

Meeting Date: 10 August 2022

PRESENTATION ON THE AOTEAROA
NEW ZEALAND ENERGY STRATEGY
FROM MBIE'S ENERGY AND
RESOURCE MARKETS TEAM

SECURITY
AND
RELIABILITY
COUNCIL

This paper introduces the presentation from MBIE's Energy and Resource Markets Team on the Aotearoa New Zealand Energy Strategy, as part of the SRC's annual strategy session.

Note: This paper has been prepared for the purpose of the Security and Reliability Council (SRC). Content should not be interpreted as representing the views or policy of the Electricity Authority.

Aotearoa New Zealand Energy Strategy

- 1.1.1 As part of its annual strategy session, the SRC has asked the secretariat to provide information on initial progress with the government's national energy strategy, known as the *Aotearoa New Zealand Energy Strategy*.
- 1.1.2 The secretariat has arranged a presentation from MBIE's resource and energy markets team on its approach, initial steps, and how the SRC can input as the work progresses.
- 1.1.3 The aim is to provide the SRC with an update on progress with the Aotearoa New Zealand energy strategy, so the SRC's advice has context and can focus on key areas of risk to ongoing security and reliability as New Zealand transitions to a climate change resilient, low emissions future.
- 1.1.4 At a recent Q&A panel discussion, the government confirmed there will be further announcements on a national energy strategy in October, which will include hydrogen.
- 1.1.5 This presentation introduces the strategy, the basis for it and what it could achieve. It raises questions for discussion with the SRC and gives context for the work within the wider MBIE work plan.
- 1.1.6 The presentation complements presentations by the Climate Change Commission and the Infrastructure Commission at this meeting, all of which are focusing on the various roles of industry and regulators in meeting the government's decarbonisation aspirations.
- 1.1.7 Representatives from MBIE's Energy and Resource Markets team will attend and present and be available for questions.

Questions for the SRC to consider

The SRC is asked to consider the following general questions.

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| Q1. | What questions does the SRC have for the Energy and Resource Markets team to consider, as it undertakes initial work on the strategy? |
| Q2. | What does the SRC consider essential for MBIE to include in the project's workstreams to ensure reliability and security of supply are maintained during and beyond the transition? |
| Q3. | What further information, if any, does the SRC wish to have provided to it by the secretariat or MBIE? |
| Q4. | What advice, if any, does the SRC wish to provide to the Authority? |

Appendix A: Presentation from MBIE's Energy and Resource Markets team



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

Development of an Energy Strategy

Meeting of the Security and Reliability Council

10 August 2022



Agenda

- Context: where we are at and what is the task
- Context: Relationship to wider work programme
- Initial thoughts on what an energy strategy could do
- Discussion:
 - Security and reliability challenges and opportunities we need to think about?
 - What could an energy strategy do that would support the role of this council?
 - What role would you like the council to play in supporting the development of the strategy?

Where we are at and what to expect next



Setting up the MBIE team



Having initial stakeholder conversations



Initial decisions by end September: content and process



Development of an energy strategy through a highly consultative process



Strategy delivered by the end of 2024

Why develop an energy strategy?

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The Government will develop strategies to achieve its vision for a net-zero economy in 2050, where energy is accessible and affordable, secure and reliable, and supports New Zealanders' wellbeing.

This includes developing an energy strategy to address strategic challenges in the energy sector, and signal pathways away from fossil fuels.

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Context: wider work programme

Energy strategy: to address strategic challenges in the energy sector, and signal pathways away from fossil fuels

MBIE work
programme
that will
align and
provide key
inputs

Investigate
Electricity Market
Measures to
support transition
to a highly
renewable system

Develop
regulatory
settings to enable
investment in
offshore
renewable energy

Explore
government
Power Purchase
Agreements

Investigate
options to address
the dry-year
problem

Develop an action
plan for
decarbonising
industry

Develop a
framework for
addressing
emissions from
single firm hard to
abate industries

Develop a gas
transition plan by
end 2023

Hydrogen
Roadmap to
guide future
investment

What could the strategy do?

Explore what's possible

Understand Aotearoa's energy potential, limitations and opportunities through a comprehensive understanding of the current state and future potential in energy

Establish pathways and trade-offs for the energy system

Understand how we can make it happen

Define objectives for each energy source and industry sector through a measurable action plan

Provide policy direction and identify regulatory barriers

Build the plan together

Deliver the strategy collaboratively with industry by utilising and leveraging the existing work and capability within the energy sector

Enable iwi/Māori to determine their role in the strategy and in the future energy system

Discussion

- In developing the energy strategy what are the key security and reliability challenges and opportunities we need to think about?
- How do these change in the short term (next five years) and long term (out to 2050)?
- What could an energy strategy do that would support the role of this council?
- What role would you like the council to play in supporting the development of the strategy?

