



Energy Portfolio Weekly Report

Week commencing: 10/02/2025

Priority: Medium

Security classification: In Confidence

Tracking number: BRIEFING-REQ-0008928

Recipient

Action sought

**HON SIMON WATTS
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

7 February 2025

Minister's comments:

**Energy Portfolio
Officials' Meeting Agenda
11:10 am – 11:55 am Tuesday 11 February 2025**

Item	Subject	People	Oral Item / Paper #	Action Required
1.	Confidential advice to Government			
2.	Energy Strategy	Sharon Corbett	Oral	Discussion
3.	s 9(2)(f)(iv)			
4.	Security of Electricity Supply	Tamara Linnhoff Ed Smith Gareth Wilson	BRIEFING-REQ-00077758	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 (Tentative)
Paul Stocks	Deputy Secretary, Building, Resources and Markets
Justine Cannon	General Manager, Energy Markets
Sharon Corbett	Policy Director, Energy Markets
Rebecca Heerdegen	Policy Director, Energy Markets
Tamara Linnhoff	Manager, Electricity Generation, Infrastructure and Markets Policy
Gareth Wilson	Strategic Advisor, Electricity Generation, Infrastructure and Markets Policy
Ed Smith	Principal Advisor, Electricity Generation, Infrastructure and Markets Policy
John McCabe	Team Leader, Electricity Generation, Infrastructure and Markets Policy

Key Updates

Title	Comment
<p>Implementing Electrify NZ</p> <p>Daniel Brown <small>Privacy of natural persons</small></p>	<p>The Resource Management (Consenting and Other System Changes) Amendment Bill is currently before Select Committee. This Bill implements a number of Electrify NZ proposals around decision making processes for energy-related resource consents.</p> <p>MBIE has been working closely with the sector on a new National Policy Statement (NPS) for Renewable Electricity Generation. Confidential advice to Government</p>
<p>New permitting regime for offshore renewable energy</p> <p>Melanee Beatson <small>Privacy of natural persons</small></p>	<p>We will provide you with a briefing on Monday 10 February 2025 seeking your decisions on the feasibility permit regulations. Decisions are required quickly to enable the Parliamentary Counsel Office to begin drafting, to stay on track to have regulations in place as soon as possible following the passing of the Bill.</p>
<h1>Confidential advice to Government</h1>	
<p>Energy Competition Taskforce – Package One</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>On 12 February 2025, the Electricity Authority (EA) will release consultation papers on three Energy Competition Task Force ‘Package Two’ measures that aim to ensure consumers get appropriate payment for shifting their time of energy use and injecting electricity back to the network. We will provide key messages and Q&A to your office to support this release.</p> <p>On 14 February 2025, the EA Board will consider the Task Force consultation paper on proposals for measures to create a more level-playing field and address competition concerns arising from vertical integration of the four large generator-retailers. If the Board approves this paper, we expect you will receive a briefing and advance copy of the paper on 19 February. The consultation is planned to be launched on 27 February 2025, and we anticipate some media and stakeholder interest in the consultation.</p>

<p>Review of the phase-out of the LFC regulations</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>s 9(2)(f)(iv) [REDACTED]. At the Officials meeting on Tuesday we will be happy to discuss any aspect of the LFC regulations, the Mid-Point Review or the industry’s Power Credit Scheme, ahead of your meeting with the ENA and ERANZ on 13 February 2025.</p> <p>Confidential advice to Government [REDACTED]</p>
<p>Hazards from Trees</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>We will provide you with a briefing on 10 February 2025 explaining previous (Phase 1) and possible future (Phase 2) amendments to the Electricity (Hazards from Trees) Regulations (Regulations). Confidential advice to Government [REDACTED]</p> <p>[REDACTED]</p>
<p>Energy Efficiency and Conservation Amendment Bill</p> <p>Scott Russell <small>Privacy of natural persons</small></p>	<p>On the 3 February 2025 drafting instructions for the Energy Efficiency and Conservation (Energy Flexibility and Regulatory Improvements) Amendment Bill was sent to PCO. This Bill aims to future-proof the legislation to ensure it has the scope and flexibility to respond to technology developments, as well as to streamline the regulatory regime’s processes to better enable New Zealand to adopt new and updated standards for energy efficiency, including for EV chargers. Departmental and Ministerial consultation is expected to take place in May with the Bill introduced in early June 2025.</p>

Stakeholder Updates

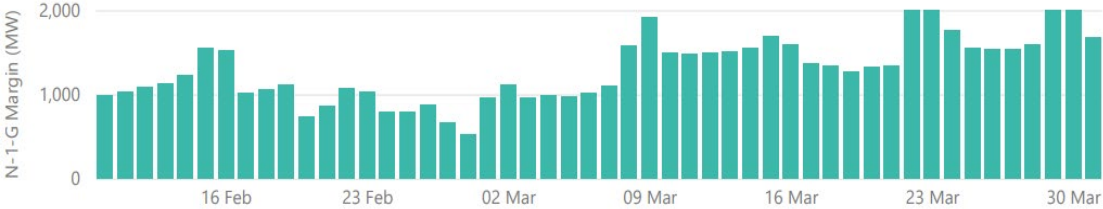
Title	Comment
<p>Harmony and Clarus joint venture solar farm to start construction</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>Harmony Energy and a Clarus company 'First Renewables' have announced the start of construction of the Tauhei Solar Farm, to be operational by late 2026. Located near Te Aroha in the North Island, the 200 MW solar farm will be New Zealand's largest and produce enough energy to power ~ 35,000 homes. An agreement has been signed with Meridian Energy who will offtake 100 per cent of the generation for the first 10 years of operation. Harmony also holds consents for projects in Masterton, Marton and Opunake.</p>
<p>Commerce Commission has concerns about Contact's proposed acquisition of Manawa</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>On 5 February the Commerce Commission published a Statement of Issues outlining potential competition issues relating to Contact Energy's proposed acquisition of up to 100% of the shares in Manawa Energy. This is not a final decision, rather the Commission is seeking further information from Contact, Manawa and interested parties. The Statement of Issues sets out that the Commission is not currently satisfied that the proposed acquisition will not substantially lessen competition.</p> <p>The analysis highlights current scarcity of shaped hedges (for daytimes peak and morning/evenings super-peak) and that, as the share of intermittent generation grows and thermals retire, it expects availability of shaped hedges to become scarcer.</p> <p>The Commission explains four main concerns: that the acquisition could mean 1) Contact has market power and may have an incentive to refuse to supply competitors (independent generators and retailers) with shaped hedges; 2) reduced market competition if Contact and Manawa no longer compete; 3) an increased ability for the merged entity to withhold supply and so create higher wholesale spot prices; and 4) with fewer competitors the market may be more vulnerable to coordination.</p> <p>The Statement recognises that the Energy Competition Task Force has introduced standardised flexibility contracts and may make future Code changes, however future regulatory settings can be expected with or without the proposed acquisition, so their focus continues to be on the potential impact of the acquisition.</p>
<p>Transpower Winter 2025 Quarterly Security of Supply Outlook</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>Transpower (System Operator) publishes quarterly Security of Supply Outlook</p> <p>Consistent with its messaging over recent months, the System Operator reiterated in its 5 February publication that it will be critical that industry continues to focus on fuel storage and plant availability ahead of 2025, including across controlled hydro storage and thermal fuel arrangements.</p> <p>Further key messages include:</p> <ul style="list-style-type: none"> • Hydro storage has declined to 97 percent of its historic mean for this time of year due to below average hydro inflows from mid-December. Storage remains above mean levels in Lakes Pūkaki, Hāwea and Taupō. Together these lakes comprise ~72% of national storage when full. • January's Electricity Risk Curves (ERCs) show an elevated risk compared to the December ERC's due to a downgrade in gas forecasts and reduced coal stockpile for electricity generation. While none of the Simulated Storage Trajectories (SSTs) cross the Electricity Risk Curves, the underlying assumptions include that the market will contract to supplement existing thermal fuel stockpiles (coal and gas). Without such contracts the risk increases of needing to access contingent hydro storage and very high prices. • In the next six months ~250 MW of new generation is expected to be commissioned (come online and start generating). Contact Energy will keep its Taranaki Combined

	<p>Cycle (TCC) generator (330 MW) available in 2025 with limited running hours, a five-day call-up time and limited gas to run for extended periods.</p> <ul style="list-style-type: none"> • Peak capacity risks, especially in cold snaps, will persist until there is sufficient investment in flexible resources such as batteries, demand response and peaking generation.
<p>Regional Infrastructure Fund (RIF) - Community Energy Projects</p> <p>Scott Russell <small>Privacy of natural persons</small></p>	<p>The Ministers for Regional Development and Māori Development announced on 5 February that \$4.3 million in RIF funding has been provided to two community energy projects as part of a Māori economic development package.</p> <p>The two projects are:</p> <ul style="list-style-type: none"> • Te Kao Community Microgrid (Te Tai Tokerau) project will receive a \$3 million grant to construct a solar- and wind-powered microgrid connected to a community battery in Te Kao village to provide a consistent low-cost energy supply to the community and local businesses. • Waimamaku Community Solar Resilience Programme (Te Tai Tokerau) will receive \$1.3 million to install solar power and batteries to multiple businesses and community facilities to provide more affordable and reliable power. <p>Confidential advice to Government</p>

