



10 February 2023

Environment Committee
Parliament Buildings
Private Bag 18041
Wellington 6160

Via email: environment@parliament.govt.nz

Tēnā koutou

Powerco submission on the Natural and Built Environment Bill and Spatial Planning Bill

1. Powerco Limited (Powerco) welcomes this opportunity to provide feedback on the Natural and Built Environment Bill (NBE) and the Spatial Planning Bill (SPB) (the Bills).

Summary of Submission

2. Powerco supports the intended direction of the Bills and the Government's intention to ensure the provision of critical infrastructure is prioritised as an outcome of the incoming planning system. Energy distribution infrastructure is a critical component of our current environment and wellbeing, and will be even more critical for New Zealand to shift away from fossil fuel reliance and reducing its greenhouse gas emissions. Powerco's overarching objective in reviewing the Bills is therefore to ensure the provisions give effect to that intention, and enable the energy distribution infrastructure that will be required to support the rapid decarbonisation necessary to meet the 2050 emission reduction targets and the 2025 and 2030 emissions budgets set under the Climate Change Response Act 2002 (CCRA).
3. Powerco acknowledges that the Bills have attempted to provide for the needs of infrastructure and renewable energy. The delivery of distribution activities has been challenging under the RMA. The RMA and its national direction has tended to provide policy support to electricity generation and transmission, but not extended to support distribution – despite the energy system needing all of its constituent parts to be able to function to provide affordable, reliable and low emissions energy to consumers. Powerco seeks that the new system, and the details in the Bills appropriately provides the support needed for distribution activities to achieve outcomes for the full energy system (see Figure 1).

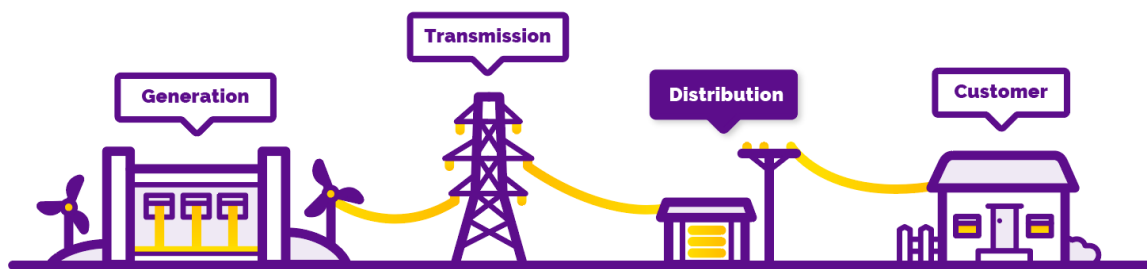


Figure 1 - The electricity system and the place of distribution

4. With this overarching objective in mind, Powerco's submission identifies many areas of the reform that are positive steps forward but which can be further enhanced through specific amendments, as well as parts of the reform which Powerco opposes as having potential to undermine reform objectives as well as the wider decarbonisation targets.

About Powerco

5. Powerco is New Zealand's largest electricity and second largest gas distributor in terms of network length. Our network spreads across the upper and lower central North Island, servicing around 1.1 million customers across 450,000 homes, businesses and industries. This represents 46% of the gas connections and 16% of the electricity connections in New Zealand. We are a requiring authority and operate assets within six regions, under 29 district plans, and pursuant to numerous resource consents and designations.
6. Our electricity distribution network measures over 28,000km in length, while our gas distribution network measures over 6,170km. With our wide geographical spread, Powerco's distribution networks traverse or adjoin a wide range of environments. For example, our networks on the Coromandel Peninsula pass through Outstanding Natural Features and Landscapes, Significant Natural Areas, the Coastal Marine Area, Conservation land, wetlands, as well as urban and rural zones.
7. Powerco's existing distribution networks need to be operated, maintained, repaired, and upgraded to maintain or improve capacity or security of supply. New network infrastructure is also needed to meet growing electricity demand driven by decarbonisation, new technology, population and economic growth. In recognition of the critical nature of our distribution networks, Powerco is a "Lifeline Utility" as described in Part B of Schedule 1 of the Civil Defence Emergency Management Act 2002.
8. A reliable and constant energy supply is critical to sustaining the regional economy, population growth and community wellbeing. Powerco's goal is to provide its customers with the optimal balance of cost, security and flexibility. Development of our network, providing for new technologies and smart systems, is an important contributor to New Zealand meeting its 2050 net zero target. New Zealand demand for electricity is modelled to increase by 68% by 2050 (Transpower 2020 modelling) so providing for this growth and minimising regulatory constraints is a priority in achieving 2050 emissions targets. Attachment

one contains further information about Powerco, national energy demand, and infrastructure build needed to achieve the 2050 emission targets.

