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Tēnā koutou

## **PROPOSED NATIONAL POLICY STATEMENT FOR NATURAL HAZARD DECISION-MAKING**

Powerco Limited (Powerco) appreciates the opportunity to provide feedback on the proposed National Policy Statement for Natural Hazard Decision-making (NPS-NHD).

### **About Powerco**

Powerco is an electricity and gas distribution company providing essential infrastructure to diverse communities across the North Island of Aotearoa. Powerco keeps the lights on and gas flowing to around 1.1 million customers, across 452,000 homes, businesses, and organisations in the North Island. We operate more than 28,000km of electricity lines and cables, and over 6,170km of gas pipelines. As such, Powerco's distribution networks traverse a wide range of environments including areas susceptible to natural hazards.

Powerco's existing distribution networks need to be operated, maintained, repaired, and upgraded to maintain or improve capacity or security of supply. In addition, 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, we are within the definition of "Lifeline Utility" as described in Part B of Schedule 1 of the Civil Defence Emergency Management Act 2002.

Powerco's network operates within six regions, under 29 district plans. Implications arising from this national policy statement (as drafted) is likely to further inhibit the timely and cost effectiveness of maintaining the existing network.

### **Submission**

Powerco's submission is focussed on three issues: appropriateness of the national policy statement (as drafted) to consider the Electricity Sector (namely the Distribution component); implications on existing infrastructure and implications for new infrastructure. This submission will not delve into the drafting issues, for example where

definitions are lacking or drafting will have interpretation issues. For example, the definition of **new development** means development:

- a) Of new buildings, structures, or infrastructure on land that currently does not have buildings, structures, or infrastructure located on it; or
- b) That is an extension or replacement of existing buildings, structures, or infrastructure.

Without a definition of 'land', it is unclear to what extent a) can be applied. For example, is this a singular allotment, title, or area as defined by ownership. Is the risk 'tolerable' as there are already existing buildings, or structures or infrastructure present?

## Appropriateness of infrastructure inclusion

1. Powerco does not support the inclusion of infrastructure (particularly lifeline utility infrastructure) within the proposed NPS – Natural Hazard Decision-making

The NPS as currently drafted appears to be a broad-brush approach to natural hazard management which has captured infrastructure that is at best only periodically occupied and subject to rigorous design specifications. Powerco would support a more nuanced / sector specific approach to natural hazards decision making, addressing the specific issues associated with different societal requirements than on a generic land use basis.

As a lifeline utility Powerco is obligated under the CDEMA to ensure that it can function to the fullest extent possible, even though this might be at a reduced level, during an emergency and ensure its plan for functioning during and after an emergency is available. In addition to these requirements, Powerco has design standards currently ensuring that as a minimum, assets are designed to recognised standards and in some asset instances; to meet or exceed a 0.5% annual exceedance probability.

Powerco also questions the timing of the NPS's release during which the Select Committee Enquiry into Climate Adaptation is being undertaken and the Department of the Prime Minister and Cabinet (DPMC) is working on standards for critical infrastructure resilience.

As drafted, there is little certainty around 'risk tolerance', Powerco's concern is that without clear direction; this risk assessment will be applied inconsistently across our network footprint and is being assessed by those that are not best placed to do so.

2. Implications of the NPS – NHD on Powerco's existing electricity distribution network

Powerco is concerned that as drafted, the NPS – NHD will add further regulatory hurdles to an already congested legislative environment.

Much of Powerco's routine distribution activities involve either the replacement of end-of-life assets, extensions to existing assets or the upgrading of assets. As currently drafted, the definition of '**new development**' would capture these activities.

Whilst this is not an issue on face value, should a routine activity trigger the need for a resource consent; consideration of a Natural Hazard Risk is now a consideration (Policy 4 a & b).

An example of this could be that an older district plan does not have provisions relating to the replacement of an asset with a standard modern equivalent, typically these rules will have restrictive size increases or specify like for like replacement.

A pole replacement activity has now triggered the need for a consent and must now also navigate the NPS for Natural Hazard Decision-making, triggered by an unrelated matter; furthermore, critical infrastructure providers will be relying on decision makers (territorial authorities) to determine the following:

- Level of natural hazard risk (high, moderate, or low) – **Policy 1**;
- Likelihood and consequences of the natural hazard occurring, including adverse effects on the environment and potential serious damage to property and infrastructure; tolerance to the natural hazard event and the willingness and capability of those subject to the risk – **Policy 2**;
- If decision makers feel the natural hazard risk is uncertain, unknown, little understood or could be intolerable, then a precautionary approach must be adopted – **Policy 3**; and
- In areas determined to be high risk, planning decisions must ensure new development is avoided unless the level of risk is reduced to at least a tolerable level – **Policy 5**.

While it is understood that the definitions of risk are intended to be principle based as opposed to prescriptive, Powerco is concerned that without further guidance the definitions are open to interpretation by decision makers; and therefore, reducing certainty of application across the Powerco footprint.

Powerco is also concerned that decision makers will be charged with determining the consequences of a natural hazard on infrastructure, tolerance of that infrastructure to the natural hazard and the capability of the asset owner to respond to the risk.

Powerco's infrastructure is already subject to rigorous design standards that specify minimum requirements and include:

- Site selection hazard assessments (avoiding areas susceptible to flooding, tsunami, lahar and fault lines);
- NZS 9401 – managing flood risk;
- Minimum annual exceedance probability design;
- AS/NZS7000; and
- Accounting for climate change.

Prescribing standards, as is a possible outcome from the DPMC discussion document – Strengthening the resilience of Aotearoa New Zealand's critical infrastructure system, is in Powerco's view a much more robust approach to natural hazard management (where critical infrastructure is concerned). Standards allow for industry specific requirements that are fit for purpose, can be applied consistently and take away the need for decision makers; in this instance territorial authorities, to have to make decisions on areas outside of their expertise.

### 3. Implications of the NPS – NHD on constructing new electricity distribution assets

It is anticipated that implications from the proposed NPS-NHD on the construction of new infrastructure will also complicate matters, but in a different manner.

New infrastructure, in an electricity distribution sense; is largely dictated by the demand or by the supply.

Meaning natural hazards may need to be traversed to ensure supply meets communities or industry and demand is serviced – Powerco has little effect on where these are located.

As drafted, the proposed NPS does not consider trade offs where although the infrastructure type may not be resilient to a present natural hazard, the cost to improve resilience is unpalatable to the consumers of the service or that reinstatement of the service can be undertaken in a timely and cost-effective manner.

Aotearoa is seeing an unprecedented uptake in renewable generation coming to market, as well as advances into other areas previously not developed. Off-shore wind is an example where there is significant interest, so much so that a discussion paper was circulated for consultation in April on '*Enabling investment in offshore renewable energy*'. Connection of this energy may not necessarily default to the national grid, how are decision makers to weigh up the level of risk associated to a natural hazard, with that of climate change mitigation.

## Conclusion

In summary, Powerco is of the view that critical infrastructure should be excluded from the proposed NPS-NHD or that the development of this policy is paused pending the findings of the DPMC and select committee enquiry in order to ensure a more comprehensive policy is achieved. As outlined above, the implications of not getting this right, will further the current climate of expensive and in efficient provision of infrastructure.

Powerco would welcome the opportunity to meet with staff to discuss / elaborate on the concerns outlined above.

Ngā mihi nui,



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Head of Environment

**POWERCO**

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