Current appointments

Confidential advice to Government

Other Updates

Title	Comment
<p>Gas security of supply</p> <p>Dominic Kebbell <small>Privacy of natural persons</small></p>	<p>Vector sale of LPG assets completed</p> <p>Vector has completed the sale of its OnGas liquified petroleum gas (LPG) business to Elgas, a company that currently provides LPG to users across New Zealand and Australia. The Commerce Commission had cleared this acquisition in November 2024. Energy News reports that the \$150 million deal marks the exit of Vector from the LPG market and will result in Elgas becoming the second largest player in the LPG market behind Rockgas and ahead of Genesis Energy.</p> <p>OMV recorded impairment on New Zealand assets</p> <p>OMV, which owns 100 per cent of Maui and the majority of the Pohokura gas fields, announced in December 2024 that it is no longer pursuing a sale of its New Zealand assets. Enerlytica reports that OMV has recorded a sizeable €222m (NZ\$408m) impairment on the carrying value of its New Zealand assets and this is likely due to the outcome of the sale process and a weaker production outlook for these fields.</p> <p>Update on latest development well at Pohokura field</p> <p>OMV is aiming to deliver gas from its latest development well in the Pohokura field by late-March 2025. The firm says drilling in this well is complete and it is now working to get the well ready for production.</p> <p>OMV has stated that it is too early to comment on the production levels that will result from this new well.</p>
<p>Electricity security of supply</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>ELECTRICITY CAPACITY (for the week to Sunday 2 February)</p> <p>Residual generation margins remained healthy last week, coinciding with low summer load. The N-1-G margin is sufficient to meet peak demand in the look-ahead through to end of March 2025:</p> <p>NZGB Look-Ahead (excluding next 7 days)</p>  <p><i>Source: System Operator, Market Operations - Weekly Market Movements</i></p> <p>ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 2 February)</p> <p>National hydro storage decreased from 103% to 99% of the historic mean last week as a result of continued below average inflows to major storage catchments. South Island hydro storage dropped from 102% to 97%, and North Island storage dropped from 117% to 114% of the historic mean for this time of year.</p>

ELECTRICITY ('ENERGY') SUPPLY RISK (at 2 February)

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

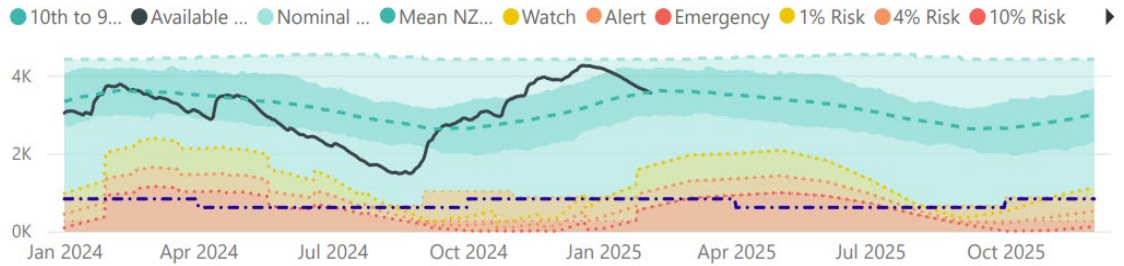
New Zealand Energy Risk

South Island Energy Risk



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

New Zealand Electricity Risk Status Curves (Available GWh)

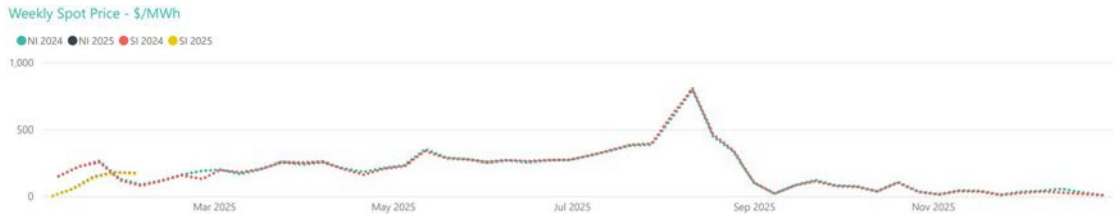


Transpower (as System Operator) last updated their forward assessment of electricity security of supply risk (the Electricity Risk Curves, ERCs) in late January. An explanation of the ERCs will be included on a joint (MBIE/EA/Transpower) briefing you will receive on Monday 10 February that explains operational management of tight supply situations (BRIEFING-REQ-0008374).

Source: System Operator, Market Operations - Weekly Market Movements

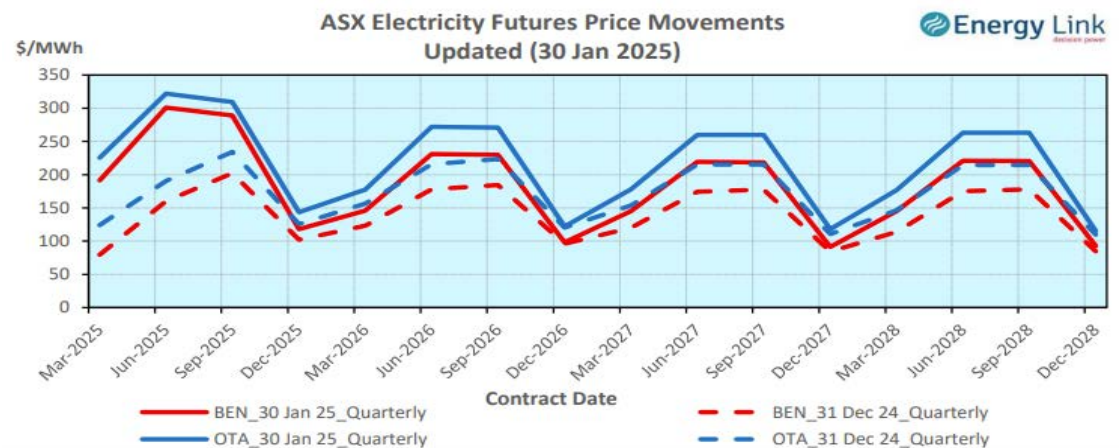
WHOLESALE ELECTRICITY PRICES

Weekly Spot Price (week ended 2 February 2025)



Source: System Operator, Market Operations - Weekly Market Movements

ASX Electricity Futures Prices (as at 2 February)



	<p>Source: <i>Energy Link, Energy Trendz Weekly</i></p>
<p>Fonterra announcements – further information</p> <p>Scott Russell <small>Privacy of natural persons</small></p>	<p>Following Fonterra’s electrification announcements on 29 January, you asked for information on whether these have been incorporated in our emissions modelling, and how GIDI-funded projects have been modelled into ERP2 projections.</p> <p>The Energy Efficiency and Conservation Authority advise that the Waitoa electric boiler will use some of the GIDI support as it accelerated Fonterra to exit coal use in the North Island early. No other projects in the announcement are GIDI-related, as they are on gas sites and the GIDI partnership focuses on coal sites, in the South Island.</p> <p>We have requested the emissions modelling information from the Ministry for the Environment and will provide you with a further update in the next weekly report.</p>
<p>Auckland jet fuel resilience - industry update</p> <p>Dominic Kebbell <small>Privacy of natural persons</small></p>	<p>We are drafting the regulations for the jet fuel minimum stockholding obligation at Auckland Airport and expect to go to the Cabinet Legislation Committee in mid-2025.</p> <p>Following the 2019 Government Inquiry into the Auckland Supply Disruption, the three fuel majors (bp, Mobil and Z Energy) formed the Auckland Jet Fuel Supply Resilience Group to provide regular updates to the government on its work to improve jet fuel security at Auckland Airport.</p> <p>The Group sent their January quarterly update to you and Minister Jones on 04 February 2025. It says that:</p> <ul style="list-style-type: none"> • The jet fuel resilience target of 10 days’ cover at 80 per cent allocation was met in the quarter except in December (cover was 7.1 days cover). This was due to the normal seasonal pattern in demand with December being peak season. • The three fuel companies have aligned on the reconfiguration of a 20 million litre petrol tank to jet fuel. Enabling works have started and will continue throughout 2025. This additional storage will be delivered in the second half of 2026. • Commercial Information <small>[Redacted]</small> • The supply disruption risk assessment found that the tank conversion would not compromise minimum safety stock requirements for the fuels. However, the report identified other supply disruption risks, which the companies will assess and consider mitigations for. • As in the previous report, this report reiterates that the companies have integrated improving resilience of the Wiri to Airport Pipeline (the WAP), in line with the Inquiry’s recommendations, in their future capital investment plans. <p>The regulations being drafted, enforcing the 10 days’ cover at 80 per cent, will improve resilience at the airport during the peak summer season. We will meet with the companies next week to discuss the supply disruption risk assessment.</p>
<p>Hydrogen regulations</p>	<p>You have signalled officials should progress regulatory changes to address barriers in the renewable energy space in New Zealand, including hydrogen. We will provide you a briefing early the week of 10 February 2025 on 1) the work that is underway on updating the relevant gas and safety regulations, Confidential advice to Government <small>[Redacted]</small></p>

