	[redacted] Confidential advice to Government	Amendments to the Electricity (Hazards from Trees) Regulations 2003	To approve 'phase 1' amendments to the Electricity (Hazards from Trees) Regulations 2003 and Gazettal
LED	[redacted] Confidential advice to Government	Amendments to the Electricity Industry (Enforcement) Regulations 2010	To approve amendments to the Electricity Industry (Enforcement) Regulations 2010 to align the Electricity Authority's compliance framework with best regulatory practice.

5. Ministerial Correspondence received

Due date	Tracking number	Correspondent	Summary of Correspondence
19 July 2024	SB24-493	Privacy of natural persons [redacted]	Hardship as Goldcarders
19 July 2024	SB24-500		Nuclear Energy
19 July 2024	SB24-514		Transpower
19 July 2024	SB24-516		Compensation for feeder lines damage
19 July 2024	SB24-533		Energy sector internal enquiry
19 July 2024	SB24-537		NZAS Tiwai Point Deal
19 July 2024	SB24-548		Cost of living – support needed to cover the high-priced power bills
19 July 2024	SB24-549		Retail fuel prices on the West Coast
30 July 2024	SB24-567		Fuel Prices in Thames, NZ

6. Ministerial Official Information Act Requests

Due date to the office	Tracking number	Requester	Summary of request	Status	Sign Out Manager
9 July 2024	OIA24-265	Privacy of natural persons [redacted]	Select Briefings from April 2024	Scoping	Dominic Kebbell
10 July 2024	OIA24-259		Request for briefings	Gathering information	Dominic Kebbell

7. Departmental Official Information Act Requests

Due date to the office	Tracking number	Requester	Summary of request	Status	Sign Out Manager
12 July 2024	2324-2338	Privacy of natural persons [redacted]	Communication to Minister Investment in Decarbonising Industry Fund	With your office	Scott Russell

Confidential advice to Government

Confidential advice to Government

Confidential advice to Government

Energy Portfolio Weekly Report

Week commencing:	15/07/2024	**Priority:**	Medium
Security classification:	**In Confidence**	**Tracking number:**	2425-0042

Recipient	Action sought
HON SIMEON BROWN **MINISTER FOR ENERGY**	**Note** the contents of this report

Justine Cannon
General Manager
Energy Markets Branch

Ministry of Business, Innovation and Employment

Privacy of natural persons

12 July 2024

Minister's comments:

Energy Portfolio
Officials' Meeting Agenda
12:00 pm – 1:00 pm Monday, 15 July 2024

Item	Subject	People	Oral Item / Paper #	Action Required
Confidential advice to Government [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
3.	Weekly Report & Work Programme	Minister	Oral	Discussion
4.	Any other business	All	Oral	Discussion

Ministry of Business, Innovation & Employment officials attending:

Name	Position
Carolyn Tremain	Chief Executive and Secretary (Tentative)
Justine Cannon	General Manager, Energy Markets
Susan Hall	Policy Director, Resource Markets
Peter Bartlett	Director, Sector Engagement
Daniel Brown	Manager, Electrify NZ

Key Updates

Title	Comment
Implementing Electrify NZ Daniel Brown Privacy of natural persons [redacted]	Confidential advice to Government [redacted]
Fast-Track Consenting Regime Susan Hall Privacy of natural persons [redacted]	Confidential advice to Government [redacted]
Hazards from Trees Regulations Tamara Linnhoff Privacy of natural persons [redacted]	Targeted consultation continues on the exposure draft of the regulations for the Phase 1 amendments until 19 July. Submissions will be considered and any necessary changes to the amendments communicated to the Parliamentary Counsel Office to finalise. Confidential advice to Government [redacted]
Hydrogen Industry Leadership Group Melanee Beatson Privacy of natural persons [redacted]	At your bilateral meeting with the Minister of Climate Change on 24 June, you indicated you would like to establish a Hydrogen Industry Leadership Group. Confidential advice to Government [redacted] We intend to provide you advice in coming weeks with input from the Ministry for the Environment on the purpose, structure and frequency of meetings. Confidential advice to Government [redacted]

Stakeholder Updates

Title	Comment
Meridian Energy advances plan for second BESS Tamara Linnhoff Privacy of natural persons	Meridian Energy announced its plans to lodge resource consent this month for a 100MW battery energy storage system (BESS) in Manawatū. The BESS is expected to begin operating in the first quarter of 2027, earlier than originally planned. This will be the second BESS for Meridian, with the 100MW Ruakākā BESS due to begin operating in December 2024.
Gentailer investor updates Tamara Linnhoff Privacy of natural persons	Several gentailers provided investor updates in recent weeks, ahead of their 2023-24 results being published in late August. The main announcements from Meridian's investor day in late June were a new 100MW battery in Manawatū for 2027 (noted above), plans for ~$10 billion investment in new generation over the next 30 years, and comments that they felt the case for creating LNG import capacity was "compelling". Contact announced that they expect their earnings (before interest, tax, depreciation, amortisation, and fair value adjustments) to be "materially higher" in future, rising from ~$620 million this year to ~$770 million for 2024-25. This is largely attributed to their two new geothermal plants. Tauhara is currently in 'final commissioning' stage operating at 130MW and expected to be at 150-170MW in 2 months' time, and Te Huka Unit 3 at 50MW later this year. In contrast, Genesis have indicated that their 2023-24 and 2024-25 earnings may be $430 and $460 million respectively, around $15-20 million lower than previously forecast, due to the need to cover reduced supply from their Kupe gas field with higher-cost coal.

Current appointments

Confidential advice to Government

Upcoming appointments

Confidential advice to Government

Other Updates

<table>
<tr><th>Title</th><th>Comment</th></tr>
<tr><td>Gas security of supply

Dominic Kebbell
Privacy of natural persons</td><td>Energy News reports the High Court has declined to grant an interim injunction which would have forced Nova Energy to resume gas supplies to Methanex.

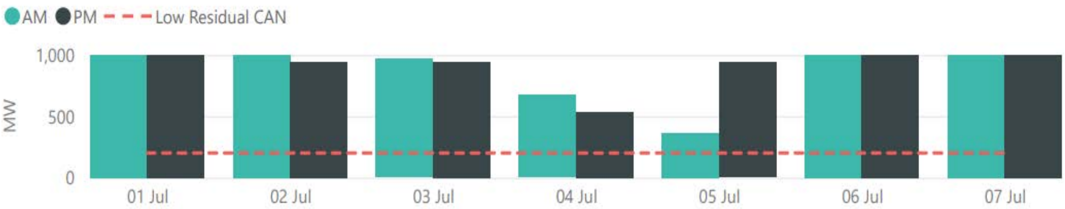
The companies are heading to arbitration to settle a dispute over their gas contract after Nova redirected gas to other customers amid sharply declining gas production and compensated Methanex for this loss of gas. Methanex’s position is that their agreement does not permit Nova to pay money instead of providing contracted gas volumes. It sought an interim injunction from the High Court requiring Nova to resume supplies until the matter was settled.

Energy News reports that the High Court rejected Methanex’s application. The Court appears to have held that the prejudice to Methanex in retaining the current situation (ie, by not granting the injunction) did not outweigh the prejudice to Nova’s other customers if the injunction was granted, particularly if Nova continued to make the compensatory payments.

The case is merely an interim decision before arbitration takes place, which is expected to happen in late 2024 or the first quarter of 2025.</td></tr>
<tr><td>Electricity security of supply

Tamara Linnhoff
Privacy of natural persons</td><td>ELECTRICITY CAPACITY (for the week to 7 July 2024)

Residual generation margins remained healthy last week with high thermal commitment. The lowest residual of 363 MW was on Friday morning, with all other residuals were above 500 MW. Residuals for week to 7 July 2024 were above the preferred 200MW threshold.

Lowest Residual Points - MW


Source: System Operator, Market Operations - Weekly Market Movements

Transpower issued a revised NZGB CAN two weeks ago that highlighted potential N-1-G shortfalls on all weekdays from 12 July through to the end of the month. The week of 12 July has been resolved however potential shortfalls remain signalled from 19 July to the end of the month. The 23 July potential shortfall remains the largest at -147 MW. This is due to a combination of high demand over the same period last year and multiple generation and transmission outages.

Transpower anticipates there will be no impact on consumers. This is because the New Zealand Generation Balance (NZGB) is a conservative planning tool to help industry plan essential outages. Closer to the day, Transpower switches to tracking actual offers, so gains a more accurate picture of forecast peak load, generation offers and demand bids than the NZGB balances.

NZGB Look-Ahead (excluding next 7 days)


Source: System Operator, Market Operations - Weekly Market Movements</td></tr>
</table>

ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 7 July 2024)

New Zealand hydro storage remained at 71% last week. North Island hydro storage dropped from 63% to 55% of the historic mean for the time of year, and South Island storage increased from 72% to 73%.

