

1 June 2023

Electricity RMA Project Team  
Energy & Resource Markets  
Ministry of Business, Innovation and Employment  
25 The Terrace  
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Dear Paul

## **Strengthening national direction on renewable electricity generation and electricity transmission**

1. This is a submission from the Major Electricity Users' Group (MEUG) on the Ministry of Business, Innovation and Employment (MBIE) and the Ministry for the Environment (MfE) consultation paper "*Strengthening national direction on renewable electricity generation and electricity transmission*"<sup>1</sup> published for consultation in April 2023.
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Members may lodge separate submissions.

### **Support for measures to aid transition to a low-emissions electricity system**

3. MEUG welcomes the Government taking urgent action to address the issues that the electricity sector is currently facing when it seeks to develop and consent renewable electricity infrastructure.
4. The consultation paper clearly sets out why New Zealand needs much greater investment in renewable electricity generation, and the supporting electricity transmission infrastructure, to meet our net-zero target by 2050. The paper also summarises the delays and issues that the sector is facing when trying to develop these investments, and the cost of these delays on New Zealand.<sup>2</sup>
5. It is important to note that an increase in renewable electricity generation (alongside an increase in competition) will be key to putting downward pressure on current wholesale prices. Wholesale prices and future prices in recent years have been increasing, making wholesale electricity in NZ relatively expensive:

<sup>1</sup> <https://www.mbie.govt.nz/dmsdocument/26387-strengthening-national-direction-on-renewable-energy-generation-and-electricity-transmission-consultation-doc-pdf>

<sup>2</sup> As quantified by Sapere (2022) <https://www.tewaihangagovt.nz/assets/The-cost-of-consenting-infrastructure-projects-in-NZ-final-report.pdf> (tewaihangagovt.nz). Report commissioned by Te Waihangā.

- a. From the beginning of 2012 through to September 2018, the wholesale price averaged \$75/MWh.
  - b. By 2022, the wholesale price was averaging \$176/MWh.
6. These increases have an impact on business decisions around electrifying process heat. In short, it is unrealistic to expect industrial companies to significantly increase their load while the electricity price remains so elevated. These elevated prices also flow through to and impact all electricity consumers across the country.
7. By enabling greater renewable electricity generation to enter the market, this should put downward pressure on the market, with the intention of near-term prices reflecting lower new renewable generation costs. This should encourage the shift to greater electrification that is needed to meet our net zero targets.
8. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at [karen@meug.co.nz](mailto:karen@meug.co.nz).

Yours sincerely



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Major Electricity Users' Group