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CCUS team
Ministry of Business, Innovation and Employment
Via email: gasfuelpolicy@mbie.govt.nz

Tēnā koe,

A regime to enable a role for CCUS in New Zealand's decarbonisation and energy security

A lower emissions New Zealand economy will be achieved through enabling and incentivising a broad range of decarbonisation opportunities. Carbon capture, use, and storage (CCUS) has potential for significant emissions reductions/removals while at the same time, supporting security of supply for both gas and electricity.

Powerco is one of Aotearoa's largest gas and electricity distributors, supplying around 357,000 (electricity) and 114,000 (gas) urban and rural homes and businesses in the North Island. These energy networks provide essential services to around 1 million kiwis and will be core to Aotearoa achieving a net-zero economy in 2050. We have a future focused mindset in playing our part in decarbonisation and we endorse regulatory changes to keep pace with technology and enable both the government and industry to deliver the activities needed to achieve 2050 targets.

Powerco is pursuing opportunities in biogas production from waste. CO₂ capture from that process is unlikely to be economic, but a regulatory framework will assist to clarify potential opportunities for capture, CCUS technology could also present benefits for our larger gas customers in considering options for decarbonisation from their energy use. We endorse a regulatory framework that provides national policy direction and clarity for businesses to determine when a CCUS scenario is beneficial, while also providing the public with confidence in CCUS management. Establishing an enabling regime for CCUS has the potential to assist both CCUS and energy security. For New Zealand to meet both climate response strategies and energy security, we need to unlock all potential options, even where the uptake or outcome is not completely certain – everything, everywhere, all at once.

Our summary views on the proposals in the discussion document are:

A level playing field for emissions reductions and removals

- With clear regulation and the right incentives, CCUS can be delivered where it is efficient to do so. Emissions reductions and removals should be treated the same providing for industry to select and implement emissions management options, including CCUS.
- We support an amendment to the Emissions Trading Scheme (ETS) to account for either emissions reductions (net emissions at site) or removals achieved by capturing CO₂, similar to how owners of forestry receive NZUs for removals. A CCS operator should be a participant in the ETS, but where CO₂ is reinjected at site, this is an avoided emission and should not trigger an ETS obligation.

- While economic incentives may not be necessary for CCUS, we recommend an explicit government policy recognition for the place of CCUS as an important enabler, for example through the Emissions Reduction Plan (ERP).
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Pre-emptive provision to avoid consenting barriers

- New technology such as CCUS may not yet be tested for consenting barriers in New Zealand. This does not prevent pre-emptively ensuring any consenting requirements are clear and streamlined. We support clear policy direction under the ERP and national direction under the RMA to guide appropriate scrutiny of environmental risks.
 - To encourage new CCS projects in New Zealand, we also encourage consideration of a regime more suited to small-scale and pilot projects alongside a regime for 'standard' projects to help balance compliance costs, environmental integrity, and CCUS uptake.
 - New bespoke legislation for CCUS is needed, similar to the crown minerals regime which separates the right from the consenting. But while this new regime is developed, clear national policy direction providing enabling provisions under existing regulations such as Resource Management Act would be appropriate.
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A pragmatic regime for monitoring and reporting

- Monitoring and reporting is a critical element for the regulatory regime. A pragmatic approach is required as CCUS develops in New Zealand. There is significant opportunity to design a regime learning from other jurisdictions.
- The regime should address post closure monitoring and eventual release of the permit holder from liability associated with permanent storage (where reporting shows long term stability).

Energy Resources Aotearoa (ERA) has developed details on CCUS opportunities and regulatory priorities. We support the ERA submission and encourage government officials to work closely with ERA on design of an outcomes-based (rather than prescriptive) regime which enables CCUS and does not duplicate Crown Minerals Act controls and practices.

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

Nāku noa, nā,



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POWERCO