ENERGY (HYDRO) STORAGE LEVEL BY MAJOR LAKE

Major Lake	Owner	Storage as at 10 July 2024 (% full)	Storage last week 3 July 2024 (% full)	Percentage change
Pukaki	Meridian	45.9	49	-3.1
Manapouri	Meridian	20	38.3	-18.3
Tekapo	Genesis	32	34.9	-2.9
Hawea	Contact	30.9	32.6	-1.7
Taupo	Mercury	25.7	31.4	-5.7

Source: Enerlytica

ENERGY (COAL) STORAGE

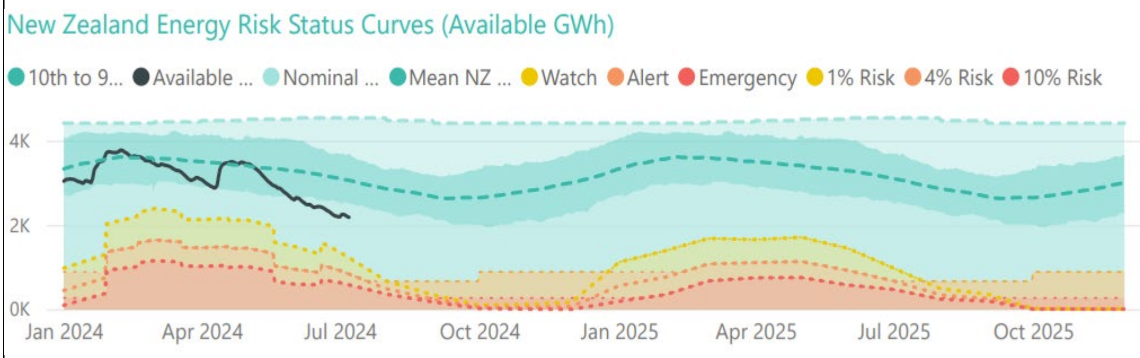
On 11 July 2024 Enerlytica reported the Huntly coal stockpile as 271kt as at 6 July:

> *Stockpile proxy down -135 kt m/m to 262 kt at 30 June, rising to 271 kt as of 6 July – While Rankine dispatch dropped -8% between May and June, from 297 GWh to 274 GWh, coal burn continued with a net 135 kt drawn from the stockpile, approximately equivalent in scale to four import cargoes.*
>
> [..] *Two coal cargoes have arrived into the country since the start of the month with we expect more on the water.*

ELECTRICITY SUPPLY RISK (at 7 July 2024)

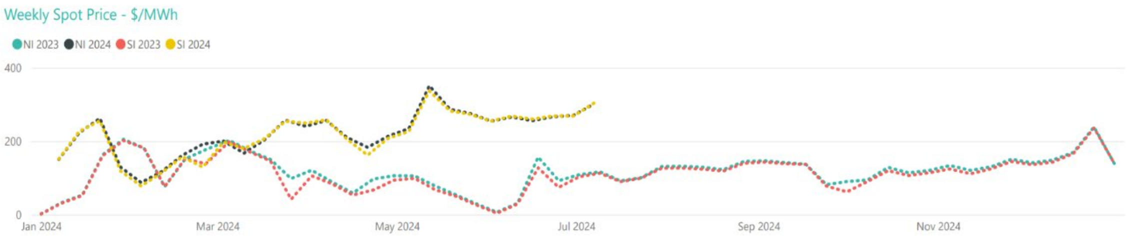
Energy risk as measured by hydro storage levels relative to the energy risk curves.

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



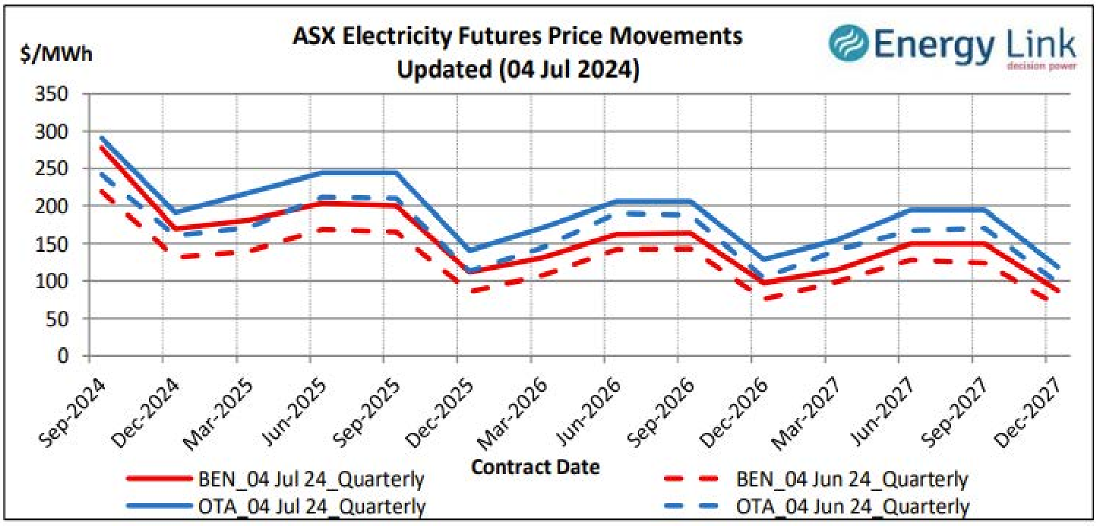
Source: System Operator, Market Operations - Weekly Market Movements

WHOLESALE ELECTRICITY PRICES
Weekly Spot Price (week ended 7 July 2024)



Source: System Operator, Market Operations - Weekly Market Movements

ASX Electricity Futures Prices (as at 7 July 2024)



Source: Energy Link, Energy Trendz Weekly

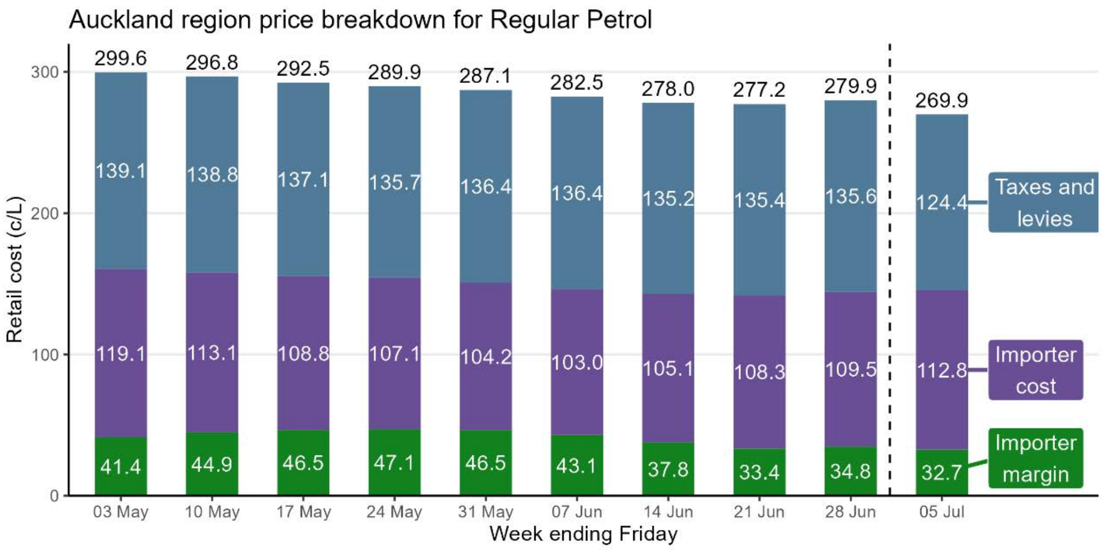
Treasury Deep Dive Funds Review Rebecca Heerdegen Privacy of natural persons [redacted]	Confidential advice to Government [redacted] [redacted] [redacted] [redacted]

<table>
<tr>
<td>Solar standards

Peter Bartlett
Privacy of natural persons [redacted]</td>
<td>Following their request to you at Field Days we have engaged with Tū Mai Rā to seek further information on issues with solar panel standards. Tū Mai Rā has provided a list of references to outdated standards in regulations that are affecting them. You recently received briefing 2324-3834 from MBIE Health and Safety Policy, which noted that they will brief you in Q3 2024 on updating these references and seeks your agreement to develop a draft Cabinet paper seeking policy approval to make these changes. We are engaging with MBIE Health and Safety Policy to determine whether the intended updates cover the list of standards provided by Tū Mai Rā.

This issue will be resolved more fully by the passage of Regulatory Systems (Immigration and Workforce) Amendment Bill, which is currently awaiting first reading. The Bill will change the Electricity Act 1992 and the Gas Act 1992 to establish dedicated electricity safety instruments (ESI) and gas safety instruments (GSI). These instruments will provide a faster process to modify references to standards without needing to change regulations. The Minister for Economic Development is the lead Minister for this Bill, but you have policy responsibility for the electricity and gas safety provisions. Passage is expected in Q1 of 2025.</td>
</tr>
<tr>
<td>Monitoring the removal of the Auckland Regional Fuel Tax

Mike Hayward
Privacy of natural persons [redacted]</td>
<td>In the week following the removal of the ARFT, retail prices decreased by 10.0 c/L, while importer margins decreased by 2.1 c/L. Importer costs rose slightly week-on-week, which slightly counteracted the removal of the ARFT. This indicates that fuel retailers are currently passing the drop in taxes on to consumers.



The graph above shows the median discounted retail price for regular petrol in the Auckland region each week from May 2024. This price is broken down into importer cost (how much it costs to buy the fuel and ship it to New Zealand), taxes and levies (including the ARFT, ETS, and GST), and importer margin (the gross margin applied to these costs by fuel importers). The importer margin covers distribution and retail costs as well as profit margins.</td>
</tr>
<tr>
<td>Proactive release during consultation on the second Emissions Reduction Plan

Scott Russell
Privacy of natural persons [redacted]</td>
<td>Public consultation on the second Emissions Reduction Plan (ERP2) is expected to begin on Wednesday 17 July. Ministry for the Environment officials advise the launch will take place outside of market hours, as the consultation content contains ETS market sensitive information. Officials expect the consultation launch will lead to an increase in Official Information Act (OIA) requests for advice relating to ERP2. To manage this, we recommend Ministers agree to proactively release key ERP2 advice during the consultation period.

