

ELECTRIFY NZ



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Electrify NZ will cut red tape to drive investment in renewable electricity generation so New Zealand can double its supply of affordable, clean energy and become a lower emissions economy.

National wants a future where buses and trains are powered by clean electricity, where we go on holiday in cars powered by clean electricity, and where industrial processing plants are powered by clean electricity, not coal. But to do that, we need to double the amount of renewable electricity we produce from New Zealand's abundant natural resources – particularly solar, wind and geothermal. National will make it happen.

To deliver on New Zealand's climate goals, whole sectors of the New Zealand economy must switch to clean electricity. It makes no sense to encourage the shift to electric vehicles if the power comes from burning coal. New Zealand must have enough renewable electricity to meet the rising demand.

The current planning system puts barrier after barrier in the way of investment. A new wind farm can take ten years to complete – eight years to obtain resource consent, and two years to build. The Resource Management Act is the greatest barrier to New Zealand reaching its climate change targets. Labour's proposed RMA 2.0 laws will only make this worse.

Electrify NZ will cut red tape to increase investment and help double the amount of renewable energy available to put New Zealand on track to reach its climate change goals.

40% of New Zealand's emissions come from transport and energy. Switching those sectors to clean electricity could deliver almost a third of the emissions reductions New Zealand needs to reach Net Zero by 2050.

Labour declared "climate change is this generation's nuclear free moment" but all they have done in six years is triple coal imports and increase emissions.

National is committed to meaningful action on climate change. Under National, New Zealand will play its part in the global effort to combat climate change through massive investment in renewable energy.

National believes Kiwis shouldn't have to do less to achieve New Zealand's climate goals. We can still drive cars, we can still heat our homes, and we can still grow the economy – but we need to use clean energy. National will make it easier to use abundant green energy to achieve a low-emissions, high-growth economy and put New Zealand on track to meeting its climate change goals this decade.

National's Electrify NZ Plan

- 1. Turbo-charge new renewable power projects including solar, wind and geothermal by requiring decisions on resource consents to be issued in one year and consents to last for 35 years.**
- 2. Unleash investment in transmission and local lines by eliminating consents for upgrades to existing infrastructure and most new infrastructure.**

Electrification can drastically lower emissions

National believes New Zealand can prosper and grow while delivering its climate change goals by harnessing renewable energy. Delivering on our climate change goals should not be about sacrifice. National's vision is to use abundant green energy to ensure New Zealand plays its part in the global effort to combat climate change.

Renewable energy is New Zealand's greatest asset for delivering on our climate change commitments. It can also power a growing, productive New Zealand economy into the future.

Renewables – solar, wind, hydro, geothermal and biomass – already generate most of this country's electricity. But the energy sector as a whole is responsible for 40% of New Zealand's greenhouse gas emissions, mostly from the combustion of fossil fuels in transport and industrial heating.¹

New Zealand can dramatically reduce its carbon footprint by shifting transport and industry off fossil fuels to clean electricity. Electrification could reduce annual carbon emissions by 22 million tonnes in 2050, about 70% of the emissions reductions from transport and industry this country needs to reach our net carbon zero target.²

But electrifying large parts of the economy will require enormous investment in renewable generation, transmission and local lines – more than \$40 billion by 2030, according to a recent study.³ New Zealand is already short of the investment it needs by around 8,000 gigawatt-hours or nearly 20% of current electricity generation.⁴

If this investment gap is not closed rapidly, New Zealand is unlikely to meet the international climate targets we signed up to, and Kiwis will end up paying more for their energy bills.

Planning is the main barrier to electrification

Red tape from our overly bureaucratic planning system adds years and millions of dollars of unnecessary costs to the construction of renewable generation and transmission infrastructure – a problem that's only getting worse.

According to a report by Sapere, one of Australasia's largest expert advisory firms, the costs of resource consents for infrastructure projects increased 140% over the last decade. The time it takes to gain permission to build has also increased by 150%.⁵ Many existing renewable energy projects in New Zealand would simply not be consented if they were applied for today.⁶

Electricity generators tell us it can now take as much as ten years to bring a new wind farm online – eight years to obtain consent and just two years to build. Transpower, the state-owned enterprise responsible for electric power transmission in New Zealand, says consenting and land access for large projects can take anywhere between three and seven years to complete, with actual construction taking no more than three.⁷

¹ Data for 2020. Source: Ministry for the Environment (2022), Greenhouse Gas Inventory, [link](#).

² BCG (2022), "The Future is Electric," [link](#).

³ BCG (2022).

⁴ Concept Consulting (2022), "Generation investment survey 2022," report for the Electricity Authority.

⁵ Sapere (2022), "Infrastructure Consenting for Climate Targets," report for the Infrastructure Commission, [link](#).

⁶ Mainly due to the 2014 King Salmon decision by the Supreme Court which emphasised effects are to be avoided not mitigated.

⁷ Transpower (2020), "Accelerating Renewable Energy and Energy Efficiency Consultation Submission," p9.

