14 April 2023

Ministry of Business, Innovation and Employment
15 Stout Street, Wellington 6140
Attention: Offshore Renewable Energy Submissions

Via email offshorerenewables@mbie.govt.nz;

Tēnā koutou,

A new policy and regulatory framework is needed to enable progress with offshore renewable energy generation

Offshore renewable energy generation could be a significant contributor to New Zealand's decarbonisation through electrification. It will be important that this review and new regulation does not put offshore energy into a separate category, rather that it enables new energy solutions across all parts of the energy system.

Powerco is one of Aotearoa's largest gas and electricity distributors, supplying around 340,000 (electricity) and 112,000 (gas) urban and rural homes and businesses in the North Island. These energy networks provide essential services and will be core to Aotearoa achieving a net-zero economy in 2050. Powerco has a role in bringing offshore energy to customers on our network through a range of possible connection options. Our summary views on a framework to enable offshore renewable energy are that the framework should:

Enable a range of network/grid connection options	• An element of feasibility assessment is to assess connection options with involvement of relevant parties including the electricity distributor • A new regulatory framework should permit a wide range of connection and ownership options to support investment and risk management.
Provide for interactions in generation, transmission, distribution and demand	• This review is an opportunity to develop an enabling policy and a regulatory framework that recognises the interactions between generation, transmission, distribution and demand for new offshore energy projects • National interests will be supported with revised policy and regulation enabling feasibility assessment and development of all components of the interrelated energy system, rather than focusing separately on the generation component.

Powerco supports the general direction of the proposed approach to enable feasibility studies. There are some areas where explicitly including additional matters or clarifying the defined intent, will assist with a framework

that is effective, certain and timely. This includes addressing the above two key points. We have commented on these opportunities and provided responses to the consultation questions in the attached form.

If you have any questions regarding this submission or would like to talk further on the points we have raised above, please contact Irene Clarke (Irene.Clarke@powerco.co.nz)

Nāku noa, nā,

Andrew Kerr
Head of Policy, Regulation, and Markets
POWERCO

Responses to questions

Chapter 3: Why does the government need to enable feasibility activity now?	
1	**Do you agree with the proposed policy objectives outlined in the discussion document? Why or why not?**
	Yes – noting comments below.
2	**Are there other objectives that we should consider that are not captured above? If so, what are they are why are they important?** • Objective 1 is about enabling selection of developer/development in the national interest, with specific reference to the environment. The safeguards and benefits for the environment are important, one of many national interest considerations. • Other important considerations in the national interest include contribution to NZ meeting emissions reduction targets and technical feasibility including connection to the electricity system (generation, transmission, distribution through to consumers). • It would be useful for the **national interests to be more clearly defined** to guide assessment of the policy options, and ensure this is balanced. This is also relevant for the permitting framework in chapter 6 and we comment further below on consideration of national interests in the permitting framework.
3	**Do you agree with the proposed criteria for assessing the proposals for regulating offshore renewable energy? Why or why not?** Yes, although the document does not address all aspects of the criteria in discussing options. For example, the document generally focuses more on selection of the *developer* rather than the *development*. Both are important aspects of 'effectiveness' at the feasibility phase, especially if a feasibility permit provides the right to progress to permitting the development phase.
4	**Are there other criteria that we should consider that are not captured above? If so, what are they are why are they important?**
5	**Do you agree that the criteria should be equally weighted? Why or why not?**
Chapter 4: Proposals for managing feasibility activities	
6	**What role do you think government should have in gathering feasibility information for offshore renewable energy development?** A government role could be useful in longer term (eg link to NBEA spatial plans) but in the short term a government role should be limited to enable existing developers to progress with projects. Government may have a role in sharing information held by government or facilitating options scoping involving multiple parties (including government).
7	**Do you agree that, at least in the short-to-medium term, a developer-led approach to gathering feasibility information is appropriate for Aotearoa New Zealand? Why or why not?**

8	**Is there another approach not considered above that may be more suitable?**
9	**Do you agree with the two shortlisted options (permitting and collaborative) that we have identified? If not, what other viable options might we be looking at?**
	Assuming a developer-led process to propose sites and assess feasibility, do you think the permitting approach or the collaborative approach would deliver a better outcome for Aotearoa New Zealand and why?
10	We do not have a view on this. For either approach there will be a role for third parties that are not part of the formal collaboration or developer-led consortium but may be subject to a separate collaboration or commercial arrangement. For example, the connection assets to facilitate the offshore generation connection to the electricity network will have options with varying environmental and commercial outcomes and the feasibility assessment will need to be undertaken with involvement or collaboration with the network distributor.
11	**How could a collaborative approach be designed to enable the objectives set out above, and what could the government do to support collaboration?**
	• The **government could support collaboration between parties** through • Making available the significant information held by government, and also working with third parties for information to be made available. In addition, providing systems for the collection, sharing and distribution of information. • Facilitating collaboration between multiple developers, or between developers and other parties for identified aspects of feasibility assessment where there is value in this approach. For example, technical options assessment for connection of offshore generation projects to the electricity network and customers could look into multiple developers contributing to network upgrades, whether government may back necessary upgrades or other regional options for onshore works where collaboration would be an advantage.
12	**Have we captured a complete list of trade-offs between the two shortlisted options? What else, if anything, should we be considering?**
Chapter 5: Māori involvement in the assessment of feasibility	
13	**What broad opportunities do you see for iwi, hapū, and/or whānau to be involved in the feasibility stage of development (both before and during studies)?**
	Are the above requirements sufficient to achieve this? How can the requirements be implemented to reduce undue burden on mana moana or developers?
14	Requirements set out in the document are focused on mana moana. While feasibility studies may primarily focus on the area of territorial sea or EEZ where the energy generation activity will be placed, these developments will all be connected to onshore facilities and infrastructure. The **interests of mana whenua in land-based aspects** of potential development must also be incorporated into any requirements. More broadly, there needs to be alignment between land-based and offshore requirements.