We are therefore seeking your agreement to proactively release the following key ERP2 energy advice:

• 2324-1059 The role of energy in the Second Emissions Reduction Plan
• Electrify NZ and ERP2 – A3 for 12 February 2024</td>
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</table>

	• 2324-1763 Bilateral meeting with the Minister of Climate Change • 2324-2313 Emissions Reduction Plan 2 – Energy content for consultation • 2324-3256 ERP2 – Updated energy content for consultation • 2324-3385 Climate Priorities Ministerial Group – May 2024 • 2324-3512 ERP2 – Updated energy chapter outline • 2324-3536 ERP2 – Revised energy chapter for consultation • [various dates] ERP2 weekly report updates **Yes / No** If agreed, we will send you a briefing next week with proposed redactions to the above titles, and work with the Ministry of Transport and Ministry for the Environment to coordinate the approach to the information release.

Upcoming Ministerial Items

1. Upcoming Energy meetings

Meeting date	Meeting	Details
Monday 15 July 2024 2.30pm – 3.00pm	Bridget Abernethy, Chief Executive ERANZ	**Briefing Due:** 11 July 2024

2. Upcoming Briefings and Aides Memoire to Minister for Energy

Due date	Product	Sign out Manager
17 July 2024	**Aide Memoire** Proactive Release of Energy paper titles and weekly reports – June 2024	Kylie Smeaton
Confidential advice to Government [redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted] nment	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

3. Written Parliamentary Questions

None this week.

4. Confidential advice to Government [redacted]

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

Confidential advice to Government [redacted]	[redacted]	[redacted]	[redacted]
ECO	Draft paper was provided to you on 21 June 2024. Confidential advice to Government [redacted]	Amendments to the Electricity (Hazards from Trees) Regulations 2003	To seek agreement to publicly release a consultation document with proposals for 'phase 2' amendments to the Electricity (Hazards from Trees) Regulations 2003
LEG	Confidential advice to Government [redacted]	Amendments to the Electricity (Hazards from Trees) Regulations 2003	To approve 'phase 1' amendments to the Electricity (Hazards from Trees) Regulations 2003 and Gazettal
LEG	Confidential advice to Government [redacted]	Amendments to the Electricity Industry (Enforcement) Regulations 2010	To approve amendments to the Electricity Industry (Enforcement) Regulations 2010 to align the Electricity Authority's compliance framework with best regulatory practice.

5. Ministerial Correspondence received

Due date	Tracking number	Correspondent	Summary of Correspondence
19 July 2024	SB24-493	Privacy of natural persons [redacted]	Hardship as Goldcarders
19 July 2024	SB24-500	[redacted]	Nuclear Energy
19 July 2024	SB24-514	[redacted]	Transpower
19 July 2024	SB24-516	[redacted]	Compensation for feeder lines damage
19 July 2024	SB24-533	[redacted]	Energy sector internal enquiry
19 July 2024	SB24-537	[redacted]	NZAS Tiwai Point Deal
19 July 2024	SB24-548	[redacted]	Cost of living – support needed to cover the high-priced power bills
19 July 2024	SB24-549	[redacted]	Retail fuel prices on the West Coast
22 July 2024	SB24-494	[redacted]	Supply charge from power companies
29 July 2024	SB24-550	[redacted]	Pylon that fell over
29 July 2024	SB24-551	[redacted]	Waipara Solar proposal
29 July 2024	SB24-555	[redacted]	Power supply connection
30 July 2024	SB24-489	[redacted]	Scam like promoted power plan from Mercury Energy
30 July 2024	SB24-510	[redacted]	Energy efficient hot water generation in homes

30 July 2024	SB24-567	Privacy of natural persons [redacted]	Fuel Prices in Thames, NZ
1 August 2024	SB24-514	[redacted]	Delay to restore Northland electricity
1 August 2024	SB24-521	[redacted]	Vulnerable consumer
1 August 2024	SB24-573	[redacted]	Energy storage

6. Ministerial Official Information Act Requests

Due date to the office	Tracking number	Requester	Summary of request	Status	Sign Out Manager
22 July 2024	OIA24-257	Privacy of natural persons [redacted]	Any info from crews at the downed pylon site during Minister’s visit	Gathering information	Tamara Linnhoff
23 July 2024	OIA24-263	[redacted]	Copies of papers listed in 37977(2024)	Scoping	Dominic Kebbell

7. Departmental Official Information Act Requests

None this week.

Confidential advice to Government

Confidential advice to Government

Confidential advice to Government

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Energy Portfolio Weekly Report

Week commencing:	22/07/2024	**Priority:**	Medium
Security classification:	**In Confidence**	**Tracking number:**	2425-0043

Recipient	Action sought
HON SIMEON BROWN **MINISTER FOR ENERGY**	**Note** the contents of this report

Justine Cannon
General Manager
Energy Markets Branch

Ministry of Business, Innovation and Employment

Privacy of natural persons

19 July 2024

Minister's comments:

Energy Portfolio
Officials' Meeting Agenda
3:45 pm – 4:30 pm Tuesday 23 July 2024

Item	Subject	People	Oral Item / Paper #	Action Required
1.	Carbon Capture Utilisation and Storage (CCUS)	Dominic Kebbell	Oral	Discussion
2.	Fuel Study	Dominic Kebbell	Oral	Discussion
3.	Weekly Report & Work Programme	Minister	Oral	Discussion
4.	Any other business	All	Oral	Discussion

Ministry of Business, Innovation & Employment officials attending:

Name	Position
Carolyn Tremain	Chief Executive and Secretary (Tentative)
James Hartley	Acting Deputy Secretary, Building and Resource Markets
Justine Cannon	General Manager, Energy Markets
Susan Hall	Policy Director, Resource Markets
Dominic Kebbell	Manager, Gas and Fuel Supply Policy

Key Updates

Title	Comment
Implementing Electrify NZ Daniel Brown Privacy of natural persons [redacted]	Confidential advice to Government [redacted] [redacted] We will provide a briefing on 25 July 2024 on proposed next steps for all remaining RM commitments in the Electrify NZ programme, and an update on timing for non-RMA components including network regulation/new connections work.
Fast-Track Consenting Regime Susan Hall Privacy of natural persons [redacted]	A draft Cabinet Paper is still out for Ministerial consultation. In regard to briefing 2324-3881, discussed at your officials' meeting last week, the next step is for you to discuss these proposals with Minister Potaka. We are preparing text to be added to the Cabinet paper if, subsequent to that discussion, you confirm that you would like changes to be made to the Cabinet paper. The Cabinet Paper is due to be lodged on Thursday (25 July).
Hazards from Trees Tamara Linnhoff Privacy of natural persons [redacted]	Targeted consultation on the exposure draft for the 'Phase 1' amendments is set to conclude on Friday 19 July. Following analysis of submissions we will liaise with PCO about any necessary re-drafting of the amendments. This workstream is on track. Confidential advice to Government [redacted] Confidential advice to Government [redacted]

Mid-Point Review of LFC phase-out Tamara Linnhoff Privacy of natural persons	We have received the requested data and information from most stakeholders so have almost completed the data gathering phase of our review. Work is ongoing analysing the information provided, and we are in the process of contracting external expertise to assist with aspects of the analysis, including the assessment of the phase-out's impact on demographics including superannuitants.