Re-consenting for existing generation assets has also become unnecessarily difficult. For example:

- Hearings and appeals to re-consent the Clyde and Roxburgh hydro dams took six years (from 2001 to 2007).
- Re-consenting the Wairakei geothermal power station also took six years (2001 to 2007).
- It took 18 years to re-consent the Raetihi hydro dam, which was built in 1918. When the consent was finally issued, the number of conditions imposed on this existing infrastructure had increased from four to 136.⁸

More than 40% of existing renewable generation will also need to be re-consented in the next 10 years.⁹

Delays, costs and uncertainty for new and existing infrastructure directly affect New Zealand's ability to lower greenhouse gas emissions. According to Sapere, increasing consenting times means New Zealand is on track to incur an emissions liability of between \$5 billion and \$16 billion by 2050.¹⁰

Labour's RMA 2.0 makes it harder to build renewables

Electrification of the New Zealand economy, and the massive emissions reductions it unlocks, can only occur if electricity remains affordable. The system must make it easy to build renewable generation, transmission and local lines to support the transition off fossil fuels to clean electricity. As Transpower has said, "continued consenting delays will compromise our ability to meet New Zealand's climate change targets."¹¹

Inexplicably, the Government's proposed replacement for the outdated Resource Management Act (RMA) actually increases the barriers to investment in renewable energy. The vast majority of submissions from energy and infrastructure companies on Labour's Natural and Built Environment Bill state that it will add more red tape.

Some of the many problems identified by submitters on Labour's proposals include:

- No timeframes for resource consent decisions.
- Consents for long-lived assets may only last for 10 years, adding uncertainty and ongoing costs from perpetual re-consenting.
- Increased risk that consents for existing assets are cancelled.

The CEO of Contact Energy summed this sentiment up by unequivocally stating that, "If you agree that climate change is an urgent issue, then you must make urgent changes to these [planning] Bills. If the Bills pass in their current form, then you can kiss goodbye to our decarbonisation goals. It is as simple as that."

⁸ NZ Energy submission on NBEB.

⁹ Sapere (2022), p11.

¹⁰ Sapere (2022), p42, 46.

¹¹ Transpower (2020), "Whakamana i Te Mauri Hiko – Empowering Our Energy Future," p11.

Labour's energy policies will increase the cost of electricity

National opposes Labour's Lake Onslow and 100% renewable electricity policies. Both policies will increase the cost of electricity for Kiwis and make New Zealand's emissions targets far more difficult to achieve:

- **Lake Onslow:** The Government recently announced Lake Onslow will cost \$16 billion, or \$8,000 per household – around four times more than initially expected. Independent analysis found Onslow's high costs could stifle electrification, increase annual emissions by half a million tonnes, reduce energy security, and have a chilling effect on other generation investments.¹²
- **100% renewable electricity:** In 2019, the Government's Interim Climate Change Committee found the 100% renewables policy could increase electricity prices by 39% for industrial users, make blackouts up to 100 times more likely, and effectively raise emissions by delaying the transition off fossil fuels to electricity in transport and industry.¹³

Electrify NZ

National will unleash investment in new renewable energy generation, transmission, and local electricity lines by slashing red tape and speeding up the planning process. Electrify NZ will help double renewable generation to accelerate New Zealand's transition to a low-emissions, high-growth economy and get this country on track to achieve its climate change targets.

1. Turbo-charge new renewable wind, geothermal, and solar power projects

Electrifying New Zealand will require massive new investment in clean renewable energy – especially wind, solar and geothermal.

Renewables are the biggest asset New Zealand has in the fight against climate change. The energy is there to harness – from our ample wind, sun and underground heat – but red tape and regulation is holding us back.

Electrify NZ will slash the red tape from planning that is holding back investment in renewables, so we can achieve our climate change goals faster and cheaper.

National will:

- Require decisions on resource consents for non-hydro renewable generation within one year of application.
- Issue a new National Policy Statement for Renewable Electricity Generation (NPS-REG) within a year of National taking office. A consultation draft will be available within six months. The new NPS-REG will be strongly directive about enabling renewable generation. The new NPS-REG will make solar, wind, geothermal and biomass a controlled activity under the Resource Management Act, requiring councils to update their plans to make consents for these generation types near-automatic. The NPS-REG will outline the conditions that may be attached to new consents. Provided the conditions are met, consents cannot be declined.
- Create nationally consistent rules for each type of renewable generation so requirements are clear. Consents for most types of renewable generation will be near-automatic provided national rules are met.

¹² BCG (2022).

¹³ Interim Climate Change Committee (2019), "Accelerated Electrification," [link](#).

- Increase the minimum duration of consents for all renewables, including hydro, to 35 years to increase investment certainty. There will be regular reviews to address effects.
- Introduce new National Environment Standards for each generation type to provide consistency and certainty.
- Restore “remedy and mitigate” as options to manage adverse effects from renewable generation as well as transmission and local lines. The emphasis should be on addressing adverse effects rather than avoiding them.
- Set minimum lapse times on resource consents for all renewable generation to 10 years to provide certainty. Consents generally lapse after five years if they are not used, adding risks for projects with long lead times.
- Establish a one year limit to re-consent existing generation assets, including hydro.

