

Hon Dr Megan Woods

MP for Wigram

Minister of Housing

Minister of Energy and Resources

Minister for Building and Construction

Associate Minister of Finance



Rt Hon Simon Upton
Parliamentary Commissioner for the Environment
PO Box 10241
Wellington 6140

Ref: MWE22-2163

Dear Simon

Thank you for your letter of 20 December 2022 and for sharing your thoughts on the development of the New Zealand Energy Strategy (the Strategy). I agree that New Zealand is on the cusp of the greatest energy system transformation for generations. The decisions we make now will have significance for the coming decades and determine our ability to meet our climate objectives.

These decisions are of great importance, and it is critical that they are based upon comprehensive whole of system analysis. The decisions we make will also require input from a diverse range of parties across the country. New Zealanders will need to know that their voices to have been heard in the development of the Strategy to ensure buy-in which will be critical to the successful implementation of the Strategy.

I consider that the current timeline is appropriate. It reflects the importance of getting these decisions right whilst considering the full range of options, alongside engaging in meaningful consultation. It is imperative that the development of the Strategy is open minded, free from confirmation bias and willing to adapt based on the feedback of New Zealanders.

It is encouraging to see your passion for the NZ Battery Project. This is an idea with serious merit which is why the Government is investigating its technical and economic feasibility. The initial phase of the investigation is complete and includes consideration of several renewable energy storage options. Cabinet is due to consider next steps on the NZ Battery Project this month, which will include whether to move to the more detailed design phase of the investigation. Of course, any further work on the NZ Battery Project will need to integrate with other work in my portfolio, including the Strategy.

I note your list of 'low regrets options' which could be advanced before the final publication of the Strategy in late 2024. I am aware of the importance of early action and my officials are continually assessing opportunities for low regrets actions which could be taken before the publication of the Strategy.

Actions already underway that address some low regrets options you have identified include:

- An expansion of the Government Investment in Decarbonising Industry fund (GIDI) fund in budget 2022 to include help for businesses to buy and install low emission,

high efficiency electrical equipment used for industrial and commercial processes, including specifically electric motors and electric heat pumps.


- A roadmap by the Electricity Authority for the transition to a low emissions energy system which examines the necessary regulatory change required during the transition.
- A review of the product energy efficiency regulatory system and work to improve the energy performance of private electric vehicle (EV) chargers, including consideration of smart chargers.
- Legislative change under the Building for Climate Change Programme and the development of additional initiatives that will focus on reducing embodied carbon from buildings and improving operational efficiency in new buildings.
- Transpower's major CAPEX application for reactive support to increase the maximum electricity flow along the HVDC. You can find more information on this here: <https://www.transpower.co.nz/news/transpower-seeks-investment-power-new-zealands-energy-transition>.
- Government funding for FlexForum – A diverse electricity industry group which has developed and is implementing a Flexibility Plan to makes it as easy as possible for households, businesses, and communities to unlock the value of flexibility as they electrify and decarbonise and integrate distributed energy resources (DER) into the electricity system and markets to maximise the benefits for New Zealand. More information on this fund can be found here: <https://www.araake.co.nz/projects/flexforum/>.

These actions are a subset of a range of other activities which are underway relating to energy market transformation as outlined in the energy and industry chapter of the first emissions reduction plan. My officials will continue to look for low regrets opportunities which can be progressed prior to the final release of the Strategy.

I note your request to receive regular briefings on the evolution of the Strategy prior to its finalisation and submission to the Government. My officials have been in contact with your office to clarify your expectations for this reporting.

Thank you again for writing to me.

Warm regards



Hon Dr Megan Woods
Minister of Energy and Resources

Cc:

Hon Grant Robertson
Minister of Finance

Hon James Shaw
Minister of Climate Change

Hon David Parker
Minister for the Environment