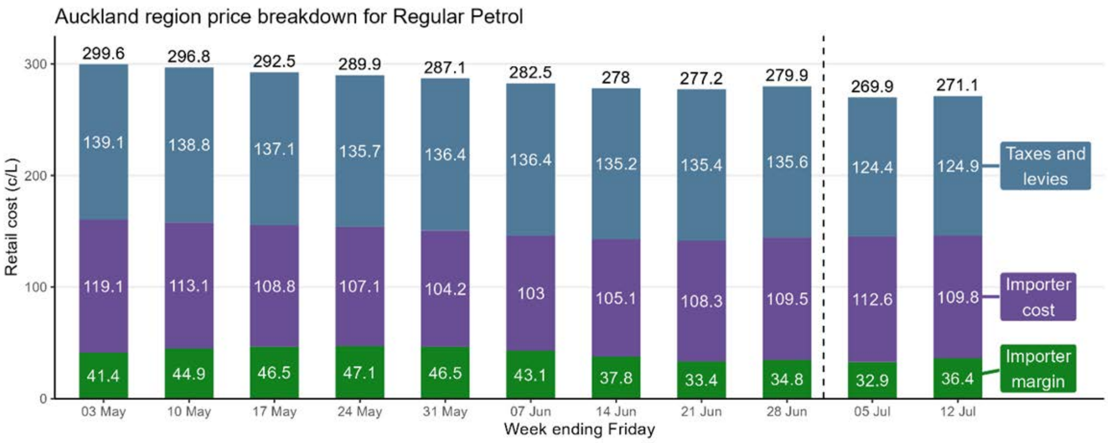
Stakeholder Updates

Title	Comment
Meridian Energy issues NZAS with further demand response notice Tamara Linnhoff Privacy of natural persons	Meridian Energy announced on Tuesday 16 July that it has called for a further 50MW demand reduction from New Zealand Aluminium Smelters due to declining hydro storage levels. Meridian issued the notice under the new May 2024 demand response agreement. This follows a call for 50 MW of demand response in June and takes the smelter's total reduction to 100 MW by 2 August, through to 15 November 2024.
Independent retailer Electric Kiwi has ceased taking on new customers due to high wholesale prices (spot and hedge) Tamara Linnhoff Privacy of natural persons	Electric Kiwi announced on Thursday 18 July that is has ceased taking on new retail customers due to high wholesale market prices (both spot and hedge prices). Their press release states wholesale energy prices have increased by 48% in the past 6 months. Electric Kiwi's CEO Luke Blincoe explained to MBIE officials that every new customer would entail Commercial Information Electric Kiwi are frustrated as they consider the Authority's progress is: • Too slow: · It has been 18 months since Electric Kiwi's complaint to the Commerce Commission · the Authority's Risk Management Review is still at problem definition stage and EA staff have conveyed they intend to consult on problem definition towards the end of the year. • Too narrow in focus: · focusing only on access to hedges but not on pricing of hedges · not focusing on the retail margin squeeze complaint (the Authority's internal transfer pricing work is focusing only on transparency) · not focusing on assessing market power in wholesale spot market, their (and other independent retailers') fundamental complaint is that wholesale spot prices are too high - above cost as the gentailers are exercising market power. • Not adequately focusing on solutions: · despite MDAG designing a blueprint, the Authority has been slow to progress MDAG's recommendations #13 (ensuring shaped hedges are available) and #31 (working up the 'virtual disaggregation' whereby generators with firming must supply a portion of that firming capacity as forward hedges) · the Authority should also be considering immediately actionable remedies. Electric Kiwi agree with Octopus: that the EA should also be working up 'non-discrimination' and 'no cross-subsidies' requirements for gentailers as an immediate step, and then progressing to operational separation. • Too focused on problem definition: · the Commission has a higher standard to meet in terms of market definition and market power analysis. For a Code change the Authority's bar is lower – its remit is to make Code changes that improve competition and efficiency. Confidential advice to Government

Current appointments

Confidential advice to Government

Other Updates

Title	Comment
Annual Australia Finance and Climate Ministers (2+2) Meeting **Peter Bartlett** Privacy of natural persons	The Annual Australia Finance and Climate Ministers (2+2) Meeting will occur on 30 July. Following our briefing to you on this matter (2324-3858) we have confirmed that announcements will include NZ participation in a “Net Zero Regulatory Review” of standards in relation to batteries and electric vehicle charging. The Minister for Climate Change’s office will forward you the final briefing for the meeting. The Australian led review will be done by an independent expert and assess gaps, barriers, and opportunities to improve regulatory standards recognition and adoption based on best practice. MBIE will participate and help identify any areas for better alignment between Australia and New Zealand on these standards. There should also be opportunities to align this with your existing work under Supercharging EV Infrastructure to update the Energy Efficiency and Conservation Act 2000 to enable EECA to set standards for smart devices including EV chargers, and update out-of-date references to international standards in electricity safety regulations. The review will include engagement with New Zealand agencies and industry stakeholders. We expect a final report outlining suggested recommendations from the review to be prepared for joint Ministers by the end of 2024. We will also provide your office brief questions and answers in relation to the review.
Consultation on the second Emissions Reduction Plan (ERP2) Scott Russell Privacy of natural persons	Public consultation on proposals to inform ERP2 launched on Wednesday 17 July 2024. We have informed key energy stakeholders of the launch and invited them to register for the energy sector webinar, scheduled for Wednesday 24 July 2024. Consultation runs till 21 August 2024. We have provided your office with key messages and Q&A, and will provide an update on initial feedback from consultation in upcoming weekly reports.
Monitoring the removal of the Auckland Regional Fuel Tax Mike Hayward Privacy of natural persons	In the week ending July 12th, retail prices remained steady with a slight increase of 0.2 c/L for regular petrol. Importer margins increased by 3.5 c/L due to a drop in costs.  The graph above shows the median discounted retail price for regular petrol in the Auckland region each week from May 2024. This price is broken down into importer cost (how much it costs to buy the fuel and ship it to New Zealand), taxes and levies (including the ARFT, ETS, and GST), and importer margin (the gross margin applied to these costs by fuel importers). The importer margin covers distribution and retail costs as well as profit margins.

Amending the Energy Efficiency and Conservation Act Scott Russell Privacy of natural persons [redacted]	MBIE has completed departmental consultation on the draft Cabinet paper, *Delivering a more effective energy efficiency regime.* We are in the process of making minor changes to the proposals to reflect feedback received from agencies, including to certain proposed minor technical changes to the Act. Confidential advice to Government [redacted]
Gas security of supply Dominic Kebbell Privacy of natural persons [redacted]	**Increasing gas prices** Recent reporting from Enerlytica highlighted spot gas prices hitting $42/GJ and the volume weighted average price (a measure of the average price adjusted for the volume of gas for each trade) for July on track to exceed $35/GJ. Spot prices show the cost of buying short term gas off-contract and show a seasonal variation with the price rising in winter and falling in summer. Commercial Information [redacted] Commercial Information [redacted] While the increasing trend in spot price is in line with previous years the scale of the increase appears to be larger. In addition, the volume of gas being traded on the spot market is high, with the operator reporting July 2024 as the busiest period they have seen in many years. The reasons for the price increase and the greater volume traded on the spot market are likely a response to the tight market with gas sellers seeking to maximise near-term returns. ***Smaller commercial and industrial users have difficulty in getting new gas contracts*** We have heard from several sources that smaller gas users are finding it increasingly difficult to get a contract for new gas. We believe the scarcity is partly driven by the overall tight market but also by the high electricity prices. Confidential advice to Government [redacted] Small users who rely on contracts for their gas may now have to use the spot market to get gas in the near term until they can secure a new contract. Confidential advice to Government [redacted]

We will monitor this situation Confidential advice to Government [redacted] We will keep you informed if this situation worsens.

Electricity security of supply

Tamara Linnhoff

Privacy of natural persons [redacted]

ELECTRICITY SUPPLY RELIABILITY (for the week to 18 July 2024)

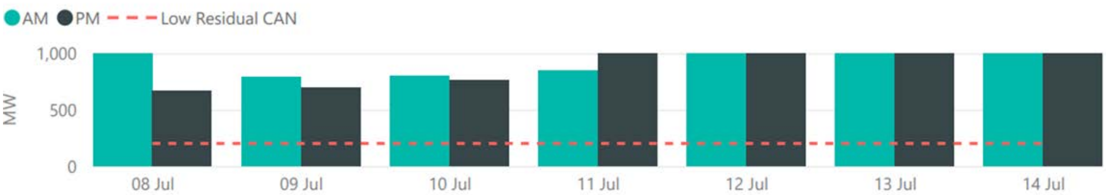
Transpower experienced an unscheduled outage at the Maungaturoto substation in Northland during the evening of Monday 15 July. This resulted in a loss of supply of 19MW to consumers (approximately 15,000 homes and businesses). Power was restored to all affected customers by around 10pm the same evening. Transpower advised (on 18 July) that the tripping was due to insulator failure of the disconnector that caused a flashover, there was heavy rain at the time which may have been a contributing factor, and the full cause is yet to be confirmed as further investigation needs to be done.

Transpower advised there will be an HVDC outage for proactive maintenance on Saturday 20 July. This will not impact consumers as electricity demand is lower over weekends and transfer across the HVDC is typically not required.

ELECTRICITY CAPACITY (for the week to 14 July)

Residual generation margins remained healthy last week reflecting high thermal commitment due to low hydrology and sustained energy prices. Residual generation was over 500MW for the week's peaks.

Lowest Residual Points - MW



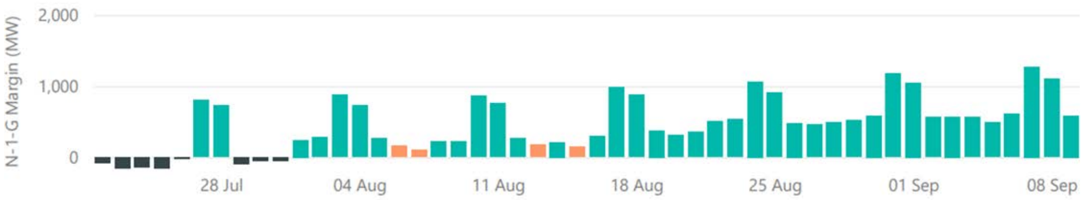
Source: System Operator, Market Operations - Weekly Market Movements

Looking ahead, Transpower issued a revised NZGB CAN two weeks ago that highlighted potential N-1-G shortfalls on all weekdays from 12 July through to the end of the month. Some of these have been resolved but potential shortfalls remain from 19 July to the end of the month. The potential shortfalls on 23 and 25 July are now the largest and are currently negative. This is due to a combination of high demand over the same period last year and multiple generation and transmission outages.

Despite the current forecast, Transpower anticipates there will be no impact on consumers, for two main reasons. Firstly, the New Zealand Generation Balance (NZGB) is a conservative planning tool to help industry plan essential outages. Closer to the day, Transpower switches to tracking actual offers, so gains a more accurate picture of forecast peak load, generation offers and demand bids than the NZGB balances.

Secondly, Transpower knows there is an additional 130MW of generation it can count on from Contact Energy's new Tauhara geothermal power station. This generation is not yet included in the NZGB forecasts because while operational, the plant is still in the commissioning (test) phase. It is expected to be fully operational in Q4 2024 and will be included in NZGB balances from that point onwards.

NZGB Look-Ahead (excluding next 7 days)



Source: System Operator, Market Operations - Weekly Market Movements

ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 14 July)

National hydro storage has dropped to 66% of average for this time of year. South Island storage dropped to 70% from 73% of its historical mean, while North Island storage dropped from 55% to 41%.

