

Submission on *Proposed 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.

BACKGROUND TO IPENZ

The Institution of Professional Engineers New Zealand (IPENZ) is the lead national professional body representing the engineering profession in New Zealand. It has approximately 10,000 Members, including a cross-section from engineering students to practicing engineers to senior Members in positions of responsibility in business. IPENZ is non-aligned and seeks to contribute to the community in matters of national interest giving a learned view on important issues, independent of any commercial interest.

EXECUTIVE SUMMARY

IPENZ understands that the government has set a target for 90 per cent of electricity to be generated from renewable energy sources by 2025. We understand that the proposed national policy statement (NPS) is also intended to support this goal.

IPENZ considers it essential that this NPS is future proofed. This is necessary to ensure that the NPS does not limit New Zealand to the currently available electricity generation methods. To assist with this future proofing, IPENZ recommends that the NPS include a provision for a regular review.

IPENZ has some concerns that renewable electricity generation activities – at any scale – is of national significance. Our concern is that there is potential for, for example, domestic wind turbines to be eligible for a Ministerial call-in. We suggest the NPS include a threshold whereby generators under that threshold are not eligible to be called-in.

IPENZ believes that generation of all electricity plays a vital role in the well-being of New Zealand. We would therefore support the adoption of a generic NPS for electricity generation.

IPENZ appreciates the opportunity to make this submission and is able to provide further clarification if required.

IPENZ'S UNDERSTANDING OF THE PROPOSED NPS

The government has set a target for 90 per cent of electricity to be generated from renewable energy sources by 2025. To achieve this policy target, the Emissions Trading Scheme has been introduced, along with amendments to the Electricity Act 1992, to provide a ten-year moratorium for any new base-load fossil fuel generation investment. Together these two measures were intended to enable New Zealand to reach the 90 per cent renewable energy sources target.

Based on the proposed NPS's preamble and the evaluation under Section 32 of the Resource Management Act 1991 (RMA), the proposed NPS is also intended to support this goal.

IPENZ notes that the RMA was amended in 2004 to include provisions that “in achieving the purpose of this Act, all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall have particular regard to—

- (i) the effects of climate change
- (j) the benefits to be derived from the use and development of renewable energy”.¹

Given the existence of these provisions, IPENZ questions the need for this NPS. However, IPENZ acknowledges that the NPS may assist in providing clarity and national consistency for those seeking and granting approval for renewable electricity projects. IPENZ understands that the intention of this NPS is to enable renewable electricity generation.

GENERAL COMMENTS

Problems with an NPS for renewable electricity generation

1. The definition problem

The first issue with developing an NPS for renewable generation is the difficulty in defining “renewable”. Fortunately, the NPS has addressed this potential problem by defining what technologies are intended to be covered in the Interpretation section.

Whilst this is helpful, IPENZ does not wish that these targeted technologies are deemed exclusive and therefore preclude new technologies from benefiting from this NPS. We suggest amending the definition of renewable to include “future viable technologies”, or words to that effect.

2. Difficulties in predicting future needs

In implementing the NPS, local authorities will need to research potential renewable energy opportunities and develop suitable planning provisions. In doing so, these provisions will have to be for renewable energy only. These future provisions may not be consistent with the future intentions of generators and may not adequately provide for future circumstances. With specific provisions, electricity generators may find that their options for generation are limited. We would prefer that the NPS was amended to provide more flexibility.

¹ Resource Management Act - Section 7 (i) and (j)

3. Life after the moratorium

If the moratorium is lifted after ten years and this NPS proceeds, then the relevant district plan provisions will still be in place. No one can reliably predict what the fossil fuel generation market will look like in ten years.

To overcome this issue, we suggest that the NPS include a review clause, for example:

“The Minister for the Environment shall begin a review of this National Policy Statement no later than 10 years after its gazettal and every ten years thereafter.”