<p>The Australia–Asia Power Link</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>You have requested information on the potential HVDC interconnection cable from Australia to Asia.</p> <p>The Australia–Asia Power Link (AAPowerLink) is a proposed electricity infrastructure project that is planned to include the world's largest solar plant, the world's largest battery, and the world's longest submarine power cable.</p> <p>Early plans for this project forecast that a new solar farm in the Northern Territory of Australia would produce up to 20 gigawatts of electricity, most of which would be exported to Singapore, and at a later point Indonesia, by a 4,300 km (2,700 mi) 3 GW HVDC transmission line. A large battery would store energy in order to level energy availability as sunlight varies throughout the day. AAPowerLink has been developed by an Australian company Sun Cable, initially backed by Andrew Forrest and Mike Cannon-Brookes. It was projected to begin construction in mid-2023, with operation starting in early 2026 and completion by late 2027, and had been estimated to add A\$8 billion to the economy of the Northern Territory.</p> <p>The project collapsed in January 2023, after Sun Cable was placed into voluntary administration. In May 2023, a consortium led by Cannon-Brookes' Grok Ventures won the bid to acquire Sun Cable, with the takeover finalised on 7 September 2023. The revised plans involve supplying electricity to Darwin by 2030, and to Singapore a few years thereafter. Eventually the solar farm could produce 6 gigawatts of power.</p> <p>The Australian government Agency Infrastructure Australia describes this as:</p> <p><i>.. a private proposal that captures northern Australia's comparative advantage in producing and providing zero emission electricity to the Darwin region and Singapore. This would place downward pressure on electricity prices in the Darwin region for residential and industrial customers, reduce Australia's GHG emissions and develop a new renewable electricity export industry for northern Australia. Indirect benefits to Australia would include an uplift in economic activity from spin-off industries to support the proposal's construction and operation, as well potentially catalysing new industry investment to take advantage of lower energy costs.</i></p> <p>https://www.infrastructureaustralia.gov.au/projects/australia-asia-powerlink</p>
<p>Community Renewable Energy Fund</p> <p>Scott Russell <small>Privacy of natural persons</small></p>	<p>You requested officials check whether there are any funds that overlap in scope or purpose with the Community Renewable Energy Fund (CREF). CREF provides grant funding to enable the installation of solar and battery systems on community buildings in regions that are exposed to natural hazard risks. We are aware that the Cyclone Gabrielle Appeal Trust provided grants for roughly 70 solar systems in July 2024, however that fund is now closed. As detailed in an earlier item, the Regional Infrastructure Fund is also providing funding to two community energy projects as part of a Māori economic development package.</p> <p>We have also checked with the Ministry for the Environment who are not aware of any overlapping funding programmes in the Climate portfolio.</p>

Upcoming Ministerial Items

1. Upcoming Energy meetings

Meeting date	Meeting	Details
<p>Tuesday 11 February 2025</p> <p>7:30 am – 9:00 am</p>	<p>Business Energy Council and Energy Resources Aotearoa Annual Energy Sector Breakfast</p>	<p>Speech due: With office</p> <p>Briefing Due: With office</p> <p>Officials required: Justine Cannon</p>

Meeting date	Meeting	Details
Tuesday 11 February 2025 4:15 pm – 4:45 pm	Malcolm Johns (Chief Executive), Genesis Energy	Briefing Due: 10 February 2025 Officials required: Justine Cannon
Wednesday 12 February 2025 3:30 pm – 4:30 pm	Energy Stakeholders about security of electricity supply for Winters 2025, 2026.	Briefing Due: 10 February 2025 Officials required: Paul Stocks and Justine Cannon
Thursday 13 February 2025 11:30 am – 12:00 pm	Electricity Retailer’s Association of New Zealand (ERANZ) and Electricity Networks Aotearoa (ENA)	Briefing Due: 11 February 2025 Officials required: Tamara Linnhoff and John McCabe

2. Upcoming Briefings, Aides Memoires and Cabinet Papers

During week commencing 10 February 2025

Security of Electricity Supply
Overview of operational management of electricity security of supply – Joint Briefing (EA/ Transpower/MBIE)
Further options to support electricity security of supply and competitive prices
Electricity Hazards from Trees regulations
Phase 2 amendments to the Electricity (Hazards from Trees) Regulations 2003. A draft Cabinet paper and RIS are also ready, should you wish to progress current proposals to Ministerial consultation.
Electricity prices and competition matters
Electricity prices: drivers, and expected changes
s 9(2)(f)(iv)
Confidential advice to Government
Electricity consumer data right
Briefing on Electricity consumer data right - a summary of progress and next steps
Fuel Security
Fuel Policy Overview
<i>Increasing New Zealand’s diesel stockholding – Associate Minister for Energy lead</i>
Offshore Renewable Energy - Regulations
Offshore Renewable Energy – Policy decisions on feasibility permit regulations
Hydrogen

Hydrogen – Reducing regulatory barriers

s 9(2)(f)(iv)

Week commencing 17 February, and the rest of February 2025

s 9(2)(f)(iv)

CCUS

Confidential advice to Government

Electricity Hazards from Trees regulations

Cabinet Paper and RIS for lodgement on phase 2 amendments to Electricity (Hazards from Trees) regulations.

Consumer data right for electricity

Briefing on approval of a road map to jointly progress work on a Consumer Data Right with the EA.

Fuel Security

Briefing on Final fuel security study and approach to fuel security plan – Associate Minister for Energy lead

National direction package

Draft Cabinet paper and discussion document on RM national direction package for public consultation

Confidential advice to Government

Offshore Renewable Energy - Regulations

Confidential advice to Government

Updates to Standards: Review of the Voltage range in electrical safety regulations

Briefing and draft Cabinet paper on Amending the Electricity (Safety) Regulations to expand the voltage range

Energy efficiency regulations

Briefing seeking approval to progress public consultation on updating minimum energy performance standards for external power supplies and three phase cage induction motors

Further briefings (not shown on the Ministerial Priorities Output Plan A3)

Electricity Authority's 2025/26 levy funding
March Baseline Update (budgets)
Ministerial delegations in the Energy portfolio
Travel options for 2025
Hydrogen – International opportunities
Confidential advice to Government
Enabling EV Smart charging standards – agreement to scope and draft consultation document

3. Written Parliamentary Questions

Due to Minister	Number	Member	Question
13 February 2025	3768	Hon Dr Ayesha Verrall	How many staff were made redundant, if any, in the Minister's departments, ministries and agencies between 27 November 2023 and 7 February 2025, broken down by district, ethnicity, gender, and any other socioeconomic variable that is collected?
13 February 2025	3779	Hon Dr Ayesha Verrall	How many staff were made redundant, if any, in the Minister's departments, ministries and agencies between 27 November 2023 and 7 February 2025, listed by role title, date of redundancy, type of employment, and duration of service?
13 February 2025	3778	Hon Dr Ayesha Verrall	What are the total costs of staff redundancies, if any, in the Minister's departments, ministries and agencies - or for any other staff for whom the Minister is responsible - between 27 November 2023 and 7 February 2025?

4. Ministerial Correspondence received

Due date	Tracking number	Correspondent	Summary of Correspondence
10 February 2025	SB24-1419	Privacy of natural persons	Electrify NZ
10 February 2025	SB24-1442		Carbon Capture and Storage (CCS)
10 February 2025	SB24-1425		Energy Price increases

5. Output plan

Confidential advice to Government

Confidential advice to Government



Energy Portfolio Weekly Report

Week commencing: 17/02/2025

Priority: Medium

Security classification: In Confidence

Tracking number: BRIEFING-REQ-0009304

Recipient

Action sought

**HON SIMON WATTS
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

14 February 2025

Minister's comments:

**Energy Portfolio
Officials' Meeting Agenda
11:15 am – 12:15 pm Tuesday 18 February 2025**

Item	Subject	People	Oral Item / Paper #	Action Required
1.	Confidential advice to Government			
2.	Woody Bioenergy Taskforce	Scott Russell	BRIEFING-REQ-0006679	Discussion
3.	Electricity (Hazards from Trees) Regulations 2003	Tamara Linnhoff	BRIEFING-REQ-0008017	Discussion
4.	Offshore Renewable Energy	Melanee Beatson	BRIEFING-REQ-0006700	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 (Tentative)
Justine Cannon	General Manager, Energy Markets
Jamie Kerr	Policy Director
Scott Russell	Manager, Energy Use Policy
Tamara Linnhoff	Manager, Electricity Generation, Infrastructure and Markets Policy
Melanee Beatson	Manager, Offshore Renewable Energy & Hydrogen