Powerco's submission on the NBEB

9. Powerco's submission seeks the following key changes to NBEB to address issues that have the potential to limit the ability of distribution infrastructure to contribute to achieving a successful transition to a low carbon economy:
 - i. Strengthening **the infrastructure outcome** in clause 5 to ensure an appropriate balance between the system outcomes.
 - ii. Ensuring the **National Planning Framework** (NPF) specifically provides direction that supports the full renewable energy system, including distribution, transmission and generation, changes to clarify the status of framework land use rules in relation to designations, and process changes to ensure NPF reviews are carried out in response to key sectoral planning documents (e.g. the Energy Strategy).
 - iii. Providing for the NPF to take effect and replace existing national direction at the earliest opportunity given it is expected to include essential improved national direction for infrastructure planning.
 - iv. Exclusions of the application of **Permitted Activity Notices** (PANs) to infrastructure activities as these could significantly increase administrative burdens in relation to activities which have very minor effects and have been managed as permitted activities without issue under the RMA.
 - v. Insertion of clear and specific provisions **deeming designations and requiring authorities** under the RMA, to be designations and requiring authorities under the NBEA.
 - vi. Removal of the default **public notification** expectations for discretionary activities under the NBEB, provision for specific recognition of the importance of notifying affected network utilities and remove the ability for notification decisions to be subject to declarations by the Environment Court.
 - vii. Removal of unclear and unnecessary barriers to more than "**trivial**" **activities in places of national importance** or highly vulnerable biodiversity, and the retention of the use of well understood RMA effects language (specifically "more than minor") which will minimise re-litigating effects language that has been settled under the RMA.
 - viii. Avoiding or minimising unnecessary ongoing obligations to notify regional councils of existing and well established activities on **HAIL site land**.

Outcomes

10. **The system outcome for infrastructure should be strengthened.** Powerco supports the move to a more outcomes-focused regulatory system, and a specific outcome for infrastructure in clause 5. However, Powerco is concerned that the wording for the infrastructure outcome has been watered down from the Exposure Draft. Other outcomes in clause 5 have more directive wording (ie “protection”). The outcome for infrastructure should be given equal weight with the other outcomes in clause 5, but the infrastructure outcome only requires “provision” of infrastructure services. Powerco considers the current wording supporting infrastructure in clause 5(i) should be strengthened.
11. If the importance of infrastructure is not emphasised, outcomes that are “protected” are likely to take priority over outcomes that must only be “provided”. Powerco notes RMA case law on interpretation of outcomes directed by listed objectives requires weight to be given to the different wording used. This means there is potential for protective outcomes to override a vague or non-directive infrastructure outcome, meaning infrastructure will not get built if an adverse effect on environmental values protected in clause 5(a) could result. This could limit the ability to provide necessary infrastructure and related services, even where that infrastructure already exists and/or impacts are low. We also note that “infrastructure services” is not defined and could be interpreted as the energy provided rather than the physical electricity infrastructure. It is critical that the outcome is to enable both the infrastructure and the service.
12. Powerco considers that the infrastructure outcome should emphasise both the *protection* of existing infrastructure, as well as actively *enabling* new infrastructure, providing high level support for the construction, operation, maintenance and upgrade of infrastructure crucial to New Zealand.

Powerco **seeks** that the system outcome for infrastructure in clause 5(i) is amended as below:

(i) ~~the ongoing and timely provision~~ Protect and enable infrastructure and its services to support the well-being of people and communities.

National Planning Framework

13. **The national planning framework (NPF) setting national direction should have effect sooner and be adjusted in its relationship with designations.** Powerco supports providing integrated national direction through the NPF. If properly implemented, the NPF will help ensure integrated planning and allow updating, standardisation and modernisation of provisions.
14. Under the RMA, different national direction instruments are not complementary, cover specific parts but not the whole of the electricity sector, and in many cases are inconsistent with limited direction on resolving conflicts. RMA national direction for energy has focused on electricity generation and

transmission, without recognising the national significance of the energy system as a whole, including distribution. Without distribution, the generation and transmission of electricity provides limited benefit to people and communities, and will limit the contribution of renewable electricity to New Zealand's emissions reduction.

15. As highlighted in Figure 1 (page 2), electricity is transported at high voltages across the Transpower network to Grid Exit Points (GXP's). From these GXP's it is distribution companies, such as Powerco, that transport electricity to most consumers within New Zealand. To give an example, Palmerston North is served by two GXP's (Linton and Bunnythorpe), while the Powerco network in Palmerston North provides connections to 54,857 Installation Control Points (ICPs), which is the point of connection of a customer to our network.
16. As distribution assets need to be located wherever a customer chooses to locate, our infrastructure passes through a range of differing environments. In many cases, our networks face locational constraints (built up areas offer less flexibility) and therefore unavoidably comes into contact with sensitive environments in a manner that could be beneficially managed consistently at a national level via national direction.
17. Unfortunately, in places the NBEB continues the RMA's unsatisfactory approach of dividing the electricity infrastructure system into its constituent parts. This is particularly problematic in the case of the direction given by clause 58 of the NBEB on content that must be included in the NPF. That clause references 'enabling renewable electricity generation and its transmission' but is silent as to distribution. There is also a timely opportunity for the NBEB to take a broader energy perspective compared to the RMA focus on electricity. For example as technology changes and energy transition options develop, renewable energy sources such as biomass and renewable gas will have an important part to play in New Zealand's energy future. Powerco considers that the NPF content must include renewable energy generation, transmission and distribution.
18. Clause 92 provides that a NPF rule will prevail over a designation if an existing designation is altered, or if an existing designation has not yet had a CIP submitted, or a new designation does not meet a framework rule. This enables a NPF rule to prevail over a designation, even if the designation is already in place. As other parts of the NBEB give precedent to designations, it is unclear how clause 92 works with these other parts of the NBEB.
19. The value of the designation provisions in the NBEB are significantly undermined if framework rules do override any designation. The purpose of a designation is to recognise that certain public interest works have a national or regional significance that will at times be inconsistent with local or national rules for land use. A framework rule that exists when a new or altered designation is required, is certainly a relevant consideration in determining how effects of works associated with a designation may be managed. However, giving the framework rule priority over the designation is not appropriate in the hierarchy of NBEB plans and tools. Framework rules related to regional consent matters (water, air etc) will continue to apply.