15	**What information/mātauranga Māori and process/tikanga will be important for developers to incorporate into their feasibility plans, and how should iwi, hapū, and/or whānau be involved in gathering this information?**
16	**What mechanisms for monitoring and enforcing these requirements are appropriate (regular reporting by developers that is reviewed by iwi etc)?**
17	**How should the adequacy of iwi involvement be assessed? What does good faith and meaningful participation look like?**
Chapter 6: Considerations for a permitting framework	
18	**Do you agree that developers should be required to meet prequalification criteria to be eligible for exclusive feasibility rights?**
	Yes
19	**Are our proposed criteria appropriate? Are they complete? If not, what are we missing?** • The criteria related to project or business plans will need to **accommodate a level of project flexibility**. The criteria appear to assume that there is one development project planned which the feasibility study is investigating. At feasibility stage, there are likely a number of options and alternatives in consideration, and dependent on the findings of the feasibility work. • There should be **explicit consideration of directly relevant national benefits - decarbonisation targets** are a national interest and strongly linked to these projects/investors. • The criteria are focused more on the capability of the developer rather than an assessment of the development. Even the stated criteria around **national interest considerations do not provide a clear framework for how a development will be assessed** as being in the national interest. To meet the policy objectives and provide certainty for investors, national interest criteria need to be clear, and linked specifically to the potential opportunities or conflicts in uses, values and interests. Key national documents could be a referenced including the Energy Strategy, Emissions Reduction Plan, and new National Policy Statement or National Planning Framework for generation, transmission and distribution of energy under the RMA/NBEA. • At the feasibility permitting stage, there is a need to **assess the proposed development to some degree**, particularly as a feasibility permit will set up an opportunity for later development permit, and developers will want a level of certainty about future stages prior to significant investment in feasibility work. • It is not clear in the document what the expectations are for **information in a feasibility permit application, or scope of a feasibility assessment**. Clarifying these requirements will be needed to provide the certainty, timeliness and outcomes being sought.
20	**How should we consider material changes to permit holders' status and capability? Do you think mechanisms to review permit criteria would be appropriate?** We agree mechanisms to review permit criteria would be appropriate, also noting criteria and considerations may evolve as all parties get experience with the process and requirements.
21	**Do you agree that a feasibility licence should last for five years with an option to extend for a further two years?** • Yes appears reasonable. It is also recommended that there is a **timeframe following the feasibility completion**, for a report on planned next steps so it is known if this developer will

	proceed with the project, or if it can be made available to other developers. If the developer does not proceed, is their feasibility information available to others? • **Duration of development permits** will also need careful considerations as there will often be complex aspects related to third parties rather than the developer, and duration needs to reflect the entire supply chain, including electricity distributors.
22	**Do you agree that a feasibility licence should be subject to 'use-it or lose-it' provisions, with permits not exercised within 12-months lapsing? What circumstances would trigger the use it or lose it provisions?**
	Yes, with this being clearly defined. The first 12 months may be setting up studies and initial discussions only but this is still progress. Requiring regular reporting on progress is a good idea.
23	**How should government best deal with the issue of overlapping applications?** It would seem appropriate for the application process to require the licence area sought to be justified based on the proposed project and feasibility study needs. The area licenced should be limited to avoid the first-in claiming a larger area and then securing development rights over competitors.
24	**Do you agree that a single national entity should hold responsibility for inviting and assessing applications?**
	Yes, and the same entity should be responsible for development permits too.
25	**Do you agree that the Minister of Energy and Resources, acting on advice from officials, should make the final decision on applications for permits?** Yes as these are national interest decisions. However, the **same decision maker must also make the decision on the development phase permit** for efficiency, consistency and to avoid unexpected outcomes.
26	**Do you agree with charging fees sufficient to recover the costs of inviting, and assessing feasibility permit applications, and monitoring permit holders?** Yes
27	**What other steps would ensure that processes are transparent and fair for developers?** Powerco manages the process for developers to connect to our energy networks – our response is informed by that. The **application requirements, feasibility assessment expectations, process and timeframes need to be clearly set out** for fairness to all developers including: • Requirements for material lodged with application eg information and values to be addressed. • The minimum expectations for what is covered in feasibility assessments to cover both technical and national interest considerations (eg including connection to electricity system). • The steps in the application process and how long each step takes (an expectation or requirement). • How delays by either party are treated.
28	**Do you think that public submissions should be sought on permit applications? What other steps would ensure sufficient opportunity for iwi , hapū, whānau, and stakeholders to inform decision-making?** Application requirements could include a report on pre-application engagement with iwi and other key stakeholders including infrastructure providers that would be involved in a project delivery, and the plan for engagement during (ie concurrently with) the feasibility phase. **Consider how/when to best streamline public consultation** if possible eg public consultation may be part of feasibility but not for the feasibility permit itself, and there may be an independent limited consultation process with identified stakeholders following feasibility phase and during permitting

