

ICCC Accelerated Electrification: recommendations from final report

Recommendation	Proposed Government Response
100% renewable electricity	
<p>1 a. Prioritise the accelerated electrification of transport and process heat over pursuing 100% renewable electricity by 2035 in a normal hydrological year because this could result in greater greenhouse gas emissions savings while keeping electricity prices affordable.</p>	<p>Government welcomes this recommendation and notes that as well as focusing on reaching 100 percent renewable electricity that we need a sharper focus on lowering process heat and transport emissions. This work is already being prioritised as outlined in recommendations below.</p> <p>We also propose to retain the target of 100 percent renewable electricity in a normal hydrological year by 2035 as a longer term aspirational goal.</p> <p>To address the challenge of reaching 100% renewable electricity while also maintaining a focus on broader objectives Government has agreed that this target should be subject to five yearly assessments to ensure that security of supply and affordability are well managed as part of this approach.</p>
<p>1 b. Investigate the potential for pumped hydro storage to eliminate the use of fossil fuels in the electricity system.</p>	<p>Government proposes to investigate this recommendation further. The Minister of Energy and Resources will report back to Government at the end of 2019 on which agencies will undertake an investigation into pumped hydro, by when and at what cost;</p>
Accelerated electrification – transport	
<p>2 a. Set a target to reduce emissions from transport by at least 6 Mt CO₂e in the year 2035 relative to current levels and, without delay, introduce policies to achieve this target.</p>	<p>Government notes that there are already a number of government programmes underway with the aim of reducing vehicle emissions, including the Low Emissions Vehicles Contestable Fund, interagency working group on electric vehicle charging and Government Procurement of low emissions vehicles;</p> <p>Government is investigating further on a possible target and is seeking further information from the Ministry of Transport on policies that would be needed for achieving a target to consider whether or not a target should be set.</p>
<p>2 b. Ensure that New Zealand does not become a dumping ground for fossil-fuelled vehicles.</p>	<p>Government agrees that there is a need for policies to ensure that New Zealand does not become a dumping ground for fossil-fuel vehicles and has recently announced a consultation on policies for a clean car standard and clean car discount.</p>
<p>2 c. Proactively enables low-emissions mobility for low-income and rural households.</p>	<p>Government is asking the Ministry of Transport to investigate gaps that may emerge as New Zealand transitions to low-emission vehicles, and identify how low-income and rural households may be impacted and possible mitigations. Under the clean car discount and clean car standard proposals being consulted on</p>

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	these policies are expected to save the country more than \$3.4 billion in fuel and result in fuel savings of more than \$6,800 over the lifetime of an average vehicle. The proposals will also result in many popular used imports having a lower capital cost.
Accelerated electrification – process heat	
<p>Strongly encourage the phase out of fossil fuels in process heat by:</p> <p>3 a. Deterring the development of any new fossil fuel process heat.</p> <p>3 b. Setting a clearly defined timetable to phase out fossil fuels in existing process heat, with the phase out of coal as a priority.</p> <p>3 c. Reducing regulatory barriers relating to electrification</p>	<p>Government welcomes the overarching recommendation of the ICCC to encourage the phase out of fossil fuels in process heat. The Government has work underway on process heat and will be consulting later in 2019 on options to encourage energy efficiency in industrial sector use of energy and to decarbonise process heat through uptake of renewable fuels (e.g. electrification and biofuels).</p>
Valuing hydropower	
<p>Ensure the value of existing hydro generation to New Zealand’s climate change objectives is given sufficient weight when decisions about freshwater are made, including by:</p> <p>4 a. Strengthening and clarifying national direction on making trade-offs between hydro generation and freshwater objectives across National Policy Statements.</p>	<p>The Government supports the ICCC recommendation to clarify national direction on making trade-offs between hydro generation and freshwater objectives across National Policy Statements. The Water Taskforce, based at the Ministry for the Environment (MfE), is currently working on the Essential Freshwater work programme, and this is specifically looking to strengthen and clarify national direction on the trade-offs between hydro generation and freshwater objectives within the National Policy Statement on Freshwater Management.</p>
<p>Ensure the value of existing hydro generation to New Zealand’s climate change objectives is given sufficient weight when decisions about freshwater are made, including by:</p> <p>4 b. Working collaboratively with iwi/Māori to co-design solutions so that rights and interests in freshwater are resolved within the context of the Māori-Crown partnership.</p>	<p>Government also supports this recommendation and will continue to work collaboratively with iwi/Māori to co-design solutions so that rights and interests in freshwater are appropriately considered.</p>

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Providing for the development of wind generation at scale	
<p>Provide for the development of wind generation and its associated transmission and distribution infrastructure at scale by:</p> <p>5 a. Revising the National Policy Statement for Renewable Electricity Generation to resolve issues relating to lapsing and varying consents, and re-powering existing wind farms.</p> <p>5 b. Developing National Environmental Standards to enable timely consenting of wind generation, both large and small, and transmission and distribution infrastructure.</p>	<p>Government has directed the Ministry of Business, Innovation and Employment (MBIE) to identify workable policy options to revise the National Policy Statement for Renewable Electricity Generation to be more directive, and also to consider the development of a National Environmental Standard on renewable electricity.</p>
A responsive regulatory system	

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<p>Ensure that:</p> <p>6 a. Regulators be required to take the objective of reducing emissions into account through mechanisms such as Government Policy Statements.</p> <p>6 b. The regulatory system:</p> <ul style="list-style-type: none"> • Facilitates timely investment in the transmission network that optimises the development of new lines with the building of new power generation. • Contains clear processes for approving, consenting and constructing new or upgraded electricity lines for process heat and electric vehicle infrastructure. • Enables distributors and retailers to innovate and adapt to increasing levels of consumer-based technology. • Enables consumers to get the right pricing signals to engage in demand response and make best use of new technologies. <p>6 c. Barriers to distributed and off-grid renewable generation are identified and addressed, and ways to ensure communities can participate are considered.</p>	<p>Government welcomes these recommendation and notes that:</p> <ul style="list-style-type: none"> • recommendations about timely investment and clear planning processes align with the policy Ministers are developing on improving renewable electricity levels. Government will be consulting later in 2019 on options to reduce barriers to accelerating renewables deployment. • recommendations on innovation, consumer-based technology, price signals and community participation in distributed generation are aligned with several Electricity Price Review recommendations. These regulatory system recommendations will be considered within a broader context following the completion of the Electricity Price Review. Announcements on these recommendations will be forthcoming as a part of my response to that review, to come in the next few months.