



MAJOR ELECTRICITY USERS' GROUP

7 March 2008

Minister for the Environment

Submission on proposed Te Waka wind farm call in

1. This is a submission by the Major Electricity Users' Group (MEUG) on the call in of Unison's proposed wind farm on the Te Waka ranges. A list of MEUG members is attached.
2. The reason for this submission is we believe the call in was unwarranted and we request the Environment Court give little weight to the Minister's reasons for the call in when balancing effects.

Minister's reasons for the call in

3. The reason for declaring the Te Waka wind farm proposal is of national significance and therefore can be called in was¹:

"The proposal is relevant to New Zealand's international obligations to the global environment in terms of the Kyoto Protocol including the proposal's contribution towards the achievement of the target of 90% of electricity generation to be from renewable energy sources by 2025 as set out in the New Zealand Energy Strategy to 2050."

Relevance to international obligations

4. The first part of the reason, "*relevant to New Zealand's international obligations to the global environment in terms of the Kyoto Protocol*," is relevant to the criteria listed in s. 141B(2)(e) of the RMA, ie
"Affects or is likely to affect or is relevant to New Zealand's international obligations to the global environment."
5. There is though an issue of materiality. The question is whether the Te Waka wind farm proposal's contribution to meeting the Kyoto Protocol is of sufficient national importance to warrant a call in?
6. Consent applications for wind farms are reasonably common nowadays. As at 7 March 2008 the New Zealand Wind Energy Association web site² reported resource consents for wind farm development capacity totalling 1,914 MW have been applied for. Some of that 1,914 MW capacity has already been consented and a decision on construction is pending. The proposed capacity for Te Waka wind farm is 102 MW, ie 5% of the current total wind farm consents applied for in New Zealand.
7. Even in an extreme case where the Te Waka wind farm does not proceed it will not be a major loss to New Zealand or global initiatives to mitigate climate change because there are many other wind farm proposals to replace it. Note MEUG do not support or oppose such an outcome

¹ Hon Trevor Mallard, Minister for the Environment, Public Notice of Direction to call in Unison's proposal to establish a wind farm near the 'Te Waka' Range, Hawkes Bay, 9 February 2008, refer <http://www.mfe.govt.nz/rma/call-in-tewaka/public-notice-tewaka.html>

² Refer http://www.windenergy.org.nz/FAQ/proj_dom.htm#potential

for these consent applications; our concern is with the relative weighting given to the Minister's reasons for making this call in.

8. MEUG suggest reliance on New Zealand's obligations under the Kyoto Protocol is an insufficient reason for this call in and is also a minor effect to be considered by the Environment Court in considering these consent applications.

Contribution to NZES 90% by 2025 renewables target

9. The second part of the reason for the call in refers to the "*proposal's contribution towards the achievement of the target of 90% of electricity generation to be from renewable energy sources by 2025 as set out in the New Zealand Energy Strategy to 2050.*" MEUG notes that the New Zealand Energy Strategy (NZES) is a political vision. The NZES is not a National Policy Statement in terms of the RMA nor was it developed by an independent agency.
10. The political vision of 90% renewable generation by 2025 is one of many possible future scenarios that various agencies have recently considered, eg
 - a) The Electricity Commission (EC) is required to publish a Statement of Opportunities (SOO) periodically to assist Transpower, generators and consumers foresee investment opportunities and the risks and benefits for each of those investors under a range of feasible scenarios. The EC is currently consulting on one step in preparing the next SOO. That involves deciding a useful range of possible scenarios.

One of the scenarios in the discussion paper³ for comment is 'Sustainable Path', ie 90% renewable by 2025. There are four other draft scenarios that have forecast levels of renewable generation by 2025 of 85%, 80% 75% and 70%.
 - b) Transpower is currently consulting on a Grid Investment Test analysis⁴ for replacement of Pole 1 of the HVDC (the inter-island link) as part of a regulated process by which the Electricity Commission approves, or not, transmission investment proposals. The 90% renewables by 2025 scenario is one of five scenarios considered by Transpower. The other four scenarios result in less renewables by 2025.
11. MEUG suggest if political "visions" and ad hoc political targets such as those set out in the NZES were to become accepted as reasonable criteria for call ins and subsequently the Environment Court or Board of Inquiry (as the case may be) were to put significant weight on those reasons; then we will end up with an economy where key developments can be dictated by Ministerial whim.
12. MEUG strongly recommend the Environment Court consider the NZES target of 90% of electricity generation to be from renewable energy sources by 2025 as feasible under certain assumptions, but by no means certain if actual events differ from key assumptions. When considering the effects of the Te Waka wind farm proposal, we recommend the Environment Court test the robustness of the effects across several potential future scenarios.

Yours sincerely



Ralph Matthes
Executive Director

³ Electricity Commission, 2008 Grid Planning Assumptions: Consultation material on draft generation scenarios, 20 February 2008, paragraph 31. Refer <http://www.electricitycommission.govt.nz/pdfs/opdev/modelling/pdfconsultation/GPA/consultation.pdf>. Submissions to the Electricity Commission close 13 March 2008.

⁴ Transpower, Inter-Island HVDC Pole 1 Replacement Investigation – Grid Investment test Consultation, 7 February 2008, page 17. Refer http://www.gridnewzealand.co.nz/f282.124464/124464_git-consultation-doc-rev-b-feb-08.pdf. Submissions to Transpower close 4 April 2008.

Appendix: List of MEUG members and Mission Statement

There are 20 member companies in MEUG plus two industry group members as listed below along with estimated annual load, onsite generation and peak demand.

MEUG member ⁵	Load GWh/y	Onsite generation GWh/y	Net Load GWh/y	Peak demand
Comalco New Zealand Limited	5,000	-	5,000	580 MW
Norske Skog	1,300	230	1,070	170 MW
Carter Holt Harvey Limited	1,105	260	845	130 MW
New Zealand Steel Limited	1,045	600	445	106 MW
Pan Pac Forest Products Limited	550	66	550	78 MW
Fletcher Building Limited	454	-	454	
Winstone Pulp International Limited	330	-	330	48 MW
The New Zealand Refining Co. Limited	235	-	235	
Telecom New Zealand Limited	190	-	190	
Oceana Gold Limited	152	-	152	16.5 MW
Holcim (New Zealand) Limited	70	-	70	
Dongwha Patinna NZ Limited	58	-	58	9 MW
Heinz Wattie's Limited	56	-	56	
Tegel Foods Limited	56	-	56	
Canterbury Meat Packers Limited	41	-	41	
Solid Energy New Zealand Limited	29	-	29	
Ravensdown Fertiliser Co-op	28	22	6	
Auckland International Airport Limited	23	-	23	13 MVA
Lion Breweries	23	-	23	6.5 MW
Methanex New Zealand Limited	18	-	18	
Business NZ	...			
Wood Processors Association of NZ	...			
	10,763	1,178	9,585	
NZ total demand ⁶	36,898			
MEUG as percentage of total ⁷	29%			

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 2007/08 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.

⁵ 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.

⁶ Refer Ministry of Economic Development, Energy Data File, January 2006, p139, demand for year ended 30 March 2005

⁷ Excluding demand by non-MEUG members of Business NZ and Wood Processors Association