Key Updates

Title	Comment
<p>Implementing Electrify NZ</p> <p>Daniel Brown <small>Privacy of natural persons</small></p>	<p>The Resource Management (Consenting and Other System Changes) Amendment Bill is currently before Select Committee. This Bill implements a number of Electrify NZ proposals around decision making processes for energy-related resource consents.</p> <p>MBIE has been working closely with the sector on a new National Policy Statement (NPS) for Renewable Electricity Generation. There is considerable interest from energy stakeholders in this work. Confidential advice to Government</p> <p>[Redacted]</p> <p>We will provide you with a briefing by 18 February 2025 with talking points for any engagement with the Minister for Resource Management Reform. This briefing will also provide an overview of key Electrify NZ workstreams Confidential advice to Government</p> <p>[Redacted]</p> <p>The Fast-track Approvals Act opened for applications on 7 February 2025. 22 renewable energy projects and two transmission projects are listed in the Bill for automatic referral to a decision-making panel. This Weekly Report often includes (under Stakeholder Updates) reports on new projects announced, or when milestones are met (e.g. final investment decision, or a plant comes online). We will include updates on Fast-track projects.</p>
<p>New permitting regime for offshore renewable energy</p> <p>Melanee Beatson <small>Privacy of natural persons</small></p>	<p>We will be presenting the initial briefing on the Bill to the Transport and Infrastructure Select Committee on 20 February 2025. We provided you with a copy of the briefing on 31 January 2025.</p> <p>Submissions on the Offshore Renewable Energy Bill closed on 6 February 2025. 73 submissions were received, approximately 30 of which were substantive submissions. Submitters included industry, iwi, NGO's, local government, community groups and the public. Several submitters have highlighted issues around how competing uses are dealt with (which the Bill does not address). We will provide you with further detail on the submissions following our analysis.</p>
<p>Review of electricity market performance</p> <p>Sharon Corbett <small>Privacy of natural persons</small></p>	<p>You and Minister Jones issued a joint press release on Tuesday 11 February announcing the Review team. Confidential advice to Government</p> <p>[Redacted]</p>
<p>Energy Competition Task Force</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>Task Force consultations on Package 2 price-related measures to better reward and incentivise changing time of use, and feeding rooftop generation back into the grid, launched on 12 February. Media coverage has been positive.</p> <p>On 14 February, the EA Board will consider a draft consultation paper on Package 1 proposals for measures to create a more level playing-field and address competition concerns arising from vertical integration of the four large generator-retailers. If the Board approves the paper, you can expect to receive an advance copy on 19 February 2025. You and Minister Jones are also meeting with the Task Force on Tuesday 18 February to be briefed on the proposals.</p>

	The consultation launch is planned for 27 February, we will work with your office on media lines should you wish to make a statement, for example on the importance of competitive wholesale and retail markets for downwards pressure on electricity prices so New Zealand can be internationally competitive.
Hazards from Trees Tamara Linnhoff <small>Privacy of natural persons</small>	<p>We provided you with a briefing on 10 February 2025 that explained previous (Phase 1) and possible future (Phase 2) amendments to the Electricity (Hazards from Trees) Regulations. As highlighted by the ENA at their meeting with you on 13 February, the sector is eager to see progress on these reforms.</p> <p>We can discuss the proposals with you in an officials' meeting. <small>Confidential advice to Government</small></p>
Phase-out of the LFC Regulations Tamara Linnhoff <small>Privacy of natural persons</small>	<p>You met with ERANZ and the ENA on 13 February 2025. <small>Confidential advice to Government</small></p> <p>s 9(2)(f)(iv)</p> <p><small>Confidential advice to Government</small></p>

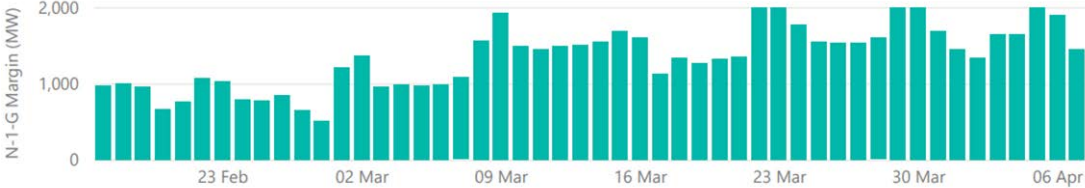
Stakeholder Updates

Title	Comment
Meridian's Ruakākā solar farm granted consent Tamara Linnhoff <small>Privacy of natural persons</small>	<p>Meridian Energy's 120MW Ruakākā solar farm in Northland has been granted resource consent approval. The solar farm will sit alongside the 100MW battery energy storage system (BESS) that is currently under construction at the Ruakākā Energy Park, and is due to be fully operational by April. It is still subject to final investment decision, which is expected in March 2025, with completion early 2027. Consent had been granted in September 2024, this was appealed regarding environmental concerns - Meridian has resolved the concerns.</p>
Hydrogen Industry leadership group report Melanee Beatson <small>Privacy of natural persons</small>	<p>On 10 February 2025, the Hydrogen Industry Leadership group provided you a report on 16 Government actions they consider are needed to develop a low-emissions hydrogen industry in New Zealand.</p> <p>You have requested that quarterly Hydrogen Industry Leadership Group meetings are reinstated from Q1 2025, that they are aligned with the Hydrogen Council, and include the Climate Change Ambassador. We will come back to you with further advice.</p>

Confidential advice to Government

Other Updates

Title	Comment
<p>Information requests on generation and gentailers</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>During our 12 February ‘Deep Dive’ into security of electricity supply and electricity prices, you requested information and advice on a number of topics. Collation is underway, during this and next week we will provide material on:</p> <ul style="list-style-type: none">• Confidential advice to Government [REDACTED]• <i>Gentailers</i>: Gentailer profits (retail and wholesale), government dividends, gentailer share prices, government’s role as a gentailer shareholder.• <i>Coal</i>: Information on coal stocks – at Huntly, in transit, planned imports. We are cross checking information received from Genesis on 13 February with information provided by Genesis to the EA and Transpower.• Confidential advice to Government [REDACTED]• <i>Planned generation</i>: What new or change in capacity can we expect in the next 180 days: commissioned online, exits, outages and if we consider any could be expedited.• <i>Power bill increases</i>: the impact of a \$360 estimated increase on the average household electricity bill change (per annum) on inflation.• <i>Investor reports</i>: We provided your Office with a copy of the Forsyth Barr 7 February Power Points report: <i>ComCom Raises Clearance Concerns</i>. We are researching which reports (including offshore) we will be able to access and forward to you, regularly.• <i>Flick</i>: Explain recent changes in ownership, leadership, hedge contract position and if Flick is still taking new customers.

	<p>Following your 12 February 2025 meeting with gentailer CEs, you also asked for advice on:</p> <ul style="list-style-type: none"> • Confidential advice to Government [REDACTED] • Confidential advice to Government [REDACTED] • Confidential advice to Government [REDACTED] • <i>A note on WACC for Transpower and EDBs</i> • Confidential advice to Government [REDACTED]
<p>Gas security of supply</p> <p>Dominic Kebbell <small>Privacy of natural persons</small></p>	<p>Production at new Tariki well below expectations</p> <p>On 11 February 2025, the New Zealand Energy Corporation (NZEC) provided an update to the Toronto Stock Exchange, where the company is listed, on progress with the Tariki-5 well that started production at the end of 2024. Production has trended at 1 million standard cubic feet per day (mmscf/day) compared to the target of up to 12 mmscf/day. This below-expectations result is consistent with recent disappointing drilling results at other fields.</p> <p>NZEC has also said that results to date have "<i>confirmed the viability of Tariki as a gas storage field</i>" and that "<i>studies indicate that the field is likely to be able to safely store between 25 and 40 Bscf of gas</i>" (bscf means billion standard cubic feet, which converts to approximately 26 to 42 PJ). The company aims to begin injecting gas by the end of the year. If it proceeds, this could significantly expand gas storage capacity in New Zealand. Currently, New Zealand has the Ahuroa Gas Storage facility that has about 7 PJ of storage capacity, with this already contracted out. However, the targeted extraction rate of gas stored at Tariki of 30 mmscf/d is about half that of Ahuroa.</p>
<p>Electricity security of supply</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>ELECTRICITY CAPACITY (for the week to Sunday 9 February – <i>this is the most recent date for which capacity calculations are available</i>)</p> <p>Capacity margins were healthy last week. Peak load was relatively low - as is usual for summer. Thermal unit commitment was high for this time of year as hydro generation eased off with declining storage.</p> <p>The N-1-G margin is sufficient to meet peak demand in the look-ahead through to early April.</p> <p>NZGB Look-Ahead (excluding next 7 days)</p>  <p><i>Source: System Operator, Market Operations - Weekly Market Movements</i></p> <p>ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 9 February)</p> <p>National hydro storage continued to decline, falling from 99% to now 93% of average for this time of year due to increased demand, low wind generation and ongoing below average inflows. South Island storage dropped from 97% to 92% of its historical mean, while North Island storage dropped from 114% to 112%.</p>

ELECTRICITY ('ENERGY') SUPPLY RISK (at 9 February)

