

**From:** Richard Gardner [mailto:rgardner@fedfarm.org.nz]  
**Sent:** Monday, 27 July 2009 1:08 p.m.  
**To:** Josie Beruldsen  
**Subject:**

Good afternoon Josie:

When Federated Farmers was heard by the Board on 23 June on the National Policy Statement for Renewable Electricity Generation, the Chairman asked for certain information. As I understand it, the information requested was:

- Federated Farmers' submissions to the proposed National Policy Statement on Fresh Water Management and the proposed New Zealand Coastal Policy Statement;
- Information regarding the economics of using alternate energy;
- Information regarding digester systems.

I have discussed the requests with some of my colleagues, and they have made me aware of the following information:

#### The Submissions

I supplied the submissions on 23 June.

#### Economics of Alternate Energy

In respect of information regarding the economics of using alternate energy, I have attached two PDF documents to this email.

The first is a report prepared about a year ago by the Energy Efficiency and Conservation Authority titled "Report on the Costs of Small Scale Generation" which includes some information on the costs of distributed generation.

The second is the Electricity Commission's "2008 Statement of Opportunities", again prepared about a year ago. On pages 91 through 95 of the Statement, in Section 7.6 there is a discussion of the relative economics of the various types of generation broken down by generation type.

Federated Farmers' view of the material is that, if it is assumed that:

1. there is no cost of carbon (as there is currently no cost of carbon); and
2. thermal generation has to run at the 70%+ range to cover off the intermittent nature of wind generation, and
3. there are locational constraints to where renewable generation facilities can be sited:

renewable electricity generation doesn't perform competitively against thermal generation. Nevertheless, it is accepted that a different scenario emerges when a price on carbon gets factored in.

#### Digester Systems

Federated Farmers has no particular information to offer on the matter of animal effluent digester systems, however, it is apparent that a number of organisations are doing work on the topic. Generally, the consensus appears to be that they are not economic at this stage, although with appropriate incentives in place, such as there being a price on carbon, that could change.

Below is a selection of URL links to websites of organisations that have information on the topic:

[www.bioenergy.org.nz](http://www.bioenergy.org.nz)  
[www.naturalsystems.co.nz](http://www.naturalsystems.co.nz)  
[www.ruralenergy.co.nz](http://www.ruralenergy.co.nz)

It is understood that Dairy NZ (which is the industry good organisation representing New Zealand's dairy farmers, and which is funded by a levy on milksolids and through government investment) is undertaking or sponsoring research on the topic as is the Ministry of Agriculture and Forestry, through the Sustainable Farming Fund. A report on a recent study is available at:

<http://www.maf.govt.nz/sff/about-projects/search/03-209/03-209-final-report.htm>

Could you please place this information before the Board.

Please let me know if Federated Farmers can be of any further assistance to the Board.

Best regards.

**RICHARD GARDNER**  
SENIOR POLICY ADVISOR

Federated Farmers of New Zealand  
Private Bag 92-066, Auckland, New Zealand