ENERGY (HYDRO) STORAGE LEVEL BY MAJOR LAKE

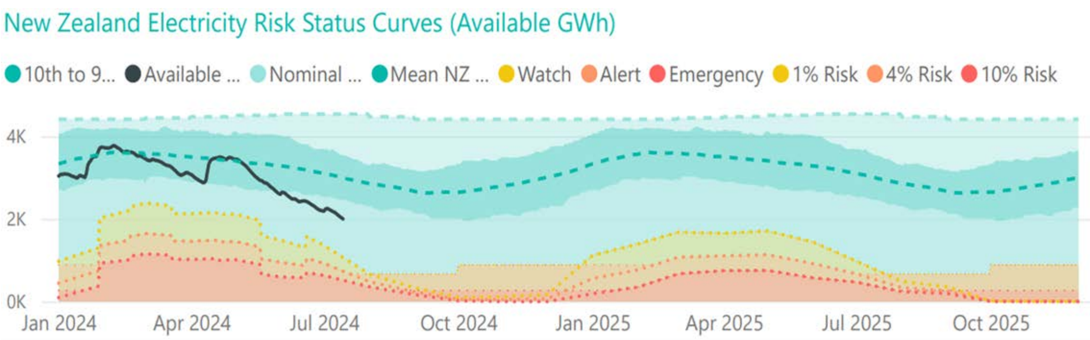
Major Lake	Owner	Storage as at 17 July 2024 (% full)	Storage last week 10 July 2024 (% full)	Percentage change
Pukaki	Meridian	42.6	47.7	-5.1
Manapouri	Meridian	9.4	22.8	-13.4
Tekapo	Genesis	31.1	33.1	-2.0
Hawea	Contact	28.6	31.1	-2.5
Taupo	Mercury	20.0	27.1	-7.1

Source: Enerlytica

ELECTRICITY SUPPLY RISK (at 14 July)

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

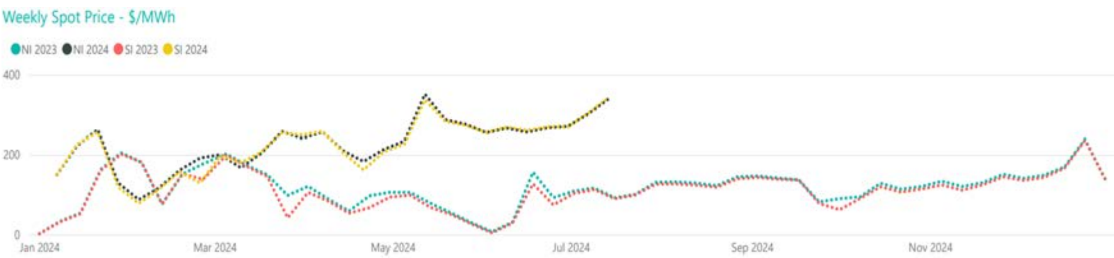
New Zealand controlled energy storage is below average for this time of year:



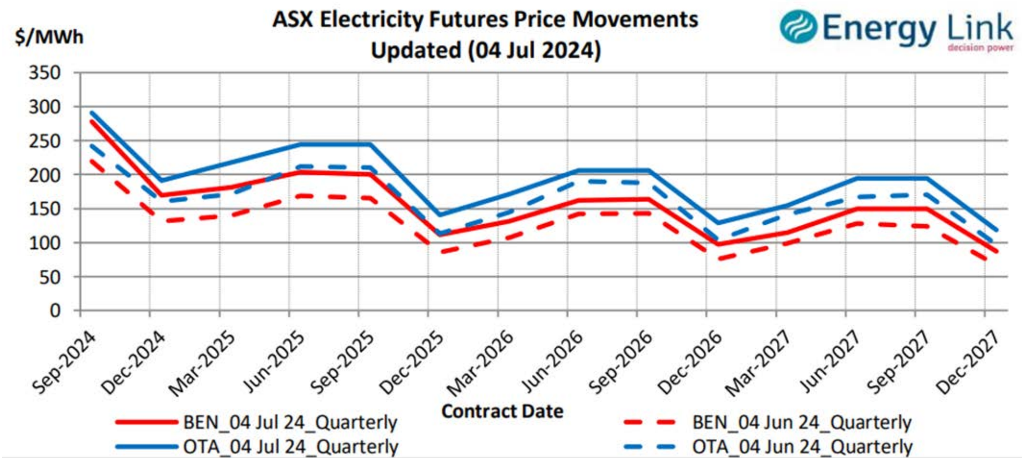
Source: System Operator, Market Operations - Weekly Market Movements

WHOLESALE ELECTRICITY PRICES

Weekly Spot Price (week ended 14 July 2024)



Source: System Operator, Market Operations - Weekly Market Movements

	ASX Electricity Futures Prices (as at 4 July 2024)  *Source: Energy Link, Energy Trendz Weekly*

Upcoming Ministerial Items

1. Upcoming Energy meetings

Meeting date	Meeting	Details
Tuesday 23 July 2024 3:15 pm – 3:45 pm	Mr Tatsuo Yasunaga, Chairman of Mitsui	**Briefing Due:** 19 July 2024
Tuesday 23 July 2024 7:00 pm – 8:00 pm	Infrastructure and Investment Minister's Group	**Briefing Due:** TBC
Wednesday 24 July 2024 11:30 am – 11:50 am	Mark Callander, CEO 2degrees	**Briefing Due:** 22 July 2024
Wednesday 24 July 2024 5:00 pm - 5:20 pm	Mr Georgio Silli, Italian Associate Foreign Minister (with responsibility for Energy)	**Briefing Due:** 22 July 2024
Thursday 25 July 2024 11:00 am – 11:30 am	Infrastructure and Investment Minister's Group	**Briefing Due:** 23 July 2024

2. Upcoming Briefings and Aides Memoire to Minister for Energy

Due date	Product	Sign out Manager
25 July 2024	**Briefing** Electrify NZ work programme – priorities and sequencing	Daniel Brown (joint briefing with MFE)
26 July 2024	**Briefing** EP2 – Proactive Release	Scott Russell
w/c 29 July 2024	**Briefing and draft discussion document** Consumer data right: Draft discussion document for consulting on a potential CDR, and advice about timing / delivery options	Scott Russell
Confidential advice to Government [redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
15 August 2024	**Briefing and draft Cabinet paper** Phase 1 amendments Hazards from Trees regulations Confidential advice to Government [redacted]	Tamara Linnhoff
Mid-August 2024	**Briefing to infrastructure Ministers** Electrify NZ-related policy for consenting energy projects in RM Bill #2 (MfE coordinating this paper with MBIE's input).	Daniel Brown

Due date	Product	Sign out Manager
22 August 2024	**Briefing and draft Cabinet paper** Confidential advice to Government [redacted]	Susan Hall
Confidential advice to Government [redacted]	[redacted]	[redacted]
Confidential advice to Government [redacted]	[redacted]	[redacted]
Confidential advice to Government [redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

3. Written Parliamentary Questions

None this week.

4. Confidential advice to Government [redacted]

Committee	Due date to Minister	Title of Paper	Comment or Purpose
Confidential advice to Government [redacted]	[redacted]	[redacted]	[redacted]
Confidential advice to Government [redacted]	[redacted]	[redacted]	[redacted]
Confidential advice to Government [redacted]	[redacted]	[redacted]	[redacted]
LEG	Confidential advice to Government [redacted]	Amendments to the Electricity (Hazards from Trees) Regulations 2003	To approve ‘phase 1’ amendments to the Electricity (Hazards from Trees) Regulations 2003 and Gazettal
ECO	Confidential advice to Government [redacted]	Amendments to the Electricity (Hazards from Trees) Regulations 2003	After consultation, to approve ‘phase 2’ amendments to the Electricity (Hazards from Trees) Regulations 2003. Then to PCO.

LEG	Confidential advice to Government [redacted]	Amendments to the Electricity Industry (Enforcement) Regulations 2010	To approve amendments to the Electricity Industry (Enforcement) Regulations 2010 to align the Electricity Authority's compliance framework with best regulatory practice.

5. Ministerial Correspondence received

Due date	Tracking number	Correspondent	Summary of Correspondence
22 July 2024	SB24-494	Privacy of natural persons [redacted]	Supply charge from power companies
29 July 2024	SB24-550	[redacted]	Pylon that fell over
29 July 2024	SB24-551	[redacted]	Waipara Solar proposal
29 July 2024	SB24-555	[redacted]	Power supply connection
30 July 2024	SB24-489	[redacted]	Scam like promoted power plan from Mercury Energy
30 July 2024	SB24-510	[redacted]	Energy efficient hot water generation in homes
30 July 2024	SB24-567	[redacted]	Fuel Prices in Thames, NZ
1 August 2024	SB24-521	[redacted]	Vulnerable consumer
1 August 2024	SB24-573	[redacted]	Energy storage
5 August 2024	SB24-496	[redacted]	Update on Pellet Plant Project for supply of bioenergy
5 August 2024	SB24-536	[redacted]	Request for urgent repairs on electrical pylon
5 August 2024	SB24-538	[redacted]	Response to Northland pylon causing black out
5 August 2024	SB24-546	[redacted]	Concerns for electricity failure, Security of Supply and low prices
5 August 2024	SB24-547	[redacted]	Power outrage in Mt Roskill Auckland - company to be charged for disruption
5 August 2024	SB24-588	[redacted]	Families Living Without Power - lower dividend from the power companies
6 August 2024	SB24-590	[redacted]	Genesis energy's illegal collecting of line charges
7 August 2024	SB24-592	[redacted]	Electricity prices

6. Ministerial Official Information Act Requests

Due date to the office	Tracking number	Requester	Summary of request	Status	Sign Out Manager
22 July 2024	OIA24-257	Privacy of natural per [redacted]	Any info from crews at the downed pylon site during Minister's visit	Gathering information	Tamara Linnhoff

Due date to the office	Tracking number	Requester	Summary of request	Status	Sign Out Manager
23 July 2024	OIA24-263	Privacy of natural pe [redacted]	Copies of papers listed in 37977(2024)	Drafting	Dominic Kebbell

7. Departmental Official Information Act Requests

None this week.

