

Election 2023 will be a genuine contest of ideas

This year's election is shaping up to be a defining one for the electricity sector. The next Parliamentary term will take us to 2026, by which time many of the policies and industry decisions that will see us through to 2030 and beyond will have been determined.

In that context, last month's political panel debate was of great interest. Thank you to Energy Resources Aotearoa and the other organisations that helped organise and support the event (including MEUG). A key takeaway from the debate was that there is not bipartisan support for a defined way forward to a lower emissions future.

Our wider sector faces a genuine contest of ideas. Regardless of where you sit on any debate, there is likely a political party that reflects your broad position. And there are a number of important debates underway within our sector, e.g.:

- Should thermal generation continue to play a role? And, if so, what role?
- Should emissions reductions be determined by market mechanisms or driven by Government?
- How do we navigate the tension between reliable supply and increased intermittent renewable generation?
- Should industry receive support from Government to reduce emissions?

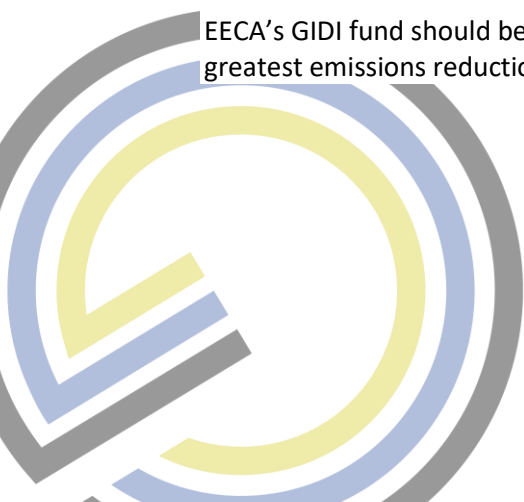
Emissions reduction at least cost

There were several references to New Zealand Steel's "[Steel Deal](#)" with the Government at the political panel debate as well as the wider subject of Government support for emissions reduction.

That deal will reduce New Zealand's gross emissions by a full 1.0%, at a cost of \$140 million funded from the Emissions Trading Scheme revenue (total project cost of approx. \$300 million). If you believe in the greatest emissions reduction at least possible cost, the "Steel Deal" represents the single greatest intervention Government could make. Put another way, if we could replicate that deal then New Zealand could halve its gross emissions and smash our net zero target for a total cost of around \$7 billion over the next 27 years. Or around \$260 million a year. To put that in perspective, the Government is facing an approximate \$25 billion payment for failing to meet 2030 targets, let alone the cost of everything else that needs to be done.

Politicians and others who want to criticise the deal, would rather see taxpayers and the economy pay out vastly greater sums. MEUG continues to hold the position that we have net targets, and as a country and economy we should endeavour to reach those targets at least possible cost.

EECA's GIDI fund should be de-politicised and the criteria should be simple. Projects with the greatest emissions reduction per dollar of funding should be supported.



Key dates

What's on	Who	When	Notes for members
Announcement: Clean energy investment fund	Government	8 August	Government and BlackRock work together on climate infrastructure fund in NZ to unlock investment to support 100% renewable electricity generation.
Submission: Strengthening the resilience of critical infrastructure	DPMC	8 August	Consultation paper on the need to reform New Zealand's existing regulatory approach to delivering a resilient critical infrastructure system. MEUG unlikely to submit at this stage of the project.
Submission: Improving Hedge Disclosure Obligations	Electricity Authority	9 August	Consultation paper on issues and high-level options to improve the hedge disclosure obligation requirements. MEUG supports a competitive contracting market, but our submission will highlight the concerns we have with some of the Authority's proposals.
Cross-submission: Draft IMs decision paper – EDBs	Commerce Commission	9 August	The Commission is consulting on its draft decisions for the 2023 Input Methodologies. MEUG will focus on EDBs, and proposed changes to the WACC percentile and the large customer contract mechanism. MEUG's original submission is available here .
Report back: Climate Change Response (late payment penalties and industrial allocation) Amendment Bill	Select Committee	11 August	This Bill seeks to amend the Climate Change Response Act 2002 re the settings for industrial allocation and the penalty that applies when small forestry participants fail to surrender or repay units by the due date. The Select Committee is due to report back on 11 August, following the public consultation stage.
Submission: Review of the NZ ETS	Ministry for the Environment	11 August	This review focuses on the benefits, trade-offs, and risks of changing the NZ ETS so it can incentivise gross emissions reductions, but continue to support removals.
Submission: A redesigned NZ ETS Permanent Forest Category	Ministry for the Environment	11 August	The Government is seeking feedback on proposals to manage afforestation by redesigning the NZ ETS permanent forest category. The paper focuses on three key decisions it is considering when redesigning the permanent forest category.
Cross-submission: Draft IMs decision paper – Transpower	Commerce Commission	14 August	The Commission is consulting on its draft decisions for the 2023 Input Methodologies (IMs) review that apply to Transpower. MEUG's cross-submission will focus on points raised by Transpower and Vector in the first round of consultation.
Submission: Issues paper on targeted reform of distribution pricing	Electricity Authority	15 August	The Authority's distribution pricing paper looks at issues around peak and off-peak pricing, allocation of costs among customer groups, connection pricing and retailers' response to distribution pricing signals. Cross submissions are due 30 August.
Event: Taranaki Energy Forum	Freeman Media	23 August	Online forum focuses on opportunities and challenges for the energy resources sector as we navigate the energy transition.
Monthly meeting: MEUG Executive Council meeting	MEUG members	23 August	Our focus this month is on the upcoming MBIE energy omnibus consultation that includes the gas transition plan, electricity market measures, the hydrogen roadmap and offshore wind.
Submission: Draft Collaboration and Sustainability guidelines	Commerce Commission	24 August	The Commission is consulting on draft Collaboration and Sustainability Guidelines to assist businesses understand when collaboration with competitors for sustainability objectives may raise competition issues under the Commerce Act
Event: EECA stakeholder function	EECA	28 August	Networking event to acknowledge Andrew Caseley who steps aside as EECA Chief Executive in September.
Submission: Two draft determinations for UFE	Electricity Authority	29 August	Consultation on two under-frequency events that occurred on 30 July 2022 and 7 October 2022.
Event: New Zealand Energy Excellence Awards	Freeman Media	30 August	Annual event to recognise excellence and achievement across the energy sector.