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

New Zealand Energy Risk



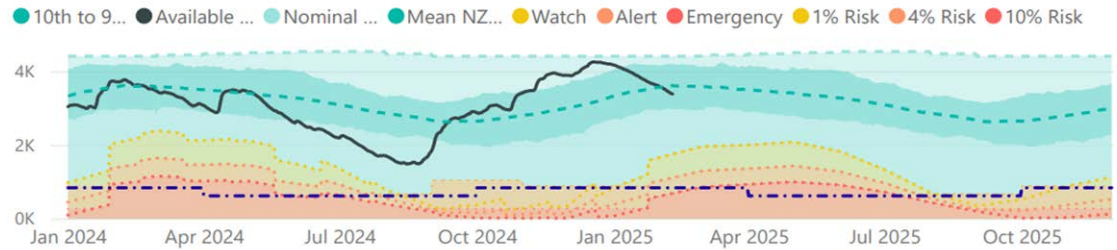
South Island Energy Risk



Normal Watch Alert Emergency

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

New Zealand Electricity Risk Status Curves (Available GWh)



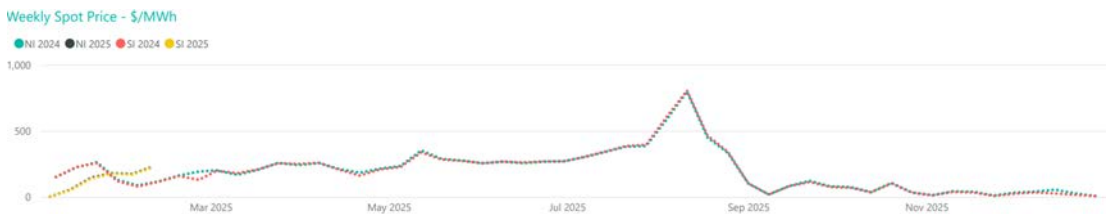
Source: System Operator, Market Operations - Weekly Market Movements

The System Operator last updated the ERCs on 5 February 2025. Commentary on that update is in the Weekly Report of 28 January 2025. The next monthly ERC update is expected in early March.

An explanation of how to read the ERCs was included in the joint (MBIE/EA/Transpower) briefing you received on Monday 10 February. That briefing explained operational management of tight supply situations (BRIEFING-REQ-0008374).

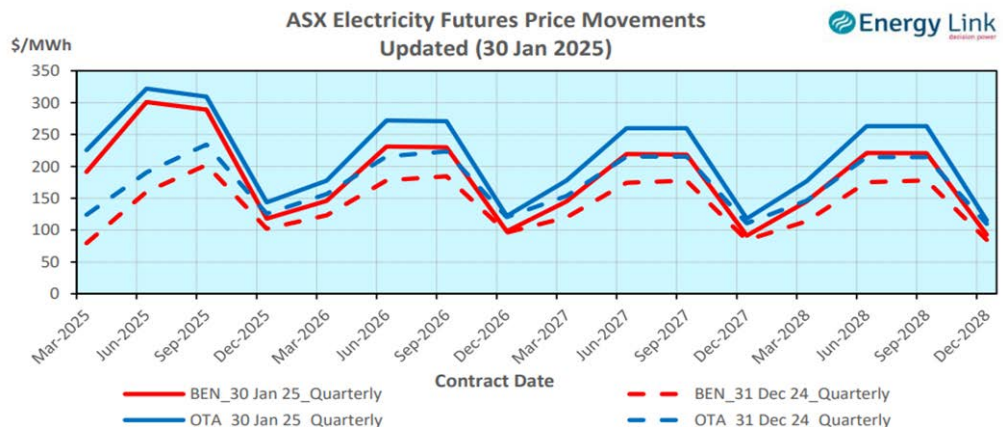
WHOLESALE ELECTRICITY PRICES

Weekly Spot Price (week ended 9 February)



Source: System Operator, Market Operations - Weekly Market Movements

ASX Electricity Futures Prices (last available update 30 Jan 2025)



Source: Energy Link, Energy Trendz Weekly

**UK biomass
announcement**

Scott Russell

Privacy of natural persons

Drax is Britain's largest renewable power generator by output; its plants account for about 6% of the UK's electricity supply. Drax has converted four of its coal boiler units to run on biomass, using wood pellets primarily sourced from overseas. In 2023, Drax closed its final coal unit.

On 10 February 2025, the UK government released a statement announcing it had secured a new Heads of Terms with Drax Power Ltd for the period 2027 to 2031, as part of the UK's contract for difference mechanism. The Heads of Terms define the commercial terms that will underpin a new contract to be finalised over the coming months.

This announcement follows a consultation launched in January 2024 and represents a shift from the previous agreement. Under the new proposed agreement:

- Drax will play a more limited role in the system, operating less than half as often as it currently does as a baseload plant.
- Government subsidies for Drax will be halved.
- Drax will be required to increase sourcing of woody biomass from sustainable sources from 70% to 100%, with penalties for non-compliance.

The announcement has received mixed reception, with concerns largely focussed on sustainability. In 2024, Drax agreed to pay £25 million after the energy industry regulator for Great Britain found it had submitted inaccurate data on the sourcing of wood pellets.

Upcoming Ministerial Items

1. Upcoming Energy meetings

Meeting date	Meeting	Details
Monday 17 February 2025 4:15 pm – 4:45 pm	Meridian Energy	Briefing Due: 14 February 2024 Officials required: Justine Cannon
Tuesday 18 February 2025 8:00 am – 8.30 am	Transpower CE	Briefing Due: From Transpower Officials required: Justine Cannon
Tuesday 18 February 2025 12:15 pm-12:45 pm	Deep Dive on measuring and responding to electricity security risk with Transpower & MBIE	Briefing Due: Delivered Officials required: Justine Cannon, Gareth Wilson
Tuesday 18 February 2025 1:00 pm – 1:45 pm	John Carnegie Energy Resources Aotearoa	Briefing Due: 14 February 2025 Officials required: Justine Cannon
Tuesday 18 February 2025 5:30 pm – 6:00 pm	Energy Competition Task Force (Joint meeting with Minister Jones)	Briefing Due: 17 February 2025 Officials required: Justine Cannon, Sharon Corbett
Wednesday 19 February 2025 12:30 pm – 1:30 pm	PM with Methanex Global CE – Rich Sumner	Briefing Due: 13 February 2025 Officials required: Paul Stocks, Justine Cannon
Thursday 20 February 2025 3:30 pm – 4:00 pm	Copenhagen Infrastructure Partners	Briefing Due: 18 February 2025 Officials required: Justine Cannon, Melanee Beatson

2. Upcoming Briefings, Aides Memoires and Cabinet Papers

Week commencing 17 February 2025

Security of Electricity Supply
Aide-Memoire: Government actions ahead of winter 2025 for security of electricity supply
Aide-Memoire: Responding to your requests for information and advice on: Government actions underway; Gentailer profits, dividend and share values, government's role as a shareholder; Coal stocks, <small>Confidential advice to Govt</small> Planned generation; Inflation impact of electricity bills, and more as signalled earlier in this weekly report.
Confidential advice to Government

Electricity Hazards from Trees regulations
Confidential advice to Government
Consumer data right for electricity
Briefing: Potential electricity consumer data right – a summary of progress and next steps
National direction package
Briefing: Overview of Electrify NZ and talking points for meeting with Minister Bishop.
Draft Cabinet paper and discussion document on RM national direction package for public consultation
Confidential advice to Government
Updates to Standards: Review of the Voltage range in electrical safety regulations
Briefing and draft Cabinet paper: Amending the Electricity (Safety) Regulations to expand the voltage range
Further briefings (not shown on the Ministerial Priorities Output Plan A3)
Electricity Authority's 2025/26 levy funding
March Baseline Update (budgets)
Confidential advice to Government
Approach to international energy cooperation
Enabling EV Smart charging standards – agreement to scope and draft consultation document
Galaxy Networks Limited: Electricity Operator status application

Briefings for the next month

Confidential advice to Government

Confidential advice to Government

3. Written Parliamentary Questions

Due to Minister	Number	Member	Question
19 Feb 2025	4649	Scott Willis	How many, if any, households were unable to pay their electricity, gas rates, or water bills on time more than once in the last 12 months, compared with the previous 5 years?
19 Feb 2025	4648	Scott Willis	What is the number of residences, if any, that had their power disconnected in 2024 for failing to pay bills, and how does this compare with the previous 5 years?
19 Feb 2025	4651	Scott Willis	What is the estimated number of households, if any, that having living in energy hardship since 2019, listed by year and number of households?
19 Feb 2025	4650	Scott Willis	When, if ever, will the next Report on energy hardship measures be released?

Due to Minister	Number	Member	Question
19 Feb 2025	4653	Scott Willis	What, advice, briefings, reports or any other document, if any, has the Minister or their office received referring in part or whole to the New Zealand Energy Strategy?
19 Feb 2025	4652	Scott Willis	When, if ever, will the energy strategy be released?

4. Ministerial Correspondence received

None this week.