20. Powerco notes that schedule 6, clause 28 requires the Minister to 'consider whether it is necessary to review the NPF' when an emissions reduction plan or national adaptation plan is issued. The New Zealand Energy Strategy is an overarching document which is intended to set key directions for New Zealand's energy future (much like other sectors' Government Policy Statement, which are referenced in the NBEB). Powerco considers that the Energy Strategy is a critical policy and planning document for a key infrastructure sector and should be reflected in the NPF. Powerco considers the requirement in clause 28 in Schedule 6 should be extended to key sectoral documents including (but not limited to) the New Zealand Energy Strategy.

Powerco **seeks** the following:

- i. Clause 58 is amended to include reference to either the "energy system" as a whole or by inserting reference to electricity distribution:
(e) enabling renewable electricity generation and its transmission and distribution.
- ii. Clause 92 is amended to clarify that a designation prevails over a framework rule only in relation to framework rules that are not land use rules.
- iii. An amendment to clause 28 of schedule 6 to consider a review of the NPF once documents and guidance required by the CCRA, and also the New Zealand Energy Strategy, are finalised.

Transitional provisions

21. **New national direction should apply as soon as possible.** Powerco supports the NBEB's focus on decarbonisation and considers that with the improvements outlined in this submission the reforms advance and support the objective of decarbonising New Zealand's economy. Parts of the proposed new planning system needed to support this objective will benefit from the new national direction in the NPF coming into effect as soon as possible. Powerco strongly supports the move to a unified national direction document. However, Powerco is concerned that considerable time and effort will go into developing the NPF only for it to then effectively sit on a shelf for potentially 10 years without influencing planning decisions in favour of decarbonisation. Powerco therefore seeks that the transition happens as soon as possible either through updates to RMA national direction and/or through the NPF having clear interim effect for RMA decisions. An ability for government to maintain one set of national direction documents rather than two over the 10 year transition period is preferable.

Powerco **seeks** that the NBEB (or regulations) provide for the NPF to take effect under both the NBA and RMA and replace existing national direction at the earliest practicable opportunity.

Consents

22. **Distribution infrastructure activities able to apply for extended consent durations.** Clause 275 imposes a 10 year resource consent duration for certain activities related to water and discharge of contaminants. Powerco supports the principle of clause 276's exemption from the proposed maximum 10 year duration on some consents including electricity distribution.
23. **Permitted activity notices (PANs) are likely to create additional administrative burdens, which is contrary to the purpose of a permitted activity.** Powerco is concerned the new permitted activity notice provisions in clause 302 amount to a new de facto consent category and could become a standard requirement for activities that are currently permitted. Powerco undertakes a significant amount of routine work on its networks such as the replacement of aged assets and trimming of vegetation that are permitted activities across our footprint.
24. Clauses 302 and 303 of the NBE Bill would require a PAN to be issued before commencing any (permitted) activity subject to the PAN. This requirement has the potential to add additional cost and delay for no apparent benefit. Many of Powerco's activities are currently permitted activities under district plan rules and therefore can be undertaken as of right without the need to obtain resource consent. A change in the status of these activities from 'permitted' to 'PAN' could add unnecessary compliance obligations and uncertainty.
25. Unlike other consent categories (controlled, discretionary and prohibited) consent authorities are able to issue or decline a PAN with no requirement to provide reasoning. The NBEB provides no scope or guidance for the circumstances in which a PAN may be rejected. There is no apparent ability for a consent authority to request further information, so if there is any uncertainty about meeting permitted activity requirements, a PAN may be rejected. An inability to obtain timely third party approval may also result in delays or rejection of a PAN. If a PAN is rejected, there is no alternative pathway to apply for consent, as it is a permitted activity. It is also unreasonable for a permitted activity not to commence until a PAN is issued. Permitted activities by their very definition do not require approval and are not subject to a grant or decline process, so requiring Council approval for a PAN to be issued is not consistent with the NBEB's intention to rationalise activity categories and would be highly inefficient, especially for routine distribution network activities that have minimal adverse effects.
26. As an operator of linear infrastructure Powerco is concerned that that PANs could be used without consideration, for example by requiring all currently permitted activities in areas with biodiversity, landscape or heritage values to instead require PANs. Such a broad approach could significantly impact

Powerco, by changing the administrative requirements for a high number of activities. Powerco considers there is a strong case that network utility operators should not be subject to PAN processes.