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Energy Portfolio Weekly Report

Week commencing:	29/07/2024	**Priority:**	Medium
Security classification:	**In Confidence**	**Tracking number:**	2425-0044

Recipient	Action sought
HON SIMEON BROWN **MINISTER FOR ENERGY**	**Note** the contents of this report

Justine Cannon
General Manager
Energy Markets Branch

Ministry of Business, Innovation and Employment

Privacy of natural persons

26 July 2024

Minister's comments:

Energy Portfolio
Officials' Meeting Agenda
3:30 pm – 4:00 pm Tuesday, 30 July 2024

Item	Subject	People	Oral Item / Paper #	Action Required
1.	Consumer Data Right	Scott Russell	2324 0354	Discussion
2.	Gas Security Response Group	All	2324-0169	Discussion
3.	Weekly Report & Work Programme	Minister	Oral	Discussion
4.	Any other business	All	Oral	Discussion

Ministry of Business, Innovation & Employment officials attending:

Name	Position
Carolyn Tremain	Chief Executive and Secretary (Tentative)
Paul Stocks	Deputy Secretary, Building, Resources and Markets
Justine Cannon	General Manager, Energy Markets
Dominic Kebbell	Manager, Gas and Fuel Supply Policy
Scott Russell	Manager, Energy Use Policy

Other Officials in attendance:

Andrew Knight	Chief Executive, Gas Industry Company

Key Updates

Title	Comment
Implementing Electrify NZ Daniel Brown Privacy of natural persons [redacted]	Confidential advice to Government [redacted] Confidential advice to Government [redacted]
Fast-Track Consenting Regime Susan Hall Privacy of natural persons [redacted]	Cabinet will confirm on Monday the policy changes to propose in the Departmental Report to the select committee Confidential advice to Government [redacted]
Hazards from Trees Tamara Linnhoff Privacy of natural persons [redacted]	Targeted consultation on the exposure draft for the 'Phase 1' amendments concluded on Friday 19 July 2024. Confidential advice to Government [redacted] [redacted]
Consumer Data Right Scott Russell Privacy of natural persons [redacted]	The Customer and Product Data Bill was introduced to the House on 16 May 2024 and had its first reading on 24 July 2024. It received cross-party support and was referred to the Economic Development, Science and Innovation Committee for six months consideration. Officials have been drafting a discussion paper for public consultation on a possible CDR delegation for the electricity sector, drawing on feedback from our targeted engagement, electricity sector submissions on the Bill exposure draft and preliminary discussions with the Australian Treasury on their CDR. We have also drafted an accompanying Cabinet paper. We have prepared a briefing for yourself and Minister Bayly seeking feedback on the draft Cabinet paper and discussion paper, and your agreement to the next steps. We seek approval to begin Departmental consultation in the week commencing 29 July, in order to begin Ministerial consultation in the week commencing 5 August. We have been working with our Commerce and Consumer Affairs colleagues to coordinate the timing for consulting on electricity and banking designation discussion papers. Officials continue to work closely with the Electricity Authority to ensure coordination across our respective data work programmes.

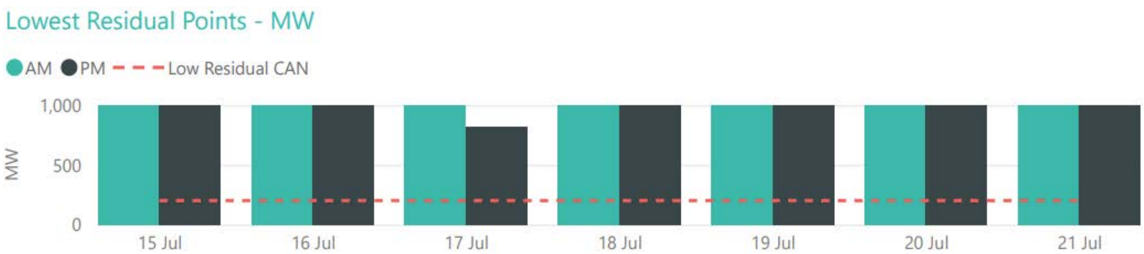
Stakeholder Updates

Title	Comment
Wholesale electricity market competition Tamara Linnhoff Privacy of natural persons [redacted]	On 22 July 2024, Matthews Law, a leading competition law firm acting on behalf of four independent electricity retailers, sent a letter to the Electricity Authority outlining frustration at the slow pace of the Authority's Risk Management Review. The letter seeks an urgent meeting with the Authority's Board to discuss these concerns. In particular, the letter raises issues they have with the Authority's narrow scope – that its Risk Management Review has to date focused on developing a market definition. The letter sets out a strong view that this is not a necessary step as the Authority, unlike the Commerce Commission, is not legally required to define a market and moreover as electricity industry experts this exercise should not take more than six months. The Matthews Law letter is the most recent in letters between the Authority and independent retailers. Octopus wrote to the Authority on 20 June with concerns and proposing measures to ensure a level playing field including the UK approach of non-discrimination and no cross subsidies from wholesale into retail. The Authority replied on 24 July. You met on 24 July 2024 with 2degrees on competition matters. 2degrees have also relayed to MBIE officials that if decisive action is not taken Commercial Information [redacted] MBIE officials also met on 25 July 2024 with Flick Electric, who relayed the same concerns as other independent retailers on the Authority's slow pace and narrow scope and confirmed Commercial Information [redacted] Flick considers the Authority should consider an urgent Code amendment to ensure access to hedge contracts at non-discriminatory prices (the UK measure whereby independent retailers pay the same as a gentailers' own retail arm). On Wednesday 24 July 2024 Dr John Small (Chair, Commerce Commission) made strong public statements during a Radio New Zealand interview (on another Commission matter) of concerns relating to the wholesale electricity market. Dr Small's comments included: "the wholesale electricity market is of real concern", but it is the "Authority [that] has got the tools to actually address what we think is quite a serious problem in the wholesale market, which is access to fairly priced hedge contracts."
Meridian Energy calls on its largest demand response option with NZAS Tamara Linnhoff Privacy of natural persons [redacted]	Meridian Energy announced on Monday 22 July 2024 that it has called for 185 MW demand reduction from New Zealand Aluminium Smelter (NZAS) through to 24 September 2024, due to a further decline in hydro storage levels. It replaces the earlier 100MW demand response call Meridian made to NZAS. 185MW reflects the limit of the demand response option Meridian has with the smelter and represents approximately 4% of the country's electricity use. About one third of the smelter's operations (or one potline) are affected. Despite the demand response being equivalent to 'extra supply', market commentary is that wholesale spot prices have not come down as a result. We consider this is because the demand response is instead of (rather than complementary to) Meridian's hydro generation, and other factors (low hydro, gas risk) are being reflected in high prices.