5. Output plan

Confidential advice to Government

Confidential advice to Government



Energy Portfolio Weekly Report

Week commencing: 24/02/2025

Priority: Medium

Security classification: In Confidence

Tracking number: BRIEFING-REQ-0009662

Recipient

Action sought

**HON SIMON WATTS
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

21 February 2025

Minister's comments:

**Energy Portfolio
Officials' Meeting Agenda
3:00pm – 4:00pm Monday, 24 February 2025**

Item	Subject	People	Oral Item / Paper #	Action Required
1.	Confidential advice to Government			
2.	Energy Competition Taskforce – upcoming announcement	Sharon Corbett	Oral	Discussion
3.	Carbon Capture Utilisation and Storage	Sharon Corbett	Oral	Discussion
4.	Electricity (Hazards from Trees) Regulations 2003	Tamara Linnhoff Matthew Spake	BRIEFING-REQ-0008017	Decision on progressing to Ministerial consultation
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 (Tentative)
Paul Stocks	Deputy Secretary, Building, Resources and Markets
Justine Cannon	General Manager, Energy Markets
Sharon Corbett	Policy Director, Energy Markets
Tamara Linnhoff	Manager, Electricity Generation, Infrastructure and Markets Policy
Matthew Spake	Senior Analyst, Electricity Generation, Infrastructure and Markets Policy

Key Updates

Title	Comment
<p>Implementing Electrify NZ</p> <p>Daniel Brown <small>Privacy of natural persons</small></p>	<p>The Resource Management (Consenting and Other System Changes) Amendment Bill is currently before Select Committee. This Bill implements a number of Electrify NZ proposals around decision making processes for energy-related resource consents.</p> <p>MBIE has been working closely with the sector on a new National Policy Statement (NPS) for Renewable Electricity Generation. There is considerable interest from energy stakeholders in this work. Confidential advice to Government</p> <p>The Ministry for the Environment (MFE) is developing a briefing with MBIE’s input (due 21 February) setting out options on next steps for the work programme. We will provide you information and talking points for engagement with the Minister for Resource Management Reform after this MFE advice has been delivered.</p> <p>The Fast-track Approvals Act opened for applications on 7 February 2025. 22 renewable energy projects and two transmission projects are listed in the Bill for automatic referral to a decision-making panel.</p>
<p>New permitting regime for offshore renewable energy</p> <p>Melanee Beatson <small>Privacy of natural persons</small></p>	<p>On 20 February, we presented the initial briefing on the Offshore Renewable Energy Bill to the Transport and Infrastructure Select Committee. Confidential advice to Government</p>
<p>Impact on prices of Genesis long-term agreements with Contact, Meridian and Mercury for coal-backed supply</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>You have asked for advice on the impact on prices of wholesale electricity prices if Genesis’ negotiations (under the recently signed Heads of Agreement) results in long-term bilateral contracts with Contact, Meridian and Mercury for Huntly-backed supply.</p> <p>KPMG and Concept Consulting have modelled the impact on prices, their work shows that without thermal generation from the Rankine units, wholesale electricity prices would likely be 60% higher in the short-term (the next two-to-three years) and 11% higher in the long-term (10+ years).</p> <p>Confidential advice to Government</p>
<p>Inflationary impact of expected electricity price increases</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>On 12 February, we briefed you on the potential for residential electricity price increases. Our analysis indicated that households could see an increase of around \$30/month (\$360/year) from April 2025 due to increasing network costs, sustained high wholesale prices and inflationary pressures on retailers. We expect that this could represent 10% – 18% increase to residential electricity bills.</p>

	<p>You asked us to outline what impact this increase would have on inflation. StatsNZ have modelled that this 10-18 percent increase could raise the headline CPI figure by approximately 0.3-0.5 percent.</p> <p>Our 12 February advice noted that whether bills increase by \$30 will depend on whether and how retailers decide to pass through wholesale and network cost increases, and whether consumers respond (or not) to change when and how they use electricity, or their pricing plan.</p>
<p>Hazards from Trees</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>On 10 February we sent a briefing that explained previous (Phase 1) and possible future (Phase 2) amendments to the Electricity (Hazards from Trees) Regulations. As highlighted by the ENA at their meeting with you on 13 February, the sector is eager to see progress on these reforms.</p> <p>We will discuss this at the officials meeting this week, Confidential advice to Government</p> <p>[Redacted]</p>
<p>Energy Competition Task Force</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>Task Force Package 2 price-related measures to better reward and incentivise changing time of use, and feeding rooftop generation back into the grid, is currently out for consultation. Media coverage has been positive.</p> <p>The EA Board has approved progressing to consultation on Package 1 proposals for measures to create a more level playing-field and address competition concerns arising from vertical integration of the four large generator-retailers. You and Minister Jones met with the Task Force Co-Chairs on 18 February and received an advance copy of the consultation paper on 20 February 2025.</p> <p>A draft press release and media lines will be sent to your office ahead of the launch, expected to be 27 February.</p>
<p>EA Response to Risk Management Review Submissions</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>Alongside its Task Force consultation, on 27 February the EA will publish its Response to Risk Management Review Submissions. This provides an evidence base for proposing the actions as developed by the Taskforce, to ensure better access to risk management products and a more level playing field.</p> <p>In December 2023, in tandem with the Commerce Commission’s decision not to investigate competition-related complaints by independent retailers, the EA launched a Risk Management Review. The EA assessed the availability of hedge contract options for independent retailers (requests made for hedges compared to offers of hedges) and in November 2024 published an Issues paper. Independent retailers have criticised the EA’s work for excluding consideration of hedges covering smaller quantities (below 1MW). Industrials (MEUG) criticised the EA’s work for focussing only on independent retailers.</p> <p>The EA’s Response considers key themes in submissions, confirms the findings of the risk management review, and confirms next steps, which we anticipate will point to the Task Force Package 1 workstreams. Non-gentailer stakeholders may welcome the EA’s Response which reaches stronger conclusions (than previously) to support the problem definition that underpins pro-competition measures under consideration by the Task Force.</p> <p>The Response report confirms the EA’s view that there is a lack of competition in the market for shared (time varying) hedges, particularly super-peak. It acknowledges that high prices can reflect fuel or capacity scarcity (ie a lack of firm flexible generation). However: “...while the evidence points to scarcity being a driver, there is also a plausible driver that has competition implications (ie, refusing to supply products on appropriate terms to counterparties who are downstream competitors), indicating that some level of market power could have been in play.”</p> <p>Confidential advice to Government</p> <p>[Redacted]</p>

Phase-out of the LFC Regulations

Tamara Linnhoff

Privacy of natural persons

You met with ERANZ and the ENA on 13 February 2025. Confidential advice to Government

[Redacted]

Confidential advice to Government

[Redacted]

Confidential advice to Government

ccus

Sharon Corbett

Privacy of natural persons

Confidential advice to Government

[Redacted]

[Redacted]

[Redacted]

Stakeholder Updates

Title	Comment
<p>Meridian's Mt Munro Wind Farm consented, and takeover offer for NZ Windfarms</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>Meridian Energy's 90MW Mount Munro wind farm in northern Wairarapa has been granted resource consent. The Wind Farm will produce approximately 300GWh of renewable energy each year, enough to power up to 42,000 homes.</p> <p>On 19 February, Meridian Energy also made a takeover offer for the small NZ Windfarms (NZWF). Meridian already owns 19.9 percent of NZWF, whose key asset is the Te Rere Hau windfarm in Manawatū, and the pair have a 50:50 joint venture to upgrade the windfarm and for Meridian to buy all the power generated.</p>
<p>Genesis acquires fourth solar farm site</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>Genesis Energy has acquired a 67MW consented solar farm site in Leeston, Canterbury from independent generator KeaX. The solar farm is expected to start generating in 2027. It covers approximately 111 hectares and will generate around 111 GWh of renewable electricity annually, enough to power around 15,700 homes.</p>

Commercial Information

Contact's half-year results

Tamara Linnhoff

Privacy of natural persons

On Monday, 17 February, Contact released its FY25 results for the six months to 31 December 2024. Key financial metrics and notable information from these results are:

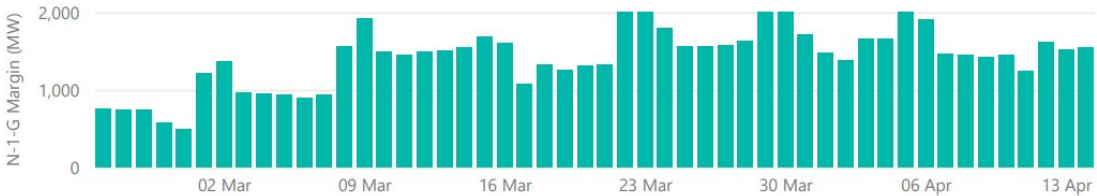
- Earnings for the first half of FY25 were \$404m, up \$41m compared to the same period in FY24. This was due to strong earnings at the wholesale level due to the arrival of its new 174MW Tauhara geothermal plant, while earnings at retail and corporate levels reduced to -\$25m and -\$37m respectively.
- Contact posted a net profit after tax of \$142m, down \$11m from the same period in FY24, due to a \$21 million impact from market making and fair value movements in unhedged financial electricity contracts over the period.
- Contact added 225MW of new baseload geothermal capacity in the last six months, comprising of the 174MW Tauhara geothermal plant and 51MW Te Huka unit.
- To support winter security, Contact has brought forward a scheduled four-yearly outage of its Ohaaki geothermal plant from August to May of this year which should provide a further 28 GWh of mid-winter dispatch that otherwise would have been absent.
- Contact also reinforced its commitment to retain TCC for at least this year, however it does not have the gas contracted to be able to run the unit continuously.

