

31 October 2008



## **Submission on proposal for National Policy Statement for Renewable Electricity Generation**

**To** The Chairperson  
Board of Inquiry

This is a submission on the proposed National Policy Statement for Renewable Electricity Generation that was publicly notified on 6 September 2008.

**From** The Bioenergy Association of New Zealand (BANZ)

In summary BANZ submits:

- General support for a National Policy Statement for Renewable Electricity Generation
- Request that the policy statement be widened to cover all forms of renewable energy (including all biomass conversion technologies) not just electricity.
- Policies 1-2 & 4-5 are supported subject to the replacement of 'electricity generation' with the word 'energy'.
- Alternatives to a National Policy Statement (NPS) are not supported
- Policy 3 reversibility aspects of renewable energy projects are not supported

Details of our submission are:

### **Alternatives to a National Policy Statement**

Several alternatives to an NPS were suggested in the Section 32 Report.

BANZ favours the use of an NPS to focus decision makers' attention on the national significance of renewable energy projects.

Over time, if the effect on policies and decisions is not significant, then BANZ recommends that Section 6 of the RMA Act be amended to include renewable energy as being of national importance.

### **Policy 1 - General Support for a National Policy Statement for Renewable Electricity Generation**

BANZ supports the adoption of a National Policy Statement for Renewable Electricity Generation.

However bioenergy's application is wider than electricity generation, including heat supply, production of biogas, and the production of liquid biofuels. Many of the proposed policies and plans associated with electricity generation can readily be adapted to heat, biogas and liquid biofuel applications.

BANZ recognises that electricity generation is of national significance as specified in this draft NPS, linking into an integrated national grid and electricity supply network. Heat supplies, biogas and liquid biofuel applications however are often able to replace the need for additional electricity generation, or at least replace the need for use of natural gas, coal and

hydro for base load generation, and so should be covered by an NPS. In addition gas and hydro energy can then be reserved for their most valuable use which is for the meeting of peak electricity demand using their quick response capabilities.

Heat, biogas and liquid biofuel projects generally have a more local rather than national impact than many electricity generation projects. However because of local interests, the potential for local adverse impacts to be argued as outweighing the broader national interest often occurs. This consideration of local vs national interests will be provided with greater balance through adoption of this NPS if it is broadened to cover all forms of renewable energy.

We fully support the stated drivers for an NPS on renewable electricity generation i.e delivering

- Clean, secure, affordable energy while treating the environment responsibly – Bioenergy is potentially able to deliver electricity in a base load manner. It is independent of weather. Large amounts of the prime resources are located throughout the country and over the next decade it is expected that a number of cogeneration plants will be built. In the longer term, standalone plants with the sole purpose of generating electricity can be expected.
- Low emissions generation – Bioenergy is considered to be CO<sub>2</sub> neutral in that the CO<sub>2</sub> produced from combustion is required for plant growth. So, new bioenergy generation plants directly contribute to climate change mitigation. Most biogas power projects have the added benefit that they mitigate methane emissions and therefore add a 21 fold GHG mitigation multiplier to the produced biogas derived electricity.

### **Policy 2 - Constraints on ability to avoid, remedy and mitigate adverse environmental effects.**

Bioenergy projects can optimise the use of biomass resources (e.g; forest harvest residues, municipal waste, farm waste, crop residues) that are currently wasted. However, obtaining consents for plants that have air and water discharges can be difficult, especially when avoiding, remedying or mitigating any potential adverse environmental effects proves difficult. Policy 2 is therefore supported but with the recommendation that it applies to renewable energy projects in general and not just those associated with electricity generation.

### **Policy 3 - Reversibility Aspects**

Policy 3 requires decision-makers to “have particular regard to the relative degree of reversibility of the adverse environmental effects” of a development.

Firstly, BANZ has concerns around this policy given that renewable energy projects are often site specific and while a building or other construction can always be removed, it is often costly (and sometimes of little value) to revert the land to its original state after the project ceases.

Secondly, many projects are intended as renewable and sustainable developments with plant and equipment being replaced with more modern equipment while retaining some still useful plant and buildings. A cogeneration plant can be considered as an example where the feedstock and fuel handling equipment may change over time but the boiler and generator may be able to be refurbished and used for another period.

There is a fundamental error in considering “reversibility” as a criterion for projects that are renewable and sustainable, and therefore of potentially infinite resource life. For as long as there is demand for energy then consented sites should continue be used for energy production.

#### **Policy 4 - Enabling Research-Scale Investigations into Emerging Technologies**

BANZ supports this policy in principle but would prefer an earlier date. We believe the effective date could be 31 March 2010, as investigation lead time and technology adaptation to NZ conditions may take 2-3 years to be able to underpin implementation by local authorities.

It is recommended that the policy be reworded so as to apply to energy projects in general and not just electricity generation projects. The policy should also be modified to cover "existing and new technologies"

#### **Policy 5 – Modification to include ‘activities associated with the development and operation of small and community–scale distributed renewable energy.’**

The local authorities are often in a very good position to provide leadership on local distributed energy supply initiatives regardless of whether the energy is to be used for electricity generation, heat production or liquid fuel production. It is very important however, that the policies of the local authorities do not introduce bias as to the uses of local energy resources. Skewing use of local energy resources towards electricity may impose costs on other energy users that lead to sub-optimal energy utilisation.

Distributed energy projects can provide a significant benefit to the local supply of electricity in that they reduce the demand for electricity through energy switching, or they can free up gas and hydro energy for more valuable use.

An example of energy switching is where a dehumidifier kiln using electricity is replaced with a wood-fuelled steam kiln.

An example of how natural gas can be freed up for other more valuable uses such as electricity generation is where a gas-fired heat plant is replaced with a wood-fuelled heat plant.

An example for biogas power projects would be clusters of dairy farms, beef feedlots or large piggeries that feed directly into distributed renewable energy schemes including district heating or community facilities (swimming pools etc.).

#### **General changes**

We seek the following general changes to the proposal:

Policies 1, 2, 4 & 5 should be rewritten replacing the words 'electricity generation' with the word 'energy'. The rationale for this is explained above.

Policy 3, which refers to "reversibility" should be deleted as it is an inappropriate policy for sustainable development.

We wish to be heard in support of our submission.

If others make a similar submission, we will consider presenting a joint case with them at a hearing.



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