

Form 3

Submission on proposal for national policy statement for renewable electricity generation

In accordance with section 49 of the Resource Management Act 1991

To the Chairperson
Board of Inquiry

This is a submission on the (following) proposed national policy statement for renewable electricity generation (the proposal) that was publicly notified on 6 September 2008.

The specific provisions of the proposal that my submission relates to are:

[give details]

The Proposed National Policy Statement for Renewable Electricity Generation is likely to adversely affect the wellbeing of New Zealand, its people, its environment and its economy. The objectives of the NPS are misguided and the policies to achieve such objectives are confused and lack robust or rigorous assessment and evaluation. It is acknowledged that the Government has unilaterally determined that 90 per cent of electricity generated in New Zealand should be derived from renewable energy sources by 2025 but the costs and benefits of such a target have been expressed in qualitative terms rather than quantitative terms. To date the community has had little opportunity to debate this objective so it is important that “matters to be explicitly addressed” (detailed in the terms of reference) are fully explored by the BOI.

Industry categorically expects that energy policy settings will encourage enough additional generation of electricity to meet the expected growth in demand. To achieve sustainable economic growth in New Zealand this additional generation should reflect a mixture of diverse types of generation i.e. meeting appropriate economic, efficiency and environmental standards. The almost total focus on renewable generation will inevitably endanger further investment in New Zealand and the economy will contract.

With four electricity supply and/or electricity price crises within the last eight years the importance of delivering clean, secure and affordable electricity should be of “paramount significance” to the BOI. The fourth bullet point in the “matters to be expressly addressed”, namely “The identification of any unintended or unforeseen, but likely outcomes of the proposed national policy statement, and ways to address these,” appears particularly relevant.

There are better options to encourage the growth of renewable generation without jeopardising the supply of electricity to meet consumer requirements.

Case law will have a significant influence in creating precedents and better defining the trade-off between local effects and national benefit. Relevant case law has and will continue to be developed to assist decision makers, investors and communities. However the proposed NPS will substantially increase costs to all stakeholders without achieving worthwhile benefits.

The s.32 has, in our view, failed to adequately consider the benefits and costs of all options. The NPV of \$23.5m ignores the costs associated with “research-scale investigation into emerging renewable electricity generation technologies and methods” by local authorities. The major costs associated with this policy must be assessed as a quantitative item. There will be economic and reputational costs of failing to ensure adequate additional generation are built to meet the growth in demand. The quantitative and qualitative effect of such costs needs to be assessed. The costs of determining and managing “the relative degree of reversibility” proscribed in Policy 3 are unlikely to be trivial. The issue of environmental reversibility/irreversibility (let alone an acceptable definition) appears to be a matter where consensus is seldom if ever found. The costs of attempting to deal with this policy will be high for all stakeholders. The s.32 analysis suggests that it may create an implicit bias against large scale hydro developments. This may be correct but it will also add costs to all consenting processes associated with electricity generation.

The status quo treatment of renewable generation project consent applications, plus repeal of the legislative restriction on new thermal generation and progressing steps to add a cost for carbon to reflect climate change risk externalities is likely to create less risk and enable our economic growth aspirations to be met at a lower cost.

The proposed NPS and implementation of the restriction on new thermal generation will add excessively high costs to an economy which is already under stress.

Therefore the proposed NPS should not proceed.

My submission is:

[include –

- *whether you support or oppose the specific provisions or wish to have them amended; and*
- *the reasons for your views*].

We oppose the proposed NPS in its entirety.

I seek the following changes to the proposal:

[give precise details].

The Board of Inquiry recommend to the Minister that the NPS should not proceed.

I **wish** (~~or do not wish~~) to be heard in support of my submission.

- * If others make a similar submission, I will consider presenting a joint case with them at a hearing.
- * Delete if you would not consider presenting a joint case.



Signature of submitter (*or person authorised to sign on behalf of submitter*)

31st October 2008

Date

(A signature is not required if you make your submission by electronic means.)

Address for service of submitter:	Major Electricity Users' Group Incorporated, PO Box 8085 WELLINGTON 6143
Telephone:	04 494 0996
Fax/email:	ralph@meug.co.nz
Contact person: [<i>name and designation, if applicable</i>]	Mr Ralph Matthes Executive Director