The other gentailers are due to release their half-year results over the next week with Genesis on 21 Feb, Mercury on 25 Feb and Meridian on 26 Feb. We will provide an update in next week's Weekly Report on these results.

Current appointments

Confidential advice to Government

Other Updates

Title	Comment
<p>Gas security of supply</p> <p>Dominic Kebbell <small>Privacy of natural persons</small></p>	<p>Turangi drilling results</p> <p>On 17 February 2025, Greymouth Petroleum announced it had achieved commercial gas and condensate flows from a new well drilled on its Turangi permit in December 2024. The new well is expected to produce 8TJ/day of gas, which is equivalent to about 2.5 per cent of New Zealand's daily gas production in 2024.</p> <p>The well was the fifth successful well drilled by Greymouth in 2024, and the company intends to drill a similar number of wells in 2025.</p>
<p>Māori Housing Renewable Energy Fund Project update</p> <p>Scott Russell <small>Privacy of natural persons</small></p>	<p>The last funding round of Māori Housing Renewable Energy Fund (MHREF) projects comprised seven large-scale projects with funding agreements executed around August 2023, with project completion dates between mid and late 2024. <small>Confidential advice to Government</small></p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
<p>Electricity security of supply</p> <p>Tamara Linnhoff <small>Privacy of natural persons</small></p>	<p>ELECTRICITY CAPACITY (for the week to Sunday 16 February 2025)</p> <p>Residual generation margins remained healthy last week with a minimum residual of 864 MW on Monday evening. The Monday evening peak coincided with a period of low wind generation. Peak load was relatively low as is usual for summer, and thermal unit commitment was high for this time of year as hydro generation continued easing off due to declining storage.</p> <p>The N-1-G margin is sufficient to meet peak demand in the look-ahead through to mid-April 2025:</p> <p>NZGB Look-Ahead (excluding next 7 days)</p>  <p><i>Source: System Operator, Market Operations - Weekly Market Movements</i></p> <p>ENERGY (HYDRO) STORAGE RELATIVE TO MEAN (for the week to 16 February)</p> <p>National hydro storage has decreased from 93% to 89% of average for this time of year. South Island storage dropped from 92% to 87% of its historical mean, while North Island storage dropped from 112% to 110%.</p>

ELECTRICITY ('ENERGY') SUPPLY RISK (at 16 February)

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

New Zealand Energy Risk



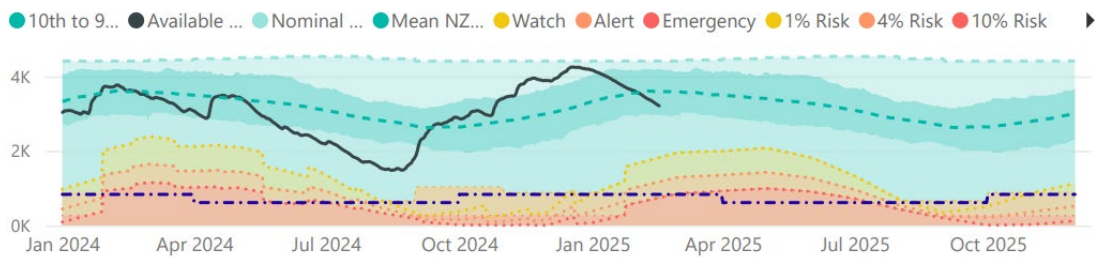
South Island Energy Risk



Normal Watch Alert Emergency

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

New Zealand Electricity Risk Status Curves (Available GWh)



Source: System Operator, Market Operations - Weekly Market Movements

The System Operator last updated the ERCs on 5 February 2025. Commentary on that update is in the Weekly Report of 28 January 2025. The next monthly ERC update is expected in early March.

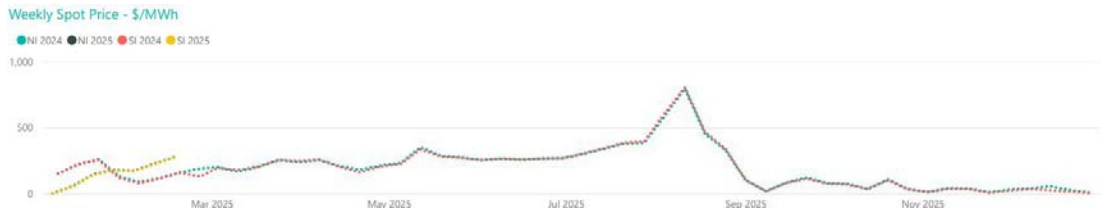
On 18 February the System Operator held its monthly industry forum. Key points from the forum include:

- Hydro continues to decline, down to 89% of the average for this time of year, with inflows well below average.
- Pukaki, Tekapo and Waiau are all well below historic mean levels. Waiau is of particular concern, Manapouri and Pukaki have both entered low operating ranges.
- Demand increasing due to Tiwai ramping up.
- Irrigation has increased with dry weather in South Island.
- More thermal plant is online to help, and more geothermal is online than last year due to units recently commissioned (now providing 23% of generation).
- Looking ahead, security (NZGB) margins are okay, lower in February and later during winter.
- 150MW of new commissioned generation is expected by 23 April.
- ERCs are largely increased due to reduced thermal capability, downgrade in gas supply forecasts and increased risk to hydro storage. The alert levels assume the market will contract for additional thermal fuel when needed, so gas supply contacts need to be signed. Hydro generators should hold hydro reservoirs higher, increase stock of coal, ensure gas for swaps, explore demand response.
- Transpower is engaging with generators on timing of outages. Some planned grid outages are likely to be rescheduled or cancelled. Transpower is prepared in case it needs to intervene with grid reconfiguration.

Transpower also mentioned a HVDC outage this Thursday – Pole 3 out 20th – 23rd, Pole 2 22nd – 8 March, Transpower have sent information on this to your office.

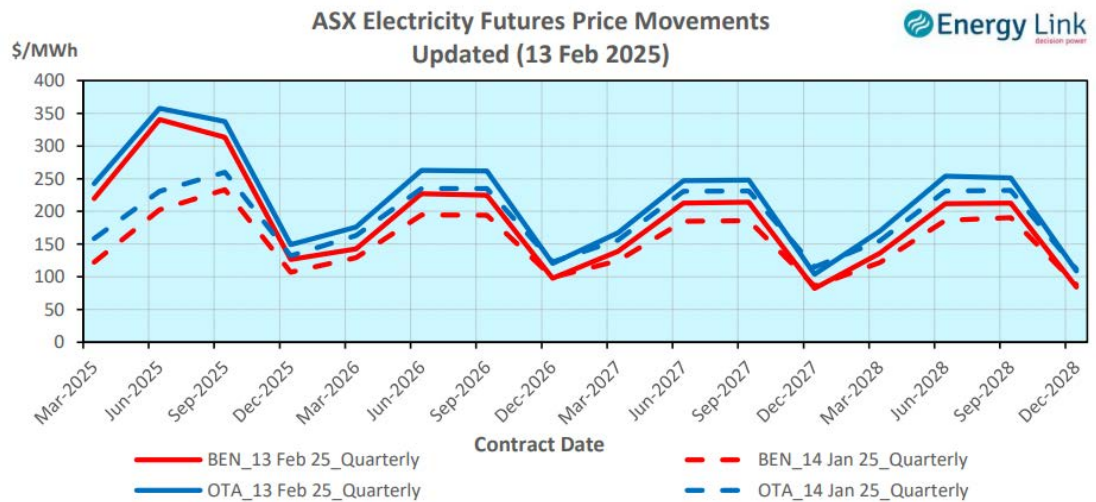
WHOLESALE ELECTRICITY PRICES

Weekly Spot Price (week ended 16 February 2025)



Source: System Operator, Market Operations - Weekly Market Movements

ASX Electricity Futures Prices (last available update 13 February 2025)



Source: Energy Link, Energy Trendz Weekly

Fonterra announcements – further information

Scott Russell
Privacy of natural persons

Following Fonterra’s electrification announcements on 29 January, you asked for information on whether these have been incorporated in our emissions modelling, and how GIDI-funded projects have been modelled into ERP2 projections. In the weekly report of 7 February 2025 we noted that of the projects in that January announcement, only the Waitoa electric boiler will use some of the GIDI support.

The Ministry for the Environment (MFE) advises that:

- The contracted GIDI projects were factored into the ERP2 baseline projections, however it is not possible to disaggregate the impacts as there are multiple factors that drive decarbonisation decisions including the Emissions Trading Scheme (ETS), the National Direction on Greenhouse Gas (which is focused on industrial greenhouse gas emissions for process heat), and the anticipated reduction in gas availability in the future.
- The ERP2 projections have industrial greenhouse gas emissions falling over time, reflecting the above drivers of decarbonisation. For this reason, we cannot comment on whether a given announcement is consistent with the projections since the projections incorporate a general downward trend. The ETS waterbed effect also means it is not straight-forward to estimate the total emissions impact of a decarbonisation announcement in isolation.