Powerco **seeks:**

- i. That infrastructure activities with public benefits such as network utility operators' activities are not subject to requirements under any NBEA plan or framework for a PAN under clause 156(2):

The national planning framework or a plan may direct an applicant, excluding network utility operators, to apply for a permitted activity notice under section 302.

- ii. Limits on matters consent authorities may consider when making a decision on whether to issue or decline a PAN. This could include excluding discretion to ensure that the 'permitted' nature of PANs is maintained and not used inappropriately.
- iii. Deletion of clause 302(1)(b) in its entirety.
- iv. Deletion of the requirement to obtain third party approvals from clause 302(2)(b).

Designations

27. **The NBEB should explicitly roll over existing designations and requiring authority status.** Powerco is a requiring authority and has a number of sites that operate in reliance on designations under the RMA. Currently the NBEB does not specifically carry over requiring authority status or designations. Without explicit continuation of designations and requiring authority status, the ability of requiring authorities to deliver projects and maintain current activities could be jeopardised.
28. Schedule 1 clause 2(1) of the NBEB provides that "Every RMA document in force immediately before the commencement of this clause continues in force according to its terms subject to this Act." However the definition of "RMA document" does not include designations and it is therefore not clear whether this transitional provision applies to designations. Further, there is no provision in the NBEB that provides for the continuation of requiring authority status for parties like Powerco who have already been approved as requiring authorities under the RMA.
29. To avoid any ambiguity, Powerco seeks specific provisions that continue RMA designations without modification and on their same conditions, as part of Natural and Built Environment Act plans (NBEA plans), and also continuation of pre-existing requiring authority status.
30. The precedent for this approach was set in the RMA when it came into force and provided transitional arrangement for pre-existing designations and requiring authorities as was in force under the prior

legislation, being the Town and Country Planning Act 1977 (see section 420, RMA pursuant to which designations under the Town and Country Planning Act 1977 were deemed to be designations in the relevant district plan under section 175 of the RMA). A similar provision in the NBEA applying to designations and requiring authorities would remove any scope for debate and reduce the uncertainty currently faced by infrastructure providers operating under RMA designations.

Powerco **seeks** specific transitional provisions in the NBEA:

- i. That requiring authorities under the RMA be carried over and approved as requiring authorities under the NBEA.
- ii. Designations in district plans under the RMA be recognised and included as designations in NBEA plans by an amendment to the definition of 'RMA document' in Schedule 1 clause 1(1) or to the definition of 'designation'.

31. **More direction is required on notification requirements for designations.** Powerco supports the increased options and flexibility for obtaining a designation, in particular the provision for route-protection designations and inclusion of a 'primary CIP' involving higher level information about proposed activities, with the 'secondary CIP' containing more information.
32. Powerco supports the requirement in clause 507(4) that construction and implementation effects need not be considered when deciding on notification for a route protection notice of requirement. There is a strong argument this provision should go further and impose a presumption that route protections should not be notified at all, unless required by the National Planning Framework (NPF) or an NBEA plan, as effects will be managed as part of the construction and implementation plan (which will almost certainly be notified). This will also avoid the potential for a designation to go through two separate public notification steps, and be consistent with the principle that the route protection is a high level identification of need, rather than more detailed consideration of works.

Powerco **seeks** that clause 507 be amended to only allow for notification of a route protection notices of requirement where this is specifically required by the NPF or NBEA plan or where the construction and implementation plan process will be unlikely to provide for public participation.

Notification

33. **Changes are required to the notification provisions:** Powerco is concerned that changes to simplify the notification provisions could unintentionally prevent Powerco being notified in situations where it should be involved. For example, Powerco should be notified of consent applications for proposals that may

require changes to, or may have effects, on the distribution network. An amendment to clause 206(a) is sought where limited notification must be required if it is appropriate to notify any person who may represent 'public interest'. Powerco suggests an addition where limited notification would be required to any person who may represent public interest *or* 'an affected network utility operator'. Providing high level recognition of the importance of notification to network utilities in the NBEB will help ensure operators are able to participate in consent processes where infrastructure could be affected.

