



## COVERSHEET

<b>Minister</b>	Hon Shane Jones	<b>Portfolio</b>	Regional Development
<b>Title of Cabinet paper</b>	Progressing the Supercritical Geothermal Energy Project	<b>Date to be published</b>	23 December 2024

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
November 2024	Progressing the Supercritical Geothermal Energy Project	Office of the Minister for Regional Development
11 November 2024	Minute of Decision: Progressing the Supercritical Geothermal Energy Project ECO-24-MIN-0251 Minute	Cabinet Office

### Information redacted

**YES / NO** (please select)

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Some information has been withheld for the reasons of Free and frank opinions, Confidential advice to Government, and Commercial information.



# Cabinet Economic Policy Committee

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Progressing the Supercritical Geothermal Energy Project

**Portfolio**                      **Regional Development**

On 6 November 2024, the Cabinet Economic Policy Committee:

#### Background

- 1        **noted** that in May 2024, Cabinet agreed to establish the \$1.2 billion Regional Infrastructure Fund (RIF) and noted that the Minister for Regional Development would report back to Cabinet:
  - 1.1      before the end of 2024 with a detailed monitoring and evaluation plan, including specific performance measures and evaluation milestones;
  - 1.2      before 30 September 2024 with a proposal for a sustainable, fiscally-responsible funding model for regional development investments;[CAB-24-MIN-0168.02];
- 2        **noted** that Cabinet also agreed that the RIF will invest in resilience infrastructure that improves a region's ability to absorb, adapt and/or respond to stresses and shocks, enabling infrastructure that ensures regions are well-connected, productive, and resilient;
- 3        **noted** that Cabinet also agreed:
  - 3.1      to establish the Regional Development Ministerial Group (RDMG), comprising the Finance, Infrastructure, Local Government, Regional Development, and Māori Development portfolio Ministers, to make specific investment decisions;
  - 3.2      that Cabinet makes decisions on all investments over \$35.0 million, or any projects deemed high risk by officials and Crown Regional Holdings Limited (CRHL);

#### Proposal

- 4        **noted** that GNS Science (GNS) is seeking up to \$60.0 million of government funding from the RIF to drill the first of three exploratory wells to prove the commercial viability of supercritical geothermal energy (SCGT);
- 5        **noted** that, if the commercial viability of SCGT can be proven and the technology developed to harness the energy, SCGT could meet a significant amount of New Zealand's future electricity demand, and would contribute to the Government's goal of doubling renewable electricity generation;

- 6 **noted** that any government funding to support progressing SCGT will not extend to fully de-risking the commercialisation of SCGT energy for electricity generation, although it should resolve some technological risks associated with progressing towards commercialisation;
- 7 **noted** that, while the potential opportunities of SCGT are significant, the early stage of technology development means there are a number of known (but not completely understood) and unknown risks and challenges that need to be fully understood and worked through before committing government funding and commencing exploratory drilling;
- 8 **agreed** to ringfence up to \$60.0 million of funding from the RIF to fund an exploratory deep well to prove the commercial viability of SCGT, consisting of two stages:
- 8.1 the initial drawdown of up to \$5.0 million grant to the Ministry of Business, Innovation and Employment (MBIE) to undertake the detailed design and costings for the first exploratory deep well, in order to allow a full investment proposal to be developed for Cabinet consideration (stage one);
- 8.2 the remaining drawdown of up to \$55.0 million to undertake the drilling of the exploratory well (stage two), subject to Cabinet approval of a full RIF investment proposal;
- 9 Confidential advice to Government
- 10 **noted** that officials will provide options and seek approval from the Minister of Finance and the Minister for Regional Development on an appropriate commercial structure to undertake the drilling project;
- 11 Confidential advice to Government

Rachel Clarke  
Committee Secretary

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**Present:**

Hon David Seymour  
Hon Nicola Willis (Chair)  
Hon Shane Jones  
Hon Brooke van Velden  
Hon Simeon Brown  
Hon Eric Stanford  
Hon Paul Goldsmith  
Hon Louise Upston  
Hon Judith Collins KC  
Hon Tama Potaka  
Hon Matt Doocoy  
Hon Simon Watts  
Hon Melissa Lee  
Hon Penny Simmonds  
Hon Chris Penk  
Hon Nicola Grigg  
Hon Andrew Hoggard  
Hon Mark Patterson  
Simon Court MP  
Jenny Marcroft MP

**Officials present from:**

Office of the Prime Minister  
Office of Hon Todd McClay  
Office of Hon Simon Watts  
Ministry of Business, Innovation and Employment  
Officials Committee for ECO