



COVERSHEET

Minister	Hon Dr Megan Woods	Portfolio	Minister of Energy and Resources
Name of paper	Proposed response to Interim Climate Change Committee recommendations on accelerated electrification.	Date of issue	16 July 2019

List of documents that have been proactively released

Date	Title	Author
1/7/2019	<i>Proposed response to Interim Climate Change Committee recommendations on accelerated electrification.</i>	<i>Mark Pickup</i>
1/7/2019	<i>CAB-19-MIN-0334</i>	<i>Cabinet Office</i>
	<i>MBIE recommends the proactive release of the Cabinet paper and supporting documents with some information withheld consistent with the following sections of the Official Information Act 1982:</i> <i>➤ Confidential advice to Government - Section 9(2)(f)(iv).</i>	<i>Ministry of Business, Innovation and Employment</i>

Information withheld

Some parts of this information release are not appropriate to be released and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified and are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Section of the Act	Reason for withholding
<i>Section 9(2)(f) (iv)</i>	<i>Confidential advice to Government.</i>



Cabinet

Minute of Decision

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.

Proposed Response to Interim Climate Change Committee's Recommendations on Accelerated Electrification

Portfolios Energy and Resources / Environment

On 1 July 2019, following reference from the Cabinet Environment, Energy and Climate Committee, Cabinet:

100 per cent renewables

- 1 **noted** that the Interim Climate Change Committee's (ICCC) *Accelerated Electrification* report concludes that it is technically feasible to reach 100 percent renewable electricity by overbuilding with known and foreseeable technology, but that achieving above 99 percent renewable electricity has a significant cost;
- 2 **noted** that the ICCC concludes that cheaper emission abatement can be achieved through concentrating on process heat and transport emissions;
- 3 **noted** that the ICCC recommends prioritising the ambitious electrification of transport and process heat over pursuing 100 per cent renewable electricity by 2035 in a normal hydrological year because this could result in greater emissions savings while keeping electricity prices affordable;
- 4 **noted** that a focus on lowering process heat and transport emissions through electrification will assist to reach the government's goal of net zero carbon emissions by 2050, while the government continues to explore barriers to reaching 100 per cent renewable electricity;
- 5 **agreed** to retain the target of 100 percent renewable electricity in a normal hydrological year as a longer term aspirational goal, with five yearly assessments to ensure security of supply and affordability are assured;
- 6 **noted** that the ICCC recommends investigating the potential for pumped hydro storage to eliminate the use of fossil fuels in the electricity system;
- 7 **invited** the Minister of Energy and Resources to report back by the end of 2019 on which would be an appropriate agency or agencies to undertake the investigation into pumped hydro, and by when and at what cost;

Transport

- 8 **noted** that the ICCC recommends that the government set a target to reduce emissions from transport by at least 6 Mt CO₂e in the year 2035 relative to current levels and, without delay, introduce policies to achieve this target;

- 9 **directed** the Ministry of Transport to report to ENV, without delay, on policies to achieve the target referred to in paragraph 8 above, in order to make a recommendation to Cabinet about what, if any, emission reduction target in transport could be set;
- 10 **noted** that there are already a number of government programmes underway that are intended to reduce vehicle emissions, including the Low Emissions Vehicles Contestable Fund, interagency working group on electric vehicle charging and Government Procurement of low emissions vehicles;
- 11 **noted** that sector-specific policies to reduce emissions are proposed to be required in the emissions reductions plan that would be prepared to respond to emissions budgets, and that in setting these plans, government would need to consider what levels of emissions reductions are expected from different sectors of the economy;
- 12 **noted** that the ICCC recommends the government ensures that New Zealand does not become a dumping ground for fossil-fuelled vehicles;
- 13 **agreed** that there is a need for policies to help ensure New Zealand does not become a dumping ground for fossil-fuelled vehicles; and **noted** that Cabinet has agreed to consult on a vehicle fuel efficiency standard and a feebate scheme as possible options to mitigate this risk [DEV-19-Min-0149];
- 14 **noted** that the ICCC recommends the government proactively enables low-emissions mobility for low-income and rural households;
- 15 **directed** the Minister of Transport to investigate gaps that may emerge as New Zealand transitions to low-emission vehicles, and identify how low-income and rural households may be impacted and possible mitigations;

