

MORE OF

LESS OF



More private investment into renewable energy

- Government to enable significant and timely investment into electricity transmission and distribution infrastructure, particularly to ensure the reliability of our grid.
- Significant and timely investment is required to meet the expected demand for energy and the Government's energy goals.
- Sector-wide investment is required – in generation, transmission and local lines. An estimated NZ\$100 billion of investment is required by 2050 for building and maintaining electricity transmission and distribution infrastructure.
- Government to explore opportunities to enable greater private investment in geothermal and in process heat, in low-emissions fuels (including the additional electricity required to produce them), and in hydrogen.
- The Energy Efficiency and Conservation Authority (EECA) will publish insights to support collaboration between demand-side and supply-side stakeholders to encourage further supply and use of bioenergy resources.



Less red tape to support regulatory certainty to facilitate the market

- Government to provide regulatory certainty and a credible, level-playing field for the sector to encourage private investment.
- To enable investment, Government to ensure stable and credible system-wide regulatory settings that maintain a secure supply of energy.
- Government to create a more enabling consenting pathway for renewable energy projects, including:
 - to enable the development of hydrogen products; and
 - to reduce the cost and timeframes of obtaining consents for renewable generation infrastructure, eg for wind farms.
- The Electricity Authority will lead work to ensure electricity markets are as efficient as possible, to get the best price for consumers.
- MBIE will release the updated Interim Hydrogen Roadmap by the end of 2024 and is working to understand the regulatory barriers on the uptake of hydrogen.
- A mandatory energy and emissions reporting scheme for large energy users will not be developed (11.4.1.a).
- Monitoring of progress towards New Zealand's renewable electricity target will be discontinued (13.1.1).



More ElectrifyNZ electrification and new renewable generation

- Further emission reduction is anticipated to come from increased electrification and energy efficiency in light transport and process heat.
- Government expects electricity demand to significantly outpace the demand growth experienced in previous decades as electric technologies become more widely adopted. Government will be announcing more details on the Electrify NZ Work Programme.
- Government to support electrification by enabling untapped renewable energy sources, eg offshore wind, but the timeframes for when such projects are economic is uncertain.
- A reliable and affordable electricity system is anticipated to provide end-users with confidence to switch to electric technologies.
- Government to mitigate the impact of severe weather on energy infrastructure, including by amending the rules on how close trees can grow to power lines.



Less transport emissions from fleet electrification

- Increased electrification and energy efficiency in light transport (eg hybrid and electric vehicles) is anticipated to contribute to reducing gross emissions.
- Government to work on "supercharging" the electric vehicle charging infrastructure in New Zealand. See our comments on the Government's EV chargers network policy in our article [here](#).
- Increased renewable generation is anticipated to reduce New Zealand's dependency on imported fuels.



More security of supply of gas, to support renewable transition

- Natural gas will be used to support keeping electricity affordable and secure, with the proposals noting that insufficient natural gas supply could result in continued coal use for electricity generation.
- Government to develop an enabling environment for investment in gas production, including through carbon-capture, utilisation and storage (CCUS). Consultation is underway on removing barriers to enable the uptake of carbon-capture technology – see more about the CCUS consultation [here](#).
- Government to explore what measures are required to increase the uptake of renewable gases (eg biomethane and hydrogen) to replace natural gas.
- The phase-out of fossil gas will not be managed and a gas transition plan will not be developed (11.3.1).



Less reliance on coal

- Increased electrification and energy efficiency in process heat is anticipated to decrease the reliance on coal for these industrial processes to reduce gross emissions.
- The continued use of natural gas is anticipated to reduce reliance on coal use across the country.
- New fossil-fuel baseload generation will not be banned (11.2.2).



More consumer changes to energy use

- Government to enable the development of new fuels and technologies, including to improve market access for grid-scale batteries and demand response.
- Government to explore ways to strengthen New Zealand's energy efficiency and demand flexibility regulatory regime, which could enhance the effectiveness of regulating energy-using products, services and systems (eg timing of EV chargers). Options should provide consumers with options for seeking efficiencies in their energy use.
- Government to progress legislation amendments to the Energy Efficiency and Conservation Act 2000 to enable standards for devices with capability for demand flexibility, eg EV smart chargers. Smart charging can assist consumers to shift their electricity use away from network peaks.
- Government to consider innovation opportunities in tariff design (eg feed-in-tariffs for rooftop solar and battery systems) and wider tariff innovations to enhance the update of household battery systems.



Less Government funding available to decarbonise industry

- Government expects offshore renewable energy projects to compete on the same commercial basis as other forms of electricity generation. See our article on the direction of the offshore renewable energy framework [here](#).
- The rollout of the Government Investment in Decarbonising Industry (GIDI) Fund proposed under ERP1 will be discontinued, which will impact on funding available for decarbonisation of industry and heat (11.4.1).
- Grant funding will not be provided for commercial space and water heating and high-efficiency electrical equipment (11.4.1).
- The action plan for decarbonising the industrial sector will not be set (11.4.1).
- Rebates for energy-efficient equipment will not be available (11.1.1).
- The Advanced Manufacturing Industry Transformation Plan will not be finalised and implemented (11.4.1).



More research and development on advanced technology opportunities

- Government to develop an enabling environment for innovation to create a least-cost transition and give consumers new ways to save costs.
- Government is undertaking feasibility studies with the private sector on alternative jet fuel options to support decarbonising aviation. Hydrogen is also being considered for heavy transport and aviation.
- Government funding to be made available to develop new technologies and processes (eg smart meters, fuel cells and new processes to develop industrial goods), including from MBIE's science fund, EECA's low emissions transport fund and Callaghan Innovation funding.
- The New Zealand Battery Project will be discontinued (as previously announced by the Government), and new options will be investigated in respect of dry-year electricity storage concerns (11.2.2).



More market incentive to uptake low-emission energy options

- Industry investment in low-emissions technology is anticipated to continue to be incentivised by the policy settings of the New Zealand Emissions Trading Scheme (NZ ETS) for the energy sector.
- To complement the emissions cap for energy emissions under the NZ ETS, the Government to introduce policies to unlock low-cost abatement in areas where the NZ ETS has limited impact, including by:
 - removing unnecessary barriers to investment in low-emissions technology; and
 - resolving market failures (eg R&D investment and regulatory certainty).