34. The new purpose for notification in clause 198 states the purpose of notification is to obtain information relevant to understanding the proposed activity. Powerco considers that public notification does not support this purpose. Public notification can (and does) mean that parties join consent processes, despite those parties not being directly affected and not having any information about the application that would assist the decision maker. Limited notification, in accordance with requirements or guidance provided in the NPF and/or NBEA plans, should be adequate to ensure all affected parties with relevant information will have the ability to participate in consent processes.
35. Powerco considers that even wide-ranging limited notification is more appropriate than public notification, as it limits the scope for participation to affected parties who are by their nature more likely to be able to provide information that assists the decision-maker. Clauses 205 and 206 provide good guidance to decision makers about when to require either public or limited notification. There is no need to mandate all discretionary activities to be publicly notified as per clause 204, this is onerous and has high compliance costs. As an operator of lineal infrastructure, many of our projects pass through multiple zones and environments, including sensitive environments. When taking a 'bundling approach' to a resource consent application, it is possible that one small section of a project could pass through a sensitive environment triggering a discretionary activity status (and notification) for the entire project. While notification of such an application may be appropriate, such a decision should be based on an assessment of the effects of the proposal not the activity status.
36. Powerco is also concerned about the change to enable notification decisions to be the subject of declaration proceedings in the Environment Court, as opposed to the current process where review of notification decisions is in the High Court. This is likely to increase the number of challenges to notification decisions, which is counter to the NBEB's intention of 'front loading' the planning decisions and simplifying consent process and is ultimately likely to increase timeframes, slow down consenting process and increase the delays and costs associated with the provision of critical infrastructure.

Powerco **seeks:**

- i. Clause 206(a) is amended as below:

It is appropriate to notify any person who may represent public interest or an affected network utility operator.

- ii. Clause 204 is removed from the NBEB.
- iii. Clause 696(g) is removed, and replaced with a provision with the same effect as section 310(h) of the RMA that excludes notification provisions from the Environment Court's jurisdiction.

Places of national importance

- 37. **The prohibition on activities in places of national importance or highly vulnerable biodiversity areas (HVBA) that would have more than 'trivial' adverse effects will be highly problematic.** Clause 563 prohibits activities in HVBA that would have more than trivial effects, unless an exemption applies and clause 559 imposes a similar limit in relation to places of national importance.
- 38. The use of the word 'trivial' in these clauses is not supported. Current case law under the RMA is based on 'minor' effects. Powerco considers the use of 'minor' is more appropriate as the meaning is well understood and RMA case law can be drawn on to interpret what 'minor effects' would be. 'Trivial' does not have a defined meaning and the use of trivial is likely to be more onerous, more unclear, and require rulings by the courts to determine the meaning and application of these clauses. Replacing 'trivial' with 'minor' would simplify application of these provisions.
- 39. The impact of these provisions is best highlighted by assessing our existing networks on the Coromandel Peninsula. The main backbone of our network on the peninsula passes through the Coromandel Forest Park which is listed as an Outstanding Natural Feature and Landscape (ONF/L) within the Thames Coromandel District Plan (Figures 2 and 3). It is reasonable to assume that this area would become a place of national importance under the NBEB. Operating and maintaining these assets is critical to supply of electricity to the Coromandel Peninsula – and activities such as vegetation clearance around conductors (lines) are equally critical to their ongoing safe operation. It is considered that the current wording of clause 559 would likely prevent such activities from being undertaken which is strongly opposed.

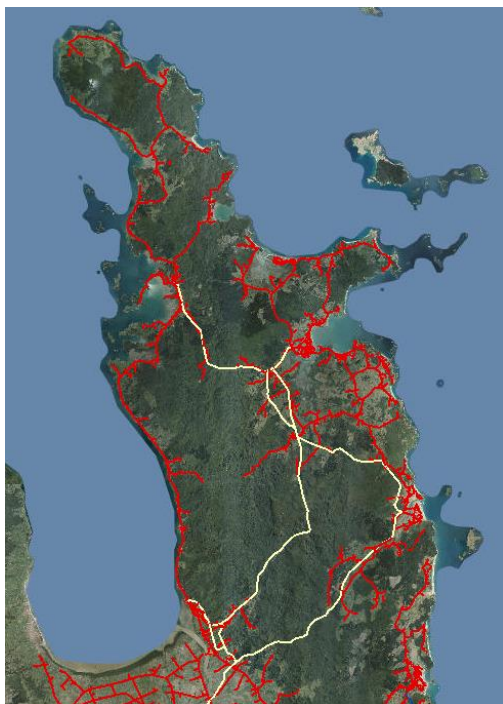


Figure 2 - Powerco networks



Figure 3 – Thames Coromandel ONF/L

Powerco **seeks** that the word 'trivial' is replaced with 'minor' in clauses 559 and 563.

Contaminated land

40. **New obligations on owners of land used for HAIL activities could be onerous.** Powerco considers the requirement in clause 418 for a landowner to notify regional councils of activities or industries listed on the Hazardous Activities and Industries List (HAIL), and provide details of environmental investigations, is reasonable, to enable a good regional database of contaminated land. However, as Powerco operates a number of sites that would be subject to this requirement, it considers clause 418, as currently worded, could be taken to impose ongoing requirements for notifications of ongoing monitoring and investigation reports. Such ongoing obligations run the risk of imposing redundant and unnecessary obligations.
41. Accordingly, Powerco considers that an amendment to clause 418 is necessary to clarify that the notification requirement and provision of information about environmental investigations represents a single obligation. If ongoing monitoring and reporting is required, then this can be imposed through specific requirements imposed by the regional council, noting such investigations are likely linked to consents which the regional or territorial authority is involved with anyway.