Process Heat

- 16 **noted** that the ICCC recommends that the government strongly encourage the phase out of fossil fuels in process heat by:
- 16.1 deterring the development of any new fossil fuel process heat;
 - 16.2 setting a clearly defined timetable to phase out fossil fuels in existing process heat, with the phase out of coal as a priority;
 - 16.3 reducing regulatory barriers relating to electrification;
- 17 **agreed** to support the overarching recommendation of the ICCC to strongly encourage the phase out of fossil fuels for process heat;
- 18 **noted** that the Minister of Energy and Resources and the Minister for the Environment (Ministers) expect to bring specific recommendations relating to process heat to Cabinet later in 2019;

Hydropower

- 19 **noted** that the ICCC recommends strengthening and clarifying national direction on making trade-offs between hydro generation and freshwater objectives across National Policy Statements;

- 20 **noted** that the Water Taskforce, based at the Ministry for the Environment (MfE), is currently working on the Essential Freshwater work programme, and this is specifically looking to strengthen and clarify national direction on the trade-offs between hydro-generation and freshwater objectives within the National Policy Statement on Freshwater Management;
- 21 **agreed** to support the ICCC recommendation to clarify national direction on making trade-offs between hydro generation and freshwater objectives across National Policy Statements;
- 22 **noted** that the ICCC recommends working collaboratively with iwi/Māori to co-design solutions so that rights and interests in freshwater are resolved within the context of the Māori-Crown partnership;
- 23 **noted** that the government will continue to work collaboratively with iwi/Māori to co-design solutions so that rights and interests in freshwater are appropriately considered;

Wind

- 24 **noted** that the ICCC recommends revising the National Policy Statement for Renewable Electricity Generation to resolve issues relating to lapsing and varying consents, and re-powering existing wind farms;
- 25 **noted** that the ICCC recommends developing National Environmental Standards to enable timely consenting of wind generation, both large and small, and transmission and distribution infrastructure. This should include proactively identifying which types of landscapes are likely to be particularly suitable for wind infrastructure;
- 26 **directed** the Ministry of Business, Innovation and Employment (MBIE) to identify workable policy options to revise the National Policy Statement for Renewable Electricity Generation to be more directive, and also to consider the development of a National Environmental Standard on renewable electricity;
- 27 **noted** that MfE and MBIE officials advise that completing the work, referred to above, could cost approximately \$1 million and could be delivered within 24 months;

28 **Confidential advice to Government**

Regulatory systems

- 29 **noted** that the ICCC recommends that regulators be required to take the objective of reducing emissions into account through mechanisms such as Government Policy Statements;

30 **Confidential advice to Government**

- 31 **noted** that the ICCC recommends that the regulatory system:

- 31.1 facilitates timely investment in the transmission network that optimises the development of new lines with the building of new power generation;
- 31.2 contains clear processes for approving, consenting and constructing new or upgraded electricity lines for process heat and electric vehicle infrastructure;

- 31.3 enables distributors and retailers to innovate and adapt to increasing levels of consumer-based technology;
- 31.4 enables consumers to get the right pricing signals to engage in demand response and make best use of new technologies;
- 32 **noted** that the ICCC recommends that barriers to distributed and off-grid renewable generation are identified and addressed, and ways to ensure communities can participate are considered;
- 33 **noted** that the ICCC's recommendations about timely investment and clear planning processes align with the policy Ministers are developing on improving renewable electricity levels;
- 34 **Confidential advice to Government**
- 35 **agreed** to accept the ICCC's recommendations on regulatory systems;
- 36 **noted** that Ministers will take specific proposals to Cabinet in response to both the ICCC and Electricity Price Review regulatory recommendations shortly as part of the Minister of Energy and Resources' response to the Electricity Price Review report.

Michael Webster
Secretary of the Cabinet

Hard-copy distribution:

Prime Minister
Deputy Prime Minister
Minister of Energy and Resources
Minister for the Environment