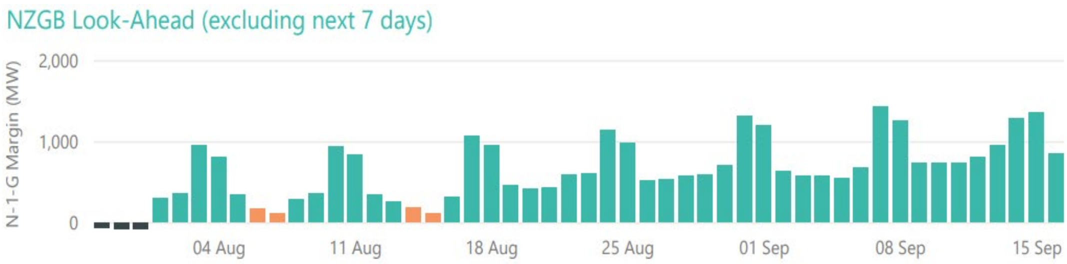
Current appointments

Confidential advice to Government

Other Updates

Title	Comment
Electricity Authority final SOI and SPE Jacqui Bassett Privacy of natural persons	On 14 June 2024, the Electricity Authority (the EA) provided you with revised drafts of its Statement of Intent 2024-28 and Statement of Performance Expectations for 2024/25, as you had requested it to do in your letter to the EA dated 23 May 2024. MBIE subsequently provided advice to you on these documents (MBIE briefing 2324-3859 refers). We understand that you then provided some further feedback to the EA, and it has now sent the fully finalised documents to your office, which are now ready for presentation to the House of Representatives. We recommend this occurs as soon as practicable and the EA will then publish both documents on its website, as is required by the Crown Entities Act 2004.
EECA final SOI and SPE Jacqui Bassett Privacy of natural persons	On 14 June 2024, the Energy Efficiency and Conservation Authority (EECA) provided you with revised drafts of its Statement of Intent 2024-28 and Statement of Performance Expectations for 2024/25. MBIE provided you with advice on these documents (MBIE briefing 2324-3826 refers). We understand that you had no further feedback and EECA has published both documents on its website, as it is required to do under the Crown Entities Act 2004. EECA is working with your office to arrange a suitable date for the final documents to be presented to the House of Representatives. We recommend this is done as soon as practicable.
Gas security of supply Dominic Kebbell Privacy of natural persons	**BusinessDesk article on Pan Pac** Further to our item in last week's report about gas users having difficulty accessing gas, a BusinessDesk article has highlighted the difficulty one company, Pan Pac, has experienced. Pan Pac is a Hawke's Bay based Forestry business that relies on gas to keep its pulp mill and the sawmill operating at close to capacity. The company has been unable to secure a long-term gas contract and has needed to buy gas on the spot market. These arrangements are very short term and the company has stated it is paying three times what it is had in the past, with no certainty about what the future price will be. Pan Pac exports most of its products and has indicated this will impact its competitiveness against overseas competitors. **Letter on effect of gas shortage on small to medium users** Smart Power Australasia Ltd, an energy management company, has written to you with concerns about access to gas for small to medium users in the industrial and commercial sectors. Smart Power has noted that many of their clients in these sectors face uncertainty about securing gas contracts and will likely need to purchase gas on the spot market at significantly higher prices. Smart Power has requested a representative for these small to medium users be invited to join the Gas Security Response Group. We have provided you a draft response to Smart Power.
Electricity security of supply Tamara Linnhoff Privacy of natural persons	**ELECTRICITY CAPACITY (for the week to Sunday 21 July 2024)** Residual generation margins remained healthy last week reflecting high thermal commitment due to low hydrology and sustained energy prices. Residual generation was over 800MW for the week's peaks.  *Source: System Operator, Market Operations - Weekly Market Movements*

Transpower issued a revised NZGB CAN at the end of June which highlighted potential N-1- G shortfalls through to the end July. Some of these have been resolved but potential shortfalls remain at the end of the month. The largest potential shortfalls on 30 and 31 July are -118 MW and -119 MW respectively. This is due to a combination of high demand over the same period last year and multiple generation and transmission outages.



Source: System Operator, Market Operations - Weekly Market Movements

Despite the current forecast, Transpower anticipates there will be no impact on consumers, for two main reasons. Firstly, the New Zealand Generation Balance (NZGB) is a conservative planning tool to help industry plan essential outages. One week ahead, Transpower switches to tracking actual offers, so gains a more accurate picture of forecast peak load, generation offers and demand bids than the NZGB balances.

Secondly, Transpower knows there is an additional 130MW of generation it can count on from Contact Energy's new Tauhara geothermal power station. This generation is not yet included in the NZGB forecasts because while operational, the plant is still in the commissioning (test) phase. It is expected to be fully operational in Q4 2024 and will be included in NZGB balances from that point onwards.

ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 21 July 2024)

New Zealand hydro storage dropped to 62% of the historic average last week. North Island hydro storage decreased from 41% to 37% of the historic mean for the time of year, and South Island storage decreased from 69% to 65%.

Meridian have signalled to MBIE officials that, under worst case inflow conditions, its operational hydro storage may be exhausted yet it may be unable to access its contingent storage, until the System Operator's risk dial (depicted below) enters the 'Alert' zone. This alert zone is triggered only when total national storage (including the coal stockpile) reaches a critical level. Meridian may reach its own contingent level before other storage operators. Meridian is engaging with the System Operator on its concerns.

ENERGY (HYDRO) STORAGE LEVEL BY MAJOR LAKE

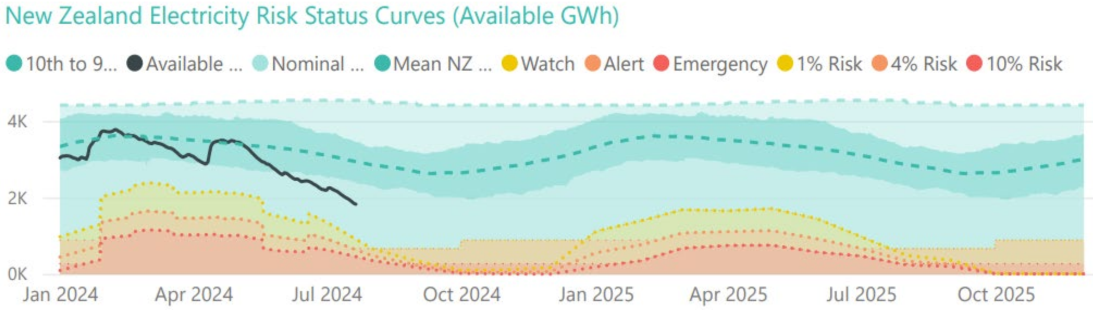
Major Lake	**Owner**	**Storage as at 24 July 2024 (% full)**	**Storage last week 17 July 2024 (% full)**	**Percentage change**
Pukaki	Meridian	32.3	42.6	-8.2
Manapouri	Meridian	2.8	9.4	-3.3
Tekapo	Genesis	33.3	31.1	+1.7
Hawea	Contact	24.5	28.6	-3.3
Taupo	Mercury	20.0	20.0	0.0

Source: Enerlytica

ELECTRICITY ('ENERGY') SUPPLY RISK (at 21 July 2024)

The level of 'energy risk' is measured by hydro storage levels relative to the electricity risk status curves.

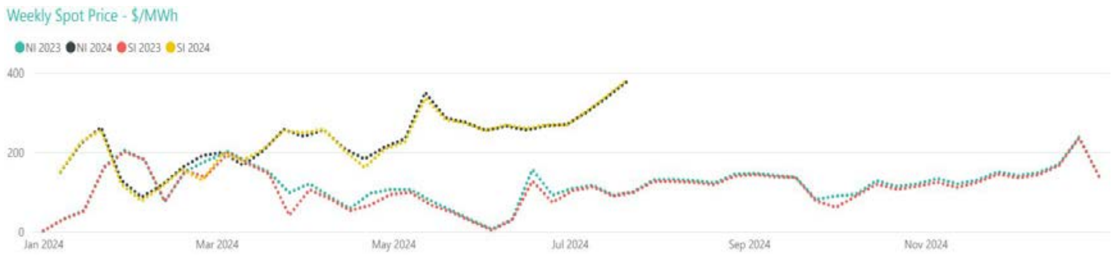
New Zealand controlled energy storage is below average for this time of year:



Source: System Operator, Market Operations - Weekly Market Movements

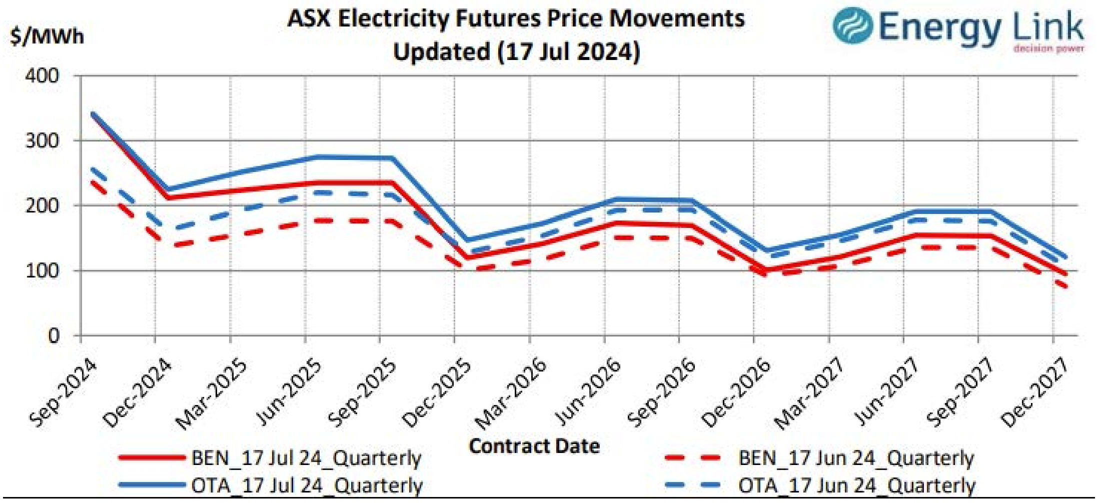
At the time of writing, MBIE officials understand the system operator may be re-calculating the above risk curves and so risk levels.

WHOLESALE ELECTRICITY PRICES
Weekly Spot Price (week ended 21 July 2024)



Source: System Operator, Market Operations - Weekly Market Movements

ASX Electricity Futures Prices (as at 21 July 2024)



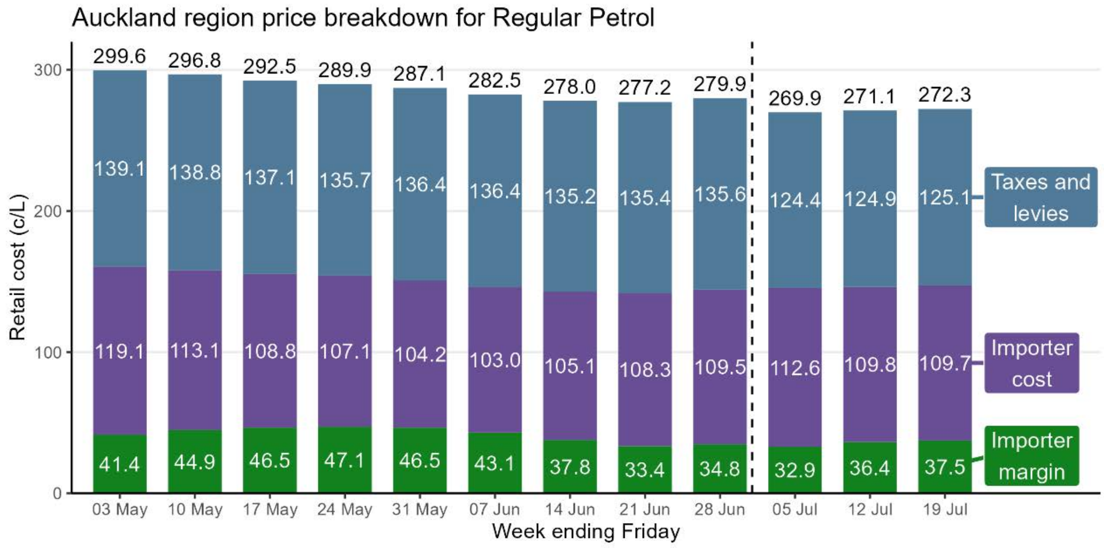
Source: Energy Link, Energy Trendz Weekly

Confidential advice to Government

Monitoring the removal of the Auckland Regional Fuel Tax

Mike Hayward
Privacy of natural persons

In the week ending 19 July, retail prices increase very slightly by 0.2 c/L for regular petrol, while importer margins increased by 1.1 c/L to 37.5 c/L. While this is the highest margin seen since the removal of the ARFT, it is still comparable with margins observed in the months leading up to the removal.