Powerco **seeks** amendments to clause 418 to ensure the obligation to notify the regional council of the use of land for a HAIL activity, and provide details of environmental investigations,

represents a discrete obligation at the time the relevant activity commences (or within a certain timeframe of this part of the NBEA coming into effect) and does not impose a continuing obligation .

Plan development

42. **Timeframes for providing evidence supporting submissions are unreasonable.** Clause 34 of schedule 7 requires that primary submissions on NBEA plans must include all evidence the submitter intends to submit in support of the submission. Powerco acknowledges the benefits of providing information in support of submission points at the start of a planning process, and notes that Schedule 7 still anticipates expert evidence to be prepared and exchanged at the time of a hearing.
43. Use of the word 'evidence' in clause 34 may cause confusion, and we believe it was not the intent to require written statements of expert evidence at the time of lodging the submission. Adjusting the wording to clarify the intent is recommended.

Powerco **seeks** an amendment to clause 34 of schedule 7 to require primary submissions to include all information in support of submission points made.

Powerco's submission on the SPB

44. **Essential infrastructure/lifeline utilities should be required to be consulted during the formation of regional spatial strategies (RSS).** Powerco supports the RSS approach and the SPB's longer term approach to planning which has the potential to significantly improve on the current RMA approach. However, Powerco considers there is a risk that key new energy and infrastructure projects will not be able to be included in the RSS unless the process is made more nimble and information inputs are clarified.
45. The complexity of electricity distribution means that changes to the existing networks may not be identified and spatially planned in alignment with the RSS development schedule. It will not be possible to identify all future infrastructure works, let alone details of locations and likely activities, at the time an RSS is being prepared or reviewed. If electricity distributors are to effectively participate in the new RSS system, the system needs to be sufficiently responsive and flexible to the market's needs, especially as we develop infrastructure in response to customers' electrification and development timetables. The benefits of strategic planning will not be achieved if the RSS is out of date.
46. To address the needs of infrastructure providers and ensure the RSS is fulfilling its function, Powerco seeks that further specific direction be provided to require infrastructure providers, particularly lifeline utilities, to

be engaged in the preparation of the RSS from the earliest possible stages, at each nine year review and also to be consulted on a more regular basis in addition and outside the usual nine year review period.

47. Further, Powerco considers that the provisions for changes to RSSs outside the nine year review (clauses 48 and 49 of the SPB) rely too much on the regional planning committee's (RPC) discretion and ability to identify needed changes. Rather than relying solely on the RPC's discretion, statutory provision should be made for other parties to request the RPC consider the need for amendments to the RSS.

Powerco **seeks** the following amendments to the SPB:

- i. Ensure infrastructure providers, particularly lifeline utilities, are required to be involved in RSS preparation scheduled and interim reviews, in each case at the earliest possible stage.
- ii. Provide a mechanism for infrastructure providers/lifeline utilities and/or all persons to seek changes to the RSS outside the usual nine year review period.

Conclusion

48. Should officials or the Committee require any additional information regarding Powerco or the changes to the Bills sought above, please do not hesitate to contact us via Gary Scholfield, Environmental Planner, Ph +64 7 928 5659, Mobile +64 27 598 4145 or email: planning@powerco.co.nz.
49. Powerco would like the opportunity to present and discuss its submission to the Committee when it considers these submissions and would be happy to attend in person in Wellington or via audio visual link, as appropriate.

