

Electricity Authority – Ensuring an orderly thermal transition

Climate Justice Taranaki submission, 25th July 2023

1. In view of the urgency to decarbonise within ecological limits without exacerbating social inequity, the transition out of thermal generation needs to focus on substantial demand reduction and energy security for essential public services and households. Based on this, we do not agree with the “desired outcome” as described in the consultation paper (Q1).
2. Dr Geoff Bertram at the Victoria University of Wellington has long exposed the serious problems of the current system notably price gouging and the need for electricity sector reform¹. The current electricity market’s wholesale spot price has created the most unfair system, favouring large industries (e.g. Rio Tinto) and ‘gentailers’ over household consumers, creating extreme energy inequity, poverty and hardship².
3. The current consultation paper seeks to further cement the reliance on ‘spot price’ and ‘forward contracting’ to protect large users at the expense of household consumers, and perpetuate fossil fuel thermal generation (including coal use in the Rankine units).
4. It understates the urgency to transition off fossil fuels and the important role of distributed renewable energy generation, storage, and trading/sharing systems. Such systems, especially owned and run by local communities, reduce the burden and reliance on the grid and thermal generation, build resilience and flexibility, and empower communities.
5. It is worrying to read that the Authority does not have sufficient information on contract terms. We certainly support any work to improve information disclosure and transparency.
6. Given that the consultation paper has no scope on gas supply, the latter being considered under the Gas Transition Plan, it is not clear how meaningful the current discussions over thermal transition can be. Clearly the future of Methanex and to a smaller extent Ballance Agri-nutrient’s ammonia-urea production, which together consume over 40% of Taranaki’s fossil gas production, cannot be ignored.
7. Critically, energy to power homes, provide adequate heating and cooking, is a basic human right, as is energy to support essential public services notably healthcare and water infrastructure. As such, household needs and essential public services should be given top priority and maybe the only reason for retaining some NZ fossil gas thermal generation capacity.
8. Going forward beyond electricity, we are inclined to support carbon rationing, or at least a feasibility study on the potential pathways on schemes like the Tradable Energy Quota (TEQ)³. The latter seems to be the fairest way of allocating electricity and fuels under an urgent, controlled decline of fossil fuel use. Ultimately there needs to be contraction⁴ of overall energy use and material throughput to support a post-growth economy that focuses on sufficiency⁵, and the wellbeing⁶ of people and nature.

¹ https://www.ourclimatedeclaration.org.nz/economy_of_enough_webinar_6_and_webinar_7

² <https://thespinoff.co.nz/business/29-07-2021/why-those-in-energy-poverty-should-be-angry-about-rio-tintos-latest-results>

³ <https://www.degrowth.nz/blog/teq?categoryId=297356>

⁴ <https://www.thegreatsimplication.com/>

⁵ <https://www.jasonhickel.org/less-is-more>

⁶ <https://weall.org/>