National will also introduce a National Policy Statement – Hydrogen to provide certainty for investment in hydrogen production and distribution.

Where required, legislation to give effect to these policies will be advanced as a priority upon National taking office. We expect the new rules will take effect in 2025.

2. Unleash transmission and distribution infrastructure

It's all very well having more renewable generation but there's not much point if it can't get around the country. New Zealand also needs more poles, power lines and other infrastructure to get clean energy to where it's needed.

Electrify NZ will streamline the outdated rules and regulations that govern electricity transmission and distribution infrastructure to ensure we are not only producing more clean, green energy – but more parts of the economy are able to get access to it.

National will:

- Introduce a National Policy Statement – Distribution to make it easier to build infrastructure, including poles, lines, transformers and substations.
- Eliminate consents for upgrades to existing transmission and local lines infrastructure, within limits.
- Require consents for transmission and local lines to be issued in one year, increase durations to 35 years, and set minimum lapse times to 10 years.

In addition, National will update funding rules for regulated monopoly transmission and local lines infrastructure under the Commerce Act. Historically, the system has served New Zealand well, but the rules are now 15 years old and were written for a different era.

Commerce Act rules can produce long lags between investment and cost recovery, increasing the cost of infrastructure. Costs for new local lines connections have increased substantially over recent years and connection costs in New Zealand appear high compared to other countries.

National will:

- Update the Commerce Act and associated regulations to provide greater certainty around cost recovery for regulated infrastructure.
- Introduce options to manage first mover disadvantage for new connections to local lines, including claw back rules to allow first movers (such as new EV charging stations that pay 100% of the upfront cost of lines upgrades) to recover a share of those costs from future connections to that infrastructure.
- Change cost recovery rules to allow a share of new connection costs to enter the Regulated Asset Base, meaning greater sharing of connection costs for specified activities such as EV charging stations.¹⁴
- Introduce an information disclosure regime under the Commerce Commission to monitor connection costs for local lines. The purpose is to ensure costs are reasonable and avoid gold plating.

What this means for households and businesses

National's Electrify NZ plan cuts red tape to fast-track new investment in renewable generation and distribution. Lower costs and accelerated investment will translate to lower energy bills for households and businesses while supporting growth and the transition to a low-carbon economy.

Analysis from BCG estimates electrification will lower average household energy bills in New Zealand by 10% by 2030 and 45% by 2050. Both consumers and businesses will benefit through lower fuel prices due to the electrification of both transport and heating processes.

Electrify NZ means rising demand for electricity will be met with increased supply from renewable sources – not by burning more imported coal.

But clean, low-cost energy will benefit the whole economy. Affordable access to energy will help unlock the hydrogen economy, which requires significant electricity inputs. Hydrogen promises enormous benefits including zero emissions transport, increased flexibility in electricity demand, and the potential for green hydrogen exports.

Key issues

Does this mean wind turbines could go up next door?

No. National will set minimum standards to prevent large wind turbines being built too close to homes and other properties.

How will one year consents protect the environment?

One year consents do not mean less protection of the environment. National will bring in new rules via NPS and NES updates to protect the environment and amenity for nearby properties. These rules will allow faster consenting while maintaining appropriate protections.

What happens if no consent is issued for a generation investment after one year?

As a controlled activity, the consent will be automatically granted without conditions. Generation assets will still have to meet minimum standards set in the legislation and the relevant NPS and NES.

¹⁴ Cost sharing arrangements like this already occur but in a different way. Local lines companies build spare capacity on top of what a new connection requires, with the spare capacity going into the Regulated Asset Base. We propose to require that for certain specified activities a portion of the applicant's connection costs enters the Regulated Asset Base.

Why does National oppose the renewable energy project at Lake Onslow?

Because it puts New Zealand's climate change targets at risk by making electricity much more expensive, which threatens to slow electrification or stop it completely.

What is National's plan to resolve the dry year problem with our hydro lakes?

Electrify NZ will fast track investment in the new renewable energy we need to solve the dry year problem. Expert advice to the Electricity Authority earlier this year showed the dry year problem can be solved with further investment in renewable energy. The problem is that red tape and this Government's policies are holding that investment back. Electrify NZ solves those problems.

Local authorities are already stretched by consenting. Don't one year consents make this problem worse?

Electrify NZ will make the consenting process faster and easier. National will use National Policy Statements and National Environmental Standards to simplify the consenting process for councils. We will set minimum standards that will reduce the load on councils when they process consents.

Will the wholesale electricity market continue in its current form?

Yes. We support an independent electricity sector overseen by expert regulators working in the long-term interests of consumers.

Will there still be community consultation for consents?

Yes, for major projects. For more minor changes including upgrades to existing infrastructure, no consent or community consultation will be required.

Is National proposing one year consents for new hydrogeneration?

No. The new NPS for renewable generation will support faster consenting for hydro but without the one year requirement. See the following summary:

	Controlled activity	1 year consent	35 year duration	10 year lapse	1 year re-consent
Hydro	✗	✗	✓	✓	✓
Other renewables (solar, wind, geothermal, biomass)	✓	✓	✓	✓	✓
Transmission and local lines	✓	✓	✓	✓	✓