



MAJOR ELECTRICITY USERS' GROUP

30 May 2006

Secretariat
Local Government and Environment Committee, Parliament
WELLINGTON

Madam Chair, members of the Local Government and Environment Committee

Submission on the Resource Management (Climate Protection) Amendment Bill

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Resource Management (Climate Protection) Amendment Bill (the "Bill").
2. MEUG is a trade association comprising 19 member companies and 2 industry group members. Members of MEUG collectively consume approximately 30% of total electricity demand. Appendix one provides more information about MEUG.
3. Individual members of MEUG may also be commenting separately on the Bill.
4. Climate change policies come within the mandate of MEUG because some policy proposals can alter the incentives to invest in generation, electricity lines or demand side management options in such a way that there is no material improvement to the environment but significant harm to the economy.
5. The Bill appears to reflect frustration at the perceived lack of progress in establishing a national climate change policy. MEUG would caution reversing Parliaments express wish to have climate change effects considered at a national level and instead allow local government to consider those effects. If the Bill were to become law we would open up a Pandora's Box of ad hoc local government decisions that would need to be unwound as national policies were put in place.
6. Climate change is a global phenomenon. The materiality, causation and future risks of climate change is controversial world wide within academia and politically. Within that uncertainty deciding what the best package of responses New Zealand should take now and in the future as the scientific evidence and international agreements evolve is complex. This is as much a problem New Zealand must solve in international multi-lateral forums as within Cabinet. To suggest local government has the resources and expertise to consider methane emissions, transport emissions, household and industry emissions in a more robust and comprehensive approach than central government is misguided.
7. MEUG oppose the Bill.

Yours sincerely

Terrence Currie
Chair

Appendix

List of MEUG members and Mission Statement

There are 19 member companies in MEUG plus two industry group members ^[*]:

Table 1: List of MEUG members	
Auckland International Airport Limited	Lion Breweries
Business NZ ^[*]	Methanex New Zealand Limited
Canterbury Meat Packers Limited	New Zealand Steel Limited
Carter Holt Harvey Limited	Norske Skog Tasman Limited
Comalco New Zealand Limited	Oceana Gold Limited
Dongwha Patinna NZ Limited	Pan Pacific Forest Products Limited
Fletcher Building Limited including:	Progressive Enterprises Limited
• Fletcher Building Steel Group	Solid Energy New Zealand Limited
• Golden Bay Cement Co. Limited	Telecom New Zealand Limited
• The Laminex Group	The New Zealand Refining Company Limited
Heinz Wattie's Australasia	Winstone Pulp International Limited
Holcim (new Zealand) Limited	Wood Processors Association of NZ ^[*]

MEUG members, households and commercial consumers use approximately 30% to one third each of total national demand. Table 2 on the following page lists individual MEUG member annual load, onsite generation and peak demand.

The Mission Statement for MEUG is:

“The members of the Major Electricity Users' Group are committed to ensuring the continuing availability of electricity services, at the lowest cost to the economy as a whole, consistent with sustainable development. Within this framework, the Group seeks to ensure competitive electricity prices and security of supply to the members of MEUG.”

The 2006/07 external strategic objectives for MEUG are:

- 1) Improve competition;
- 2) Environmental policies that support the primary goal of economic growth;
- 3) Security of supply arrangements do not distort the market;
- 4) Most cost efficient transmission; and
- 5) Most cost efficient distribution.

Table 2: MEUG members load and own generation					
MEUG member ¹	Load GWh/y	Gen. GWh/y	Net GWh/y	Peak	
Auckland International Airport Ltd	23	-	23	13 MVA	www.auckland-airport.co.nz
Business NZ	n.a.	n.a.	n.a.		www.businessnz.org.nz
Canterbury Meat Packers Ltd.	41	-	41		www.cmp.co.nz
Carter Holt Harvey Limited	1,105	260	845	130 MW	www.chh.co.nz
Comalco New Zealand Ltd	5,000	-	5,000	580 MW	www.comalco.com
Dongwha Patinna NZ Ltd	58	-	58	9 MW	www.patinna.com
Fletcher Building Limited	454	-	454		www.fletcherbuilding.com
Heinz Wattie's Ltd	56	-	56		www.watties.co.nz
Holcim (New Zealand) Ltd	70	-	70		www.holcim.com/nz
Lion Breweries	23	-	23	6.5 MW	www.lion-nathan.co.nz
Methanex New Zealand Ltd	18	-	18		www.methanex.com
New Zealand Steel Ltd	1,045	600	445	106 MW	www.nzsteel.co.nz
Norske Skog	1,300	230	1,070	170 MW	www.norske-skog.com
Oceana Gold Ltd	152	-	152	16.5 MW	www.oceanagold.com
Pan Pac Forest Products Ltd	550	66	550	78 MW	www.panpac.co.nz
Progressive Enterprises Ltd	240	-	240		www.progressive.co.nz
Solid Energy New Zealand Ltd	29	-	29		www.coalnz.com
Telecom New Zealand Ltd	190	-	190		www.telecom.co.nz
The New Zealand Refining Co. Ltd	235	-	235		www.nzrc.co.nz
Winstone Pulp International Ltd	330	-	330	48 MW	www.wpi-international.co.nz
Wood Processors Assoc of NZ	n.a.	n.a.	n.a.		www.wpa.org.nz
	<u>10,901</u>	<u>1,156</u>	<u>9,745</u>		
NZ total demand ²	36,898				
MEUG as percentage of total ³	30%				

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¹ Load, generation and peak load data may not be up to date because of changes in operations by individual companies since last surveyed by MEUG.

² Refer Ministry of Economic Development, Energy Data File, January 2006, p139, demand for year ended 30 March 2005

³ Excluding demand by non-MEUG members of Business NZ and Wood Processors Association