

MEUG members leading the transition to net zero by 2050

MEUG would like to thank the Minister of Energy and Resources, Hon Dr. Megan Woods, for attending our AGM in June. We had a good discussion on a range of issues and, as always, appreciated the Minister's willingness to engage in a free-and-frank manner.

A continued theme from the AGM discussions was the desire from members to play their part in the transition to net zero by 2050, and updates on the actions undertaken and achievements made. A few of the highlights are:

- The Renewable Electricity Generation Project involving several MEUG members which has achieved power-purchase agreements with Contact Energy to assist the development of the Tauhara geothermal field. More PPAs are likely, and the Government is actively looking at entering the PPA market.
- The work individual MEUG members are doing on bespoke arrangements for renewable electricity supply and converting onsite plant and services to renewable supply.
- An update from Fonterra on progress towards their goals of achieving a 30% reduction in absolute emissions from their manufacturing sites based on 2018 levels by 2030, and to being net zero by 2050. This follows Fonterra achieving their goal of a 20% reduction in energy intensity from 2003 to 2020.
- The update from Woolworths New Zealand on their goals; to deliver a 63% reduction in emissions from their own operations and 19% reduction of scope 3 emissions by 2030 (compared to 2015 baseline), and to source 100% renewable electricity by 2025.
- Rio Tinto has global corporate goals for greenhouse gas emissions targets of 15% reduction by 2025, 50% by 2030 and net zero by 2050. Majority Rio Tinto owned New Zealand's Aluminium Smelter (NZAS) already produces some of the lowest carbon aluminium in the world.

Making informed decisions on how to achieve net zero by 2050

A key theme from the strategy session at the AGM was the importance of looking across the wider energy sector when considering affordable, secure supply of lower emissions energy, rather than focusing just on electricity in isolation.

There are lessons in the policy responses in Europe and Australia (especially the eastern seaboard). Having a diversity of energy supply helps provide resilience during transition and can insulate households from price or supply shocks.

To successfully navigate the transition here in New Zealand, it is important we are aware of overseas issues and developments so we can avoid any mistakes made elsewhere and look to successful examples and how to replicate them. There is a real opportunity for MBIE, the EA, Commerce Commission and GIC to work collaboratively with consumers and industry here, perhaps under the auspices of MBIE’s energy strategy workstream.

Key dates

What’s on	Who	When	Notes for members
Submission: Financial Transmission Rights (FTR) observations	Electricity Authority (EA)	4 July	A review of the FTR market with likely further iterative consultations before changes recommended. Timely though needs to align with decisions to mitigate market power in concurrent wholesale market review.
Webinar: Net Zero Grid Phase 1 (major, i.e., >\$20m non-BAU capex to 2035 that Transpower say are needed to “stay ahead of the game to enable connections”) short-listed projects consultation	Transpower	8 July	Paper published 30 June. Well signaled by Transpower and follows long-list consultation in 2021. Preferred option(s) total around \$350m. Submissions close 15 th August. Transpower will provide indicative pricing for preferred option(s) using new TPM and invite offers for non-transmission-solutions.
Submission: Input Methodologies (IM) draft framework paper	Commerce Commission	11 July	Part of process, required by legislation, to review IM before end of 2023 (seven years since last review). IM are the foundations of price-quality path determinations (usually 5-yearly) for Transpower, EDB and gas monopolies.
Submission: IM process and issues paper	Commerce Commission	11 July	Ditto.
Monthly meeting: EA Board	EA	12 July	Could be important for decisions and or announcements on progress on the wholesale market review.
Submission: Final elements of Real Time Pricing (RTP)	EA	19 July	MEUG supports introduction of RTP. Initial RTP changes from 1 November. Dispatchable Demand and Dispatch Notification enhancements, that many MEUG members will deploy, in place April 2023 (2-months delay).
Monthly Meeting: MEUG Executive Committee	MEUG	27 July	This meeting may be changed to a strategy workshop.