4. Unintended consequences

There are risks with favouring one form of generation in regional and district plans and many of these are unknown. IPENZ is concerned that district plans may require significant re-drafting to include the requirements of this NPS. In addition, Policy 3 states that decision-makers must “have particular regard to the relative degree of reversibility of the adverse environmental effects associated with proposed generation activities”. This policy could have an adverse effect on hydroelectric projects, which would be very unfortunate.

Concern regarding security of supply

In its submission on the Climate Change (Emissions Trading and Renewable Preference) Bill, IPENZ opposed the ten-year moratorium on fossil fuel generation investment. IPENZ took the view that this moratorium would make New Zealand dependant on geothermal, wind, and hydroelectric generation for base-load given other renewable energy resources are still in their relative infancy.

While it is generally regarded that the 90 per cent renewable energy sources target can be achieved by 2025, our Members do not universally accept this view. Hence, IPENZ remains concerned about security of supply. IPENZ believes that security of supply and diversity of generation sources is of paramount importance to the New Zealand economy. Therefore, this NPS must not override the provisions of the Electricity Act 1992 Clause 62G, which allows the Minister of Energy to grant exemptions to fossil-fuelled generation in certain situations, such as emergencies.

Need for grid investment to support power distribution

Although probably outside the scope of this NPS, IPENZ considers the need for increased investment in the electricity transmission grid essential. As renewable energy sources increasingly meet New Zealand’s electricity generation demand, the need for a robust peripheral electricity network becomes vital. This is particularly important when our renewable energy sources are scattered throughout the country, far from our areas of high demand.

Monitoring of the National Policy Statement

IPENZ notes that the proposed NPS does not state how the implementation will be monitored. We recommend that this detail be included to ensure the NPS meets its objectives. The results from monitoring the NPS would be useful in informing the ten-yearly review we proposed earlier.

An NPS for all electricity generation

In 2008, the government issued the *National Policy Statement on Electricity Transmission*. This was issued because it was recognised that the efficient transmission of electricity on the national grid plays a vital role in the well-being of New Zealand, and electricity transmission has special characteristics that create challenges under the RMA.

In its submission, IPENZ supported the introduction of this NPS and the raising of the status of electricity transmission to one of national significance to contribute to high-quality and timely decision-making.

IPENZ believes these arguments apply equally to all electricity generation and accordingly supports the adoption of a generic NPS for electricity generation.

COMMENTS ON SPECIFIC POLICIES

National Significance

Policy 1 states that the benefits of renewable electricity generation activities, at any scale, are of national significance. Policy 5 supports small and community-scale distributed renewable electricity generation.

IPENZ understands that the intention is to signal the importance of small-scale generation. However, given the Policy 1 wording, there is potential for, for example, domestic wind turbines to be eligible for a Ministerial call-in. However, IPENZ anticipates that the Minister will exercise discretion when determining which projects warrant call-in and it may be helpful to have some guidance on this in the NPS.

We suggest the NPS include a threshold whereby generators under the threshold are not eligible to be called-in. One of our Members suggested a 10-megawatt threshold would be appropriate. A separate provision may be required for a cluster of small generators that collectively generate over a set threshold.

Expertise of local authorities

In Policy 2, consent authorities need to consider the constraints associated with renewable energy sources. This requires considerable expertise in the various forms of renewable electricity generation. With this role, councils and decision makers may begin to assume an expert role in matters of energy and electricity policy implementation. This task is likely to be beyond their capability and resources, and most definitely outside their role in both a local government and resource management context. The expertise of staff and decision makers is currently in the provisions of the Resource Management Act, environmental management and evaluating community interests.

Similarly, Policy 3 requires local authorities to have particular regard to the relative degree of reversibility of the adverse environmental effects associated with proposed generation technologies. This also requires local authorities to have considerable expertise in the various generation technologies and may be outside their area of capability.

IPENZ recommends that this NPS be accompanied by best-practice guidelines to assist consent authorities and decision makers in their assessments of renewable electricity generation projects.

CONCLUSION

IPENZ appreciates the opportunity to make this submission and is able to provide further clarification if required. We do not wish to be heard in support of our submission.

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