	of construction/operation, once there is more clarity on project scope. Our experience is that requirements are more effective if framed as outcomes, rather than process requirements.
	Do you agree that permit-holders should regularly report on the progress of their feasibility studies? How frequently should the reporting be?
29	Yes, this could also include reporting on • Engagement with other key stakeholders (only mana moana and local communities noted on page 27). • Achievements against project plan (timing and progress) • Changes in feasibility activities or project scoping based on results from feasibility activities to date.
30	**What reporting standards should the Government set to make the disclosures meaningful?**
	Who should have access to this information? How should it be shared?
31	Non-commercially sensitive information should be shared, including feasibility study reports (once completed) and regular update reports.
32	**Do you agree that developers not complying with obligations could face compliance actions, with risk loss of rights to conduct feasibility studies as a last resort? What sorts of non-compliance could lead to the loss of these rights?**
Chapter 7: Information on existing uses, interests, and values	
	Are there other uses, interests, and values not covered above that can be readily mapped? What are they?
33	If this is anticipated to be an assessment of all potential uses, interests and values, then the document has gaps. As presented, it suggests only certain items are relevant in the context of this permitting process. Examples of additional items are: • **Land based assets** and values will be relevant for potential landing areas and onshore connections. Uses, interests and values should not be limited to the marine area only. • **Relevant energy assets** are not just Transpower 110 and 220kV lines. Opportunities or limitations with connections to the energy system is not defined by who owns these assets or their capability (voltage), but rather their function. Relevant energy assets could be owned by electricity distributors, the project developer, the end user, or another third party. All relevant infrastructure assets that would provide for the generated electricity to get to the proposed end user are important to be mapped and/or understood. • **Values mapped in regional plans and strategies** for the territorial sea and adjacent landward area may also be relevant. For example, areas of significant cultural, biodiversity, or landscape values are identified in RMA regional plans or regional council strategy documents and are not acknowledged in the document. These values may also provide an indication of adjacent areas of value beyond 12 miles eg environmental values extending both sides of the 12 mile line.
34	**Of the uses, interests, and values identified above, which ones do you consider should be prohibitive, ie the existence of those uses, interests, and values in a given area should exclude an area from consideration for offshore renewable energy generation? Why?**

35	**What opportunities do you envisage for offshore renewable energy developments and other uses, interests and values to co-exist, or be co-located in the same space?**
	How could conflicts with existing uses, interests and values be managed?
36	This needs to be part of the assessment at feasibility stage. If there is a location/value which is prohibitive, then this should be identified at the start prior to development phase permitting (ie before huge investment in feasibility).
	What uses, interests and values cannot readily be mapped? How should these be taken into account when considering the feasibility of establishing offshore wind farms?
37	Cultural values may not be mapped and the explicit engagement of iwi is therefore important in the process. Aspects of economic and social interests may not be readily mapped but are a component of feasibility, for example availability of required labour skill/resource, contribution to regional decarbonisation transition, existing regional social/physical resources.

Any other comments?

Chapter 2 provides context and notes "other technical factors will also influence economic viability of an offshore wind project. These include … availability of grid connection, grid capacity …"
The maps annexed in the document mark distance to Transpower grid, and Transpower transmission lines. Powerco also maps the current network and capacity (Powerco network and capacity map).

A broader view of electricity network asset ownership is needed. Mapping network asset ownership to Transpower will exclude the potential for other providers/options. There are network and connection options for an offshore generator and it is important for the regulatory framework to enable consideration of those options as we grow and diversify our energy system. The provider of the connection may not be Transpower and assessment of connection options would be a part of the feasibility assessment. For example, it is possible that new sources of demand may want to connect to any new network assets closer to the source of generation and before the connection to the grid.

It is critical that **the new framework and processes for offshore renewable energy provide for the generation, transmission, distribution, and demand interactions** for the offshore generation. We encourage MBIE to develop enabling policy settings that avoid a compartmentalised approach to generation, transmission, distribution, and ownership of assets. An example of a compartmentalised approach is how electricity transmission and distribution infrastructure are treated differently in the current RMA framework. National interests will be supported with revised enabling policy for generation, transmission and distribution under both the RMA and EEZA.