The graph above shows the median discounted retail price for regular petrol in the Auckland region each week from May 2024. This price is broken down into importer cost (how much it costs to buy the fuel and ship it to New Zealand), taxes and levies (including the ARFT, ETS, and GST), and importer margin (the gross margin applied to these costs by fuel importers). The importer margin covers distribution and retail costs as well as profit margins.

Consultation on the second Emissions Reduction Plan (ERP2) Scott Russell Privacy of natural persons	On Wednesday 24 July, MBIE hosted a public webinar to provide an overview of the energy chapter in the ERP2 Discussion Document. 154 people attended the webinar, including stakeholders from across the energy, transport, and financial sectors. We will send you a briefing next week that provides an update on key emerging themes from consultation so far and seeks your agreement on the proposed EPR2 energy content for proactive release.
Confidential advice to Government	
Adoption of 13 international hydrogen-related safety standards Melanee Beatson Privacy of natural persons	On 24 July, Standards New Zealand adopted a suite of 13 international hydrogen-related equipment safety standards. Safety standards are commonly cited as a critical enabler for hydrogen activity in New Zealand. The suite of standards represents the first tranche of Standards New Zealand's three-phase hydrogen safety standards implementation strategy commissioned by WorkSafe – Energy Safety. The standards adopted on 24 July have been published as identical adoptions of international standards. Future tranches will focus on modified adoptions where additional considerations are needed in New Zealand. Updated voluntary standards are an important first step in regulatory work to enable safe production, transportation, and use of hydrogen. Energy regulations commonly cite standards as means of demonstrating compliance with regulatory obligations.
International developments in the hydrogen sector Melanee Beatson Privacy of natural persons	Developments over the past month have highlighted challenges for development of the hydrogen sector internationally: • In Australia, Fortescue (Australian iron ore minor) announced last week that it is scaling back its ambitions to become a major green hydrogen producer. It plans to cut about 700 jobs, or 4.5% of its global workforce, and is putting its previous goal of producing 15 million tonnes of green hydrogen annually by 2030 on hold until electricity prices decrease. Fortescue has said the wars in Ukraine and the Middle East have driven up global energy prices, making large-scale green hydrogen production unviable. Fortescue remains involved in several large hydrogen projects previously committed to in the US and Australia, but has deferred further large scale hydrogen investment. Fortescue has been a champion of green hydrogen, including in New Zealand where in 2023 it played a key role in the development of the Hydrogen Consortium of six companies focused on pioneering the commercial deployment of green hydrogen-powered aircraft. • In a recent report, the European Court of Auditors criticised the European Commission for setting unachievable hydrogen production and import targets for 2030. The report said that the targets, of 10 million tonnes of production and 10 million tonnes of imports by 2030, were overly ambitious and "driven by political will rather than being based on robust analyses." Some European stakeholders have called for the Commission to update its targets and to accelerate the implementation of the EU

	hydrogen market with a more cohesive approach. To date the European Commission has not indicated a change in the targets. • As previously reported by EECA, earlier this month US-based hydrogen truck manufacturer Hyzon advised of its plans to exit its Australia and NZ business. Hyzon had been contracted to deliver 20 trucks to TR Group by early 2025, to complement Hiringa's hydrogen refuelling network. Confidential advice to Government [redacted]
WPQ on discontinued actions from the first emissions reduction plan (ERP1) Scott Russell Privacy of natural persons [redacted]	The Minister of Climate Change has received several WPQs on advice received on the discontinuation of ERP1 actions and legal risks. Several Energy portfolio actions are in scope of these requests, and we have provided information to the Interdepartmental Executive Board who are co-ordinating agency responses. We understand the office of the Minister of Climate Change will co-ordinate with your office and we recommend any questions be referred to the office of the Minister of Climate Change.

Confidential advice to Government

Confidential advice to Government

Upcoming Ministerial Items

1. Upcoming Energy meetings

Meeting date	Meeting	Details
Wednesday 31 July 2024 7:00 pm – 8:00 pm	RMA Ministerial Group (Advisor to attend)	**Briefing Due:** 29 July 2024

2. Upcoming Briefings, Aides Memoires and Cabinet Papers

Confidential advice to Government [redacted]	[redacted]	
[redacted]	[redacted]	[redacted]
Project:	**Electricity Hazards from Trees regulations**	
15 August 2024	Briefing and draft Cabinet paper	Conditional on PCO delivering by 7 August Confidential advice to Government [redacted]
Project:	**Minimum stockholding obligations**	
w/c 26 August 2024	Briefing and draft Cabinet paper	Briefing on increasing diesel stockholdings to 28 days Confidential advice to Government [redacted]
Confidential advice to Government [redacted]	[redacted]	
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]
Project:	**Consumer data right for electricity**	
26 July 2024	Briefing and draft discussion document	Draft discussion document for consulting on a potential CDR, and advice about timing / delivery options
August	Cabinet paper	*(TBC – pending earlier decisions on timing and delivery)* Joint Cabinet paper (with Minister of Commerce and Consumer Affairs) seeking agreement to consult on a potential electricity designation

Confidential advice to Government [redacted]	[redacted]	
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]

3. Written Parliamentary Questions

Due to Minister	Number	Member	Question
29 July 2024	44507	Hon Rachel Brooking	What reports, briefings, memos, or any other documents, if any, by title and date, has the Minister received that suggests the proposed fast-track legislation will enabling the doubling of renewable electricity and lower emissions?
30 July 2024	44624	Hon Rachel Brooking	Has the Minister sought advice on doubling renewable energy and if so, what is the title and date of this advice?

4. Ministerial Correspondence received

Due date	Tracking number	Correspondent	Summary of Correspondence
29 July 2024	SB24-550	Privacy of natural persons [redacted]	Pylon that fell over
29 July 2024	SB24-551	[redacted]	Waipara Solar proposal
29 July 2024	SB24-555	[redacted]	Power supply connection
29 July 2024	SB24-589	[redacted]	Letter with potential solutions to our current gas situation
30 July 2024	SB24-489	[redacted]	Scam like promoted power plan from Mercury Energy
30 July 2024	SB24-510	[redacted]	Energy efficient hot water generation in homes
30 July 2024	SB24-567	[redacted]	Fuel Prices in Thames, NZ

1 August 2024	SB24-521	Privacy of natural persons [redacted]	Vulnerable consumer
1 August 2024	SB24-573		Energy storage
5 August 2024	SB24-496		Update on Pellet Plant Project for supply of bioenergy
5 August 2024	SB24-536		Request for urgent repairs on electrical pylon
5 August 2024	SB24-538		Response to Northland pylon causing black out
5 August 2024	SB24-546		Concerns for electricity failure, Security of Supply and low prices
5 August 2024	SB24-547		Power outrage in Mt Roskill Auckland - company to be charged for disruption
5 August 2024	SB24-588		Families Living Without Power - lower dividend from the power companies
5 August 2024	SB24-616		Affordability and supply of delivered natural gas
6 August 2024	SB24-590		Genesis energy's illegal collecting of line charges
7 August 2024	SB24-592		Electricity prices
9 August 2024	SB24-495		EV chargers at St Arnaud
9 August 2024	SB24-563		Crown building Infrastructure
9 August 2024	SB24-603		Energy White Paper : Arboreal Energy
9 August 2024	SB24-604		retrofitting residential gas and mains electricity water heating
12 August 2024	SB24-608		Concerns regarding 50% increase in fixed daily charge on low-income workers
12 August 2024	SB24-609		Gas ban and the impact on requesters business and employees
14 August 2024	SB24-620		Pending NZ electrical energy crisis
14 August 2024	SB24-621		National Policy Statements on Renewable Electricity Generation
14 August 2024	SB24-626		Gas availability/pricing
15 August 2024	SB24-631		Renewable Energy
15 August 2024	SB24-640		Green Hydrogen-Hiringa
16 August 2024	SB24-641		Electricity Pricing
16 August 2024	SB24-644		Energy market

16 August 2024	SB24-645	Privacy of natural persons [redacted]	Petrol Prices
16 August 2024	SB24-646	[redacted]	Power Rebate
16 August 2024	SB24-647	[redacted]	Fuel prices
16 August 2024	SB24-648	[redacted]	Petrol Prices
16 August 2024	SB24-649	[redacted]	Power Outages

5. Ministerial Official Information Act Requests

None this week.

6. Departmental Official Information Act Requests

None this week.

7. EA Security of Supply A3

8. EECA Fortnightly Report