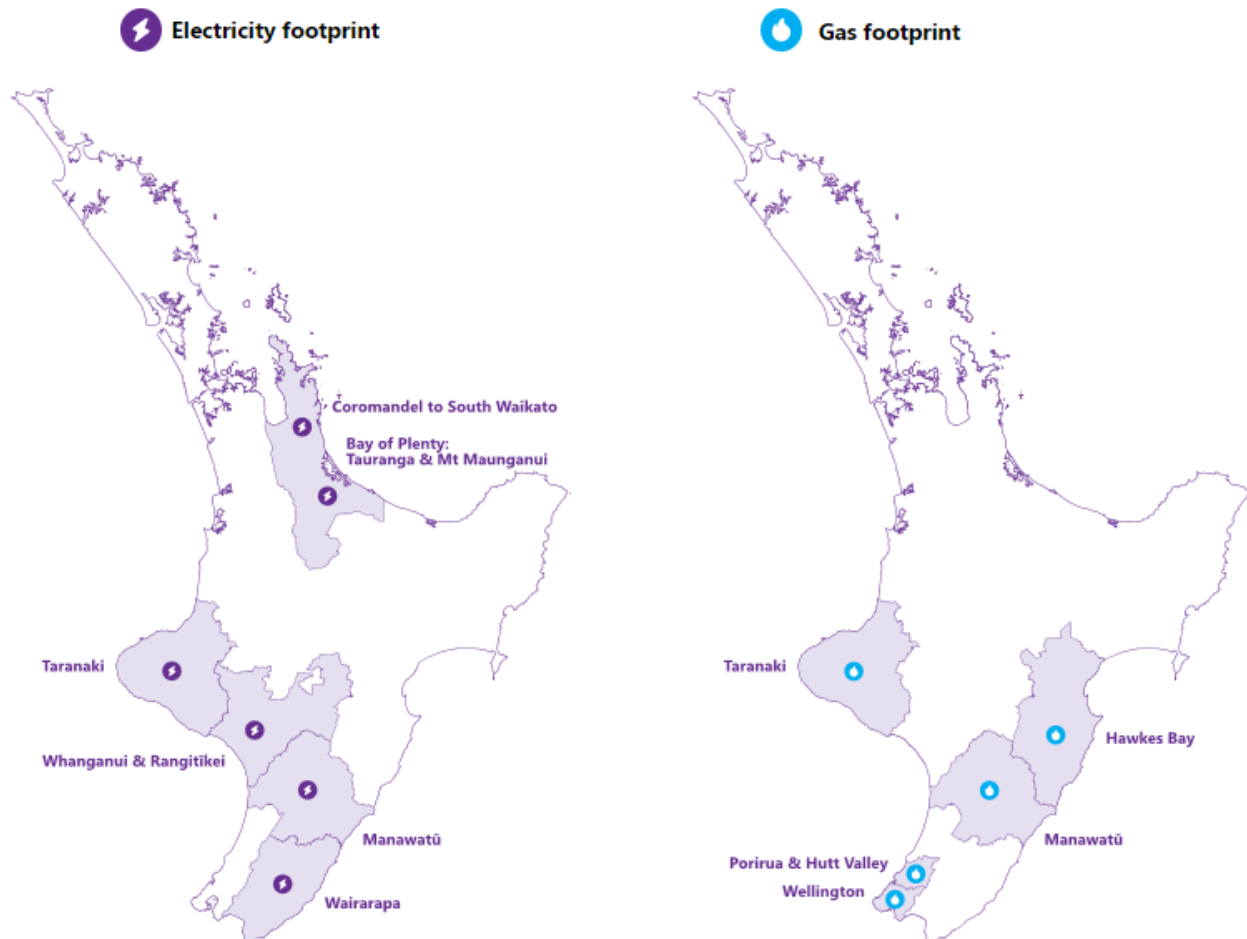
Ngā mihi



James Kilty
Chief Executive
POWERCO

Attachment One – Further information about Powerco

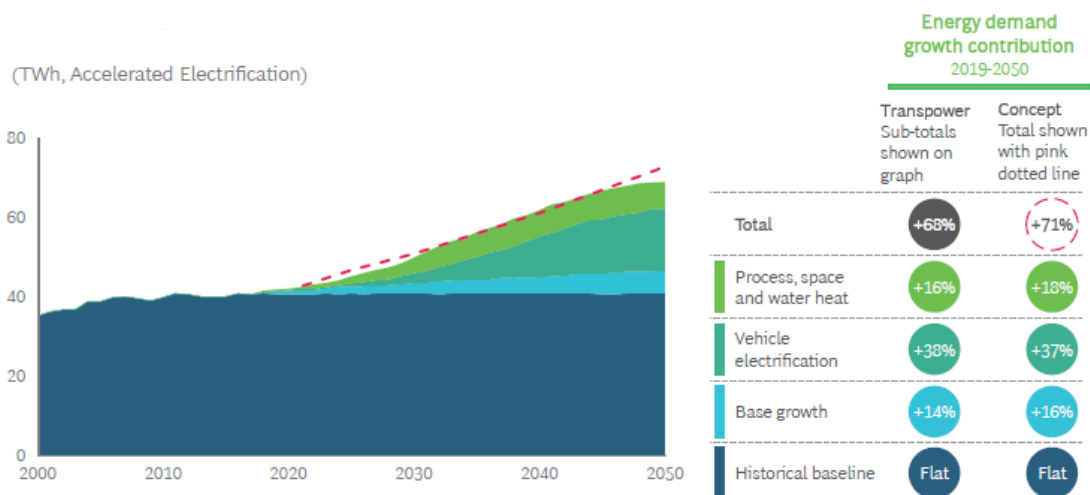
Powerco network info



NZ Electricity demand growth

- **Increased energy demand:** With accelerating rates of electrification, modelling from Transpower in 2020 anticipated electricity demand will increase by 20% by 2030 and 68% by 2050. Concept Consulting's modelling for the BCG report showed similar results – see chart below (Exhibit 23 BCG Report, showing 71% increase in NZ's gross electricity demand by 2050¹).