Energy Fast-track Projects

Listed Project	Confidential advice to Government	Commercial Information	Notes
Lodestone Energy Limited - Haldon Solar Project			Schedule 2 Listed Project
Genesis Energy Limited: Tekapo Power Scheme – Applications for Replacement Resource Consents			Schedule 2 Listed Project
Energy farms. Wellsford solar farm			Schedule 2 Listed Project
Black Points Solar Limited; Black Point Solar Farm			Schedule 2 Listed Project
Westpower, Waitaha Hydro			Schedule 2 Listed Project
Manawa Energy; Wheao Hydro Power Scheme Reconsent			Schedule 2 Listed Project
Manawa Energy; Kaimai Hydro Power Scheme Reconsent			Schedule 2 Listed Project
Taranua Wind Power Limited - a fully owned subsidiary of Mercury NZ Limited; Mahinerangi Wind Farm			Schedule 2 Listed Project
Taranua Wind Power Limited (a wholly owned subsidiary of Mercury NZ Limited); Waikokowai Wind Farm			Schedule 2 Listed Project
Taranua Wind Power Limited (a wholly owned subsidiary of Mercury NZ Limited); Taranua Wind Farm Repowering			Schedule 2 Listed Project
Eastland Generation - Waihi Hydro Re-consenting			Schedule 2 Listed Project
Mercury NZ Limited; Puketoi Wind Farm			Schedule 2 Listed Project
A and K Simpson. Balmoral Solar Farm.			Schedule 2 Listed Project
Manawa Energy; Huriwaka Wind Farm			Schedule 2 Listed Project
SolarGen Joint Venture; Foxton Solar Farm			Schedule 2 Listed Project
Tauhara North No.2 Trust; Rotokawa Solar Farm			Schedule 2 Listed Project

Far North Solar Farm Ltd; The Point Solar Farm	Confidential advice to Government	Commercial Information	Schedule 2 Listed Project
Harmony Energy Ltd; Hinuera Solar Farm			Schedule 2 Listed Project
Harmony Energy Ltd; Bunnythorpe Solar Farm			Schedule 2 Listed Project
Kaimai Wind Farm Ltd; Kaimai Wind Farm			chedule 2 Listed Project
Lochindorb Wind Limited Partnership; Kaihiku Wind Farm			Schedule 2 Listed Project

Upcoming Ministerial Items

1. Upcoming Energy meetings

Meeting date	Meeting	Details
Monday 24 February 2025 5:00m – 5:30pm	Obayashi	Briefing Due: 20 February 2025 Officials required: Peter Bartlett
Tuesday 25 February 2025 8:30am – 10:00am	Visit to Huntly Power Station	Briefing Due: 20 February 2025 Officials required: NA
Wednesday 26 February 2025 12:30pm – 2:00pm	Japanese business and Consul-General Lunch	Briefing Due: MFAT led Officials required: MFAT
Wednesday 26 February 2025 3:45pm – 4:45pm	Energy Roundtable at Auckland Chamber of Commerce	Briefing Due: TBC Officials required: Paul Stocks
Thursday 27 February 2025 10:00am – 10:30am	Taslink	Briefing Due: 24 February 2025 Officials required: Sharon Corbett, Tamara Linnhoff
Thursday 27 February 2025 1:00pm – 1:30pm	Andy Knight and Amy Adams from Gas Industry Company (GIC)	Briefing Due: 25 February 2025 Officials required: Justine Cannon, Dominic Keble
Thursday 27 February 2025 1:45pm – 2:15pm	Mercury Energy	Briefing Due: 24 February 2025 Officials required: Sharon Corbett, Tamara Linnhoff

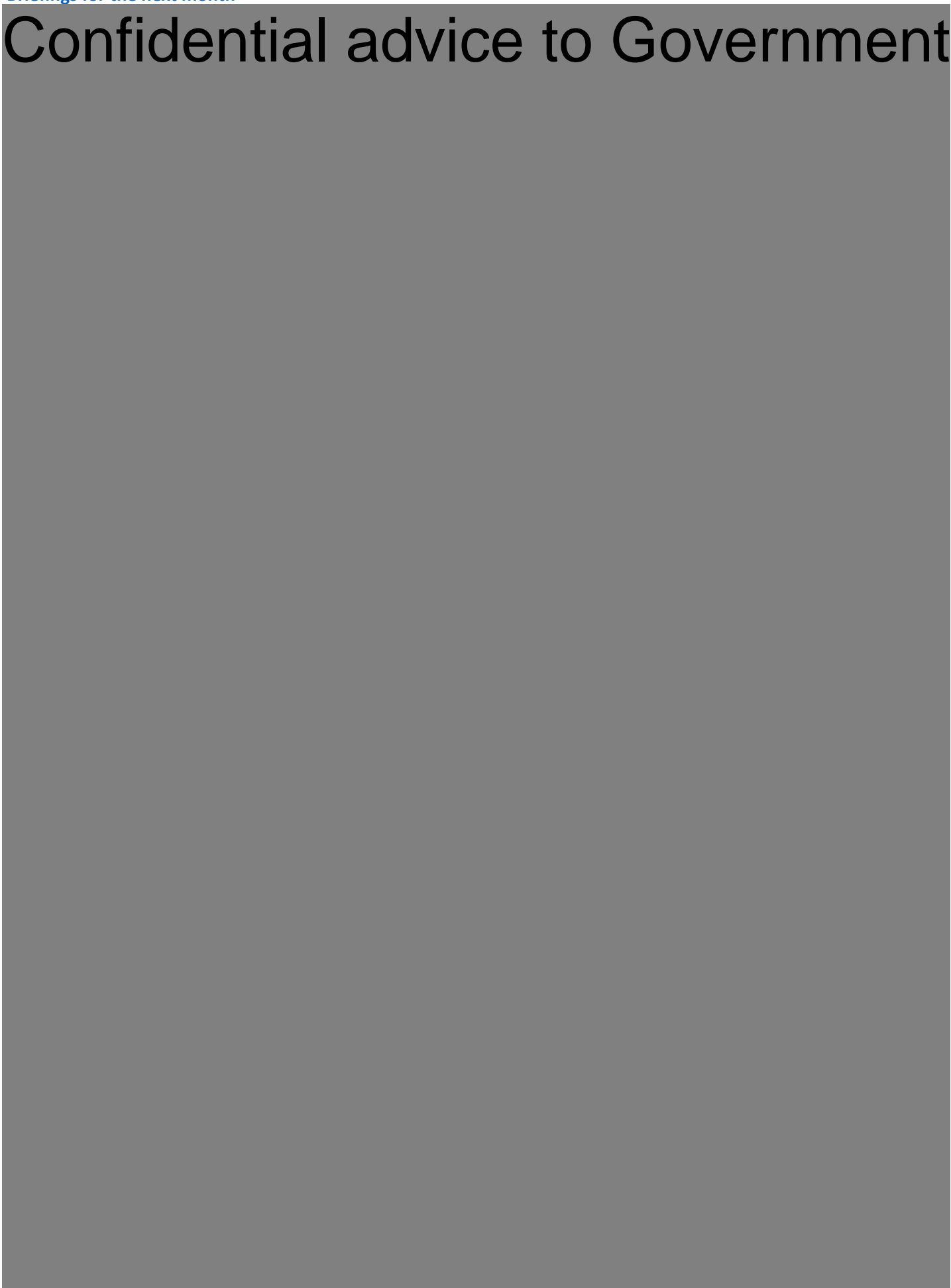
Meeting date	Meeting	Details
Thursday 27 February 2025 1:45pm – 2:15pm	Octopus Energy	Briefing Due: 24 February 2025 Officials required: Justine Cannon, Tamara Linnhoff
Friday 28 February 2025 8:30am – 9:00am	Carbona and Polytechnik Austria	Briefing Due: 26 February 2025 Officials required: Scott Russell
Friday 28 February 2025 9:00am – 9:30am	Ara Ake	Briefing Due: 26 February 2025 Officials required: Justine Cannon, Peter Bartlett

2. Upcoming Briefings, Aides Memoires and Cabinet Papers

Week commencing 25 February 2025

Fuel Security Study & Fuel security plan (Associate Energy Lead)
Briefing: Approach to the Fuel Security Plan (Min Jones lead)
Security of Electricity Supply
Confidential advice to Government
Offshore renewable energy – regulations
Confidential advice to Government
Aide Memoire: Offshore renewable energy regime timelines
Electricity operator status applications
Confidential advice to Government
Gas Security of Supply
Briefing: Gas security of supply: Implications of decline and further potential options to increase security
Confidential advice to Government
Confidential advice to Government
Further briefings
Confidential advice to Government

Confidential advice to Government



3. Ministerial Correspondence received

Due date	Tracking number	Correspondent	Summary of Correspondence
6 March 2025	SW25-2	Privacy of natural persons	Renewable Energy

4. Output plan

Confidential advice to Government

Confidential advice to Government