¹ Sourced from: <https://www.bcg.com/publications/2022/climate-change-in-new-zealand>



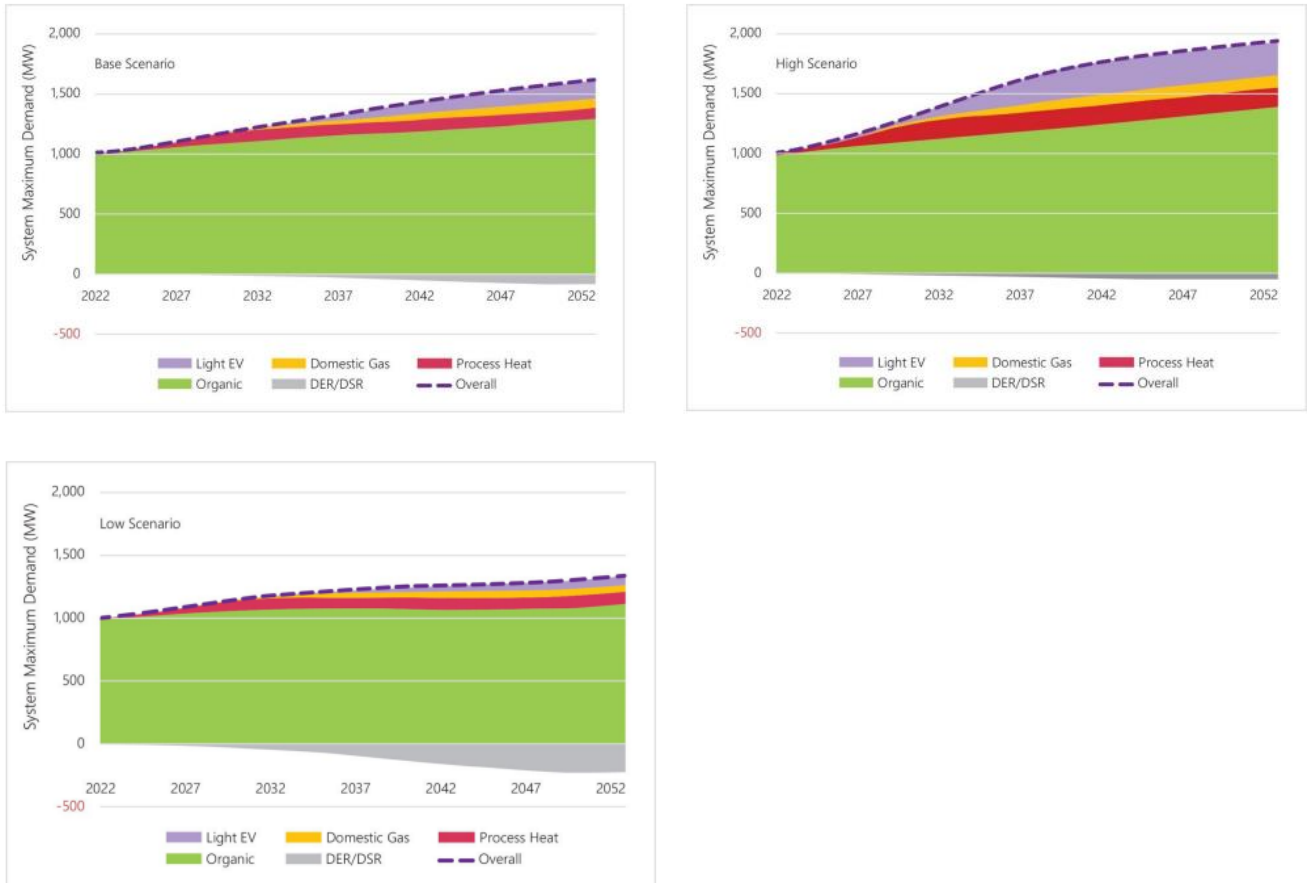
Source: Transpower Whakamama i Te Mauri Hiko (March 2020) - Accelerated Electrification Path; Concept Consulting, BCG analysis

- **Greater peaks in demand:** With accelerating rates of electrification, peak demand will also increase. BCG modelling shows that peak demand is anticipated to increase by 28% by 2030 and 93% by 2050, prior to contributions from EV smart charging and demand response. There is a particular challenge to ensure we have adequate peak capacity to meet North Island needs. This will require more fast-start flexible supply-side and demand-side resources. It will also require distribution networks (and to some extent transmission) to develop new infrastructure to enable electrification and associated increasing peak demand.

Changing demand on the Powerco network

- Electricity demand continues to grow on the Powerco network. The coincident peak demand on the Powerco network in FY21 was at a record level – 986 MW compared with a previous high of 943 MW. This represents demand growth of almost 5%, in a year without exceptional cold spells.
- Refined demand forecasts prepared in 2022 (AMP 2022) provide a forecast range for base, low and high scenarios recognising the considerable uncertainty in the impact of external factors including decarbonisation (particularly process heat), Covid-19, new technology, and project costs.

Figure 2.11: Powerco demand forecast ranges



Growth needed in distributor investment

- BCG report predicts a \$22 billion investment in distribution infrastructure is needed by Powerco and other distribution companies in the 2020s – this is the biggest investment component (almost 3x transmission investment and more than 2x new generation investment). \$25 billion in the 2030s (more than 2x transmission) and \$24 billion in the 2040s (more than 2x transmission).
- In order to get ahead of demand growth, the report shows that spend on NZ’s distribution networks needs to increase to \$2.5billion from 2026 onwards being a 30% increase compared to the 2021-25 period.

BCG report, Exhibit 88: Historical and forecast peak demand and distribution expenditure:

