

Powering our future

Presentation to EFNZ/SEF Energy Policy Seminar
16 February 2007



Draft New Zealand Energy Strategy

Outline

- Context for govt's energy policy agenda
- Review of action areas
 - Issues, options and decisions
- Consultation process



Our challenges



- Secure and affordable energy to support our way of life, and economic development
- Respond to climate change and tackle carbon emissions from energy
- Articulating future directions under uncertainty



Our (draft) vision

**A reliable and resilient system
delivering New Zealand sustainable,
low-emissions energy**





Proposed policy platform

- **Powering our Future** – the draft New Zealand Energy Strategy to 2050
- **Draft New Zealand Energy Efficiency and Conservation Strategy**
- **Measures to reduce greenhouse gas emissions in NZ post 2012**
- **Transitional Measures to 2012**

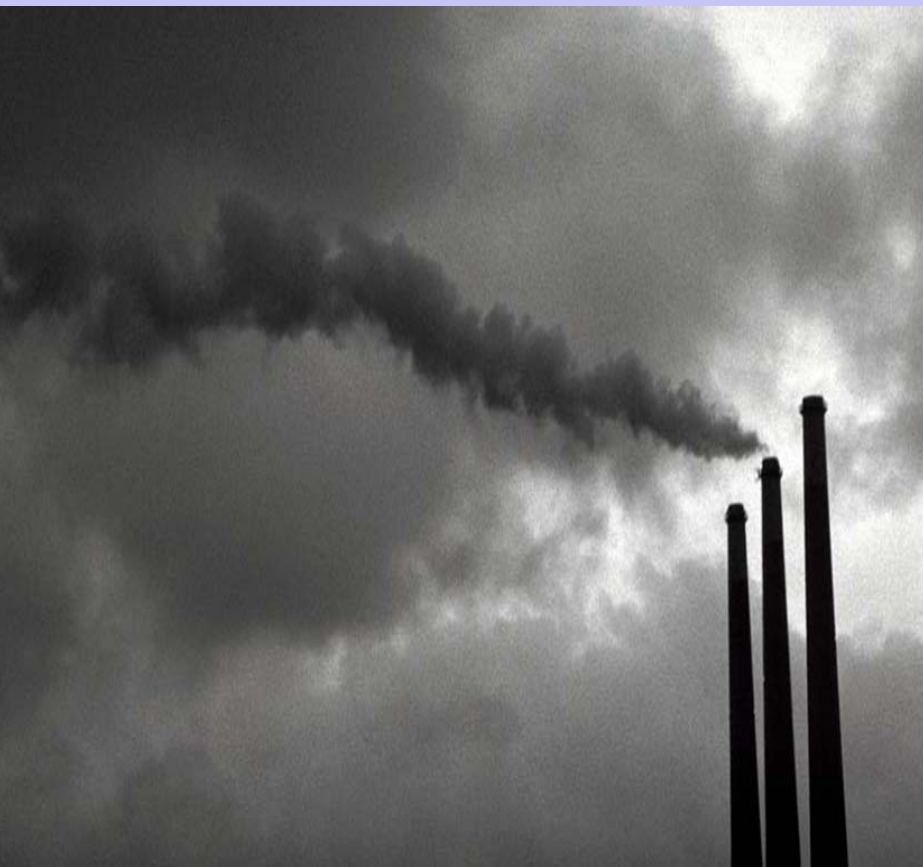


Outcomes sought

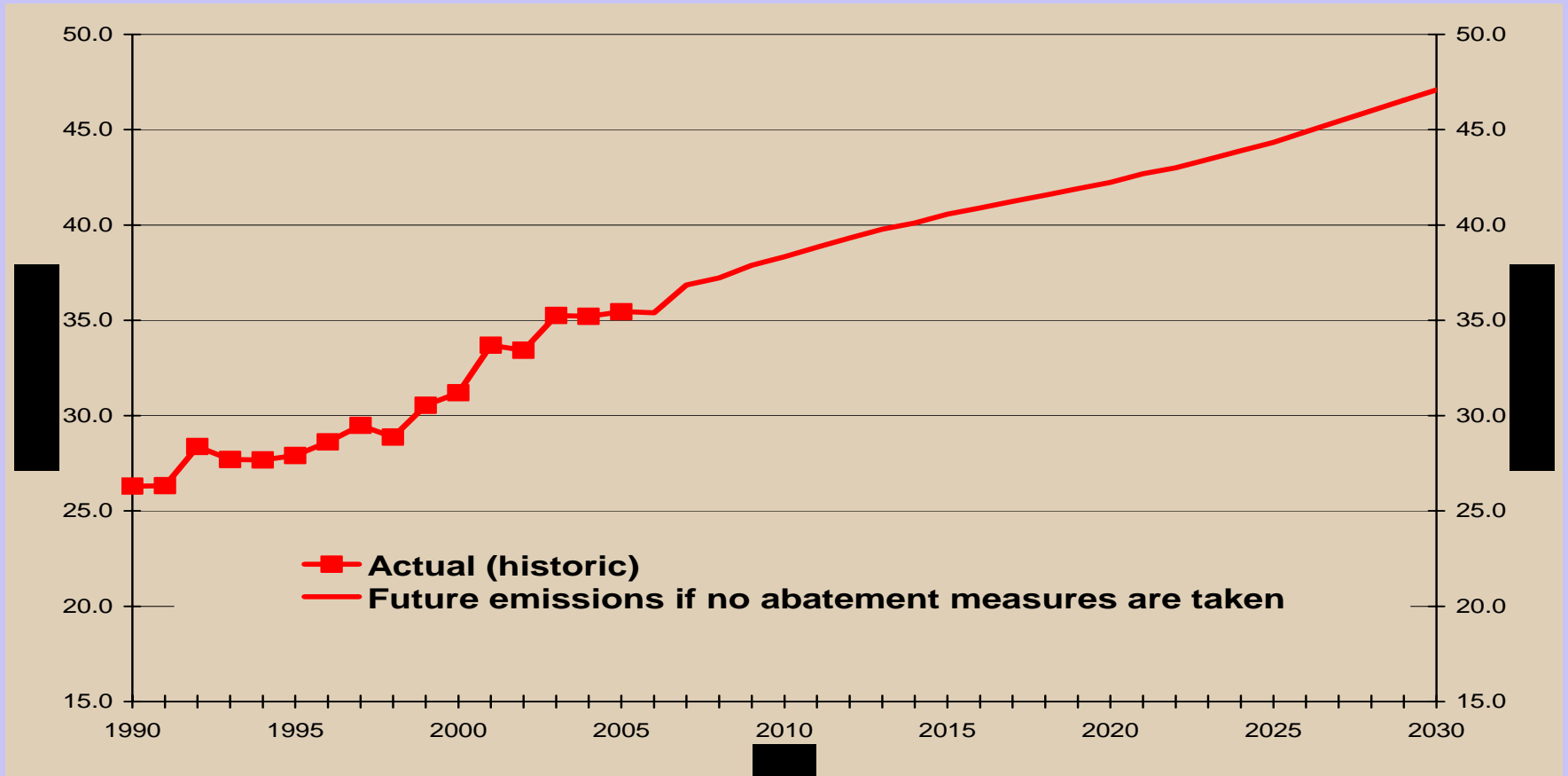
1. **Strategic Leadership**
2. **Security of Supply**
3. **Energy Efficiency Potential Realised**
4. **Renewable Energy Uptake**
5. **Greenhouse Gas Mitigation**
6. **Sustainable Technologies Deployment**



Energy and climate change



Energy emissions



International context

- Future international arrangements uncertain
- Processes to build post-2012 climate change arrangements underway
- Effective arrangements need participation by major emitters
- Price on greenhouse gases likely



Towards a price for carbon

- Broad-based post-2012
- Short term compatible with longer term
- New fossil: face cost of carbon
- Emissions from existing fossil fuels: transitional path towards full cost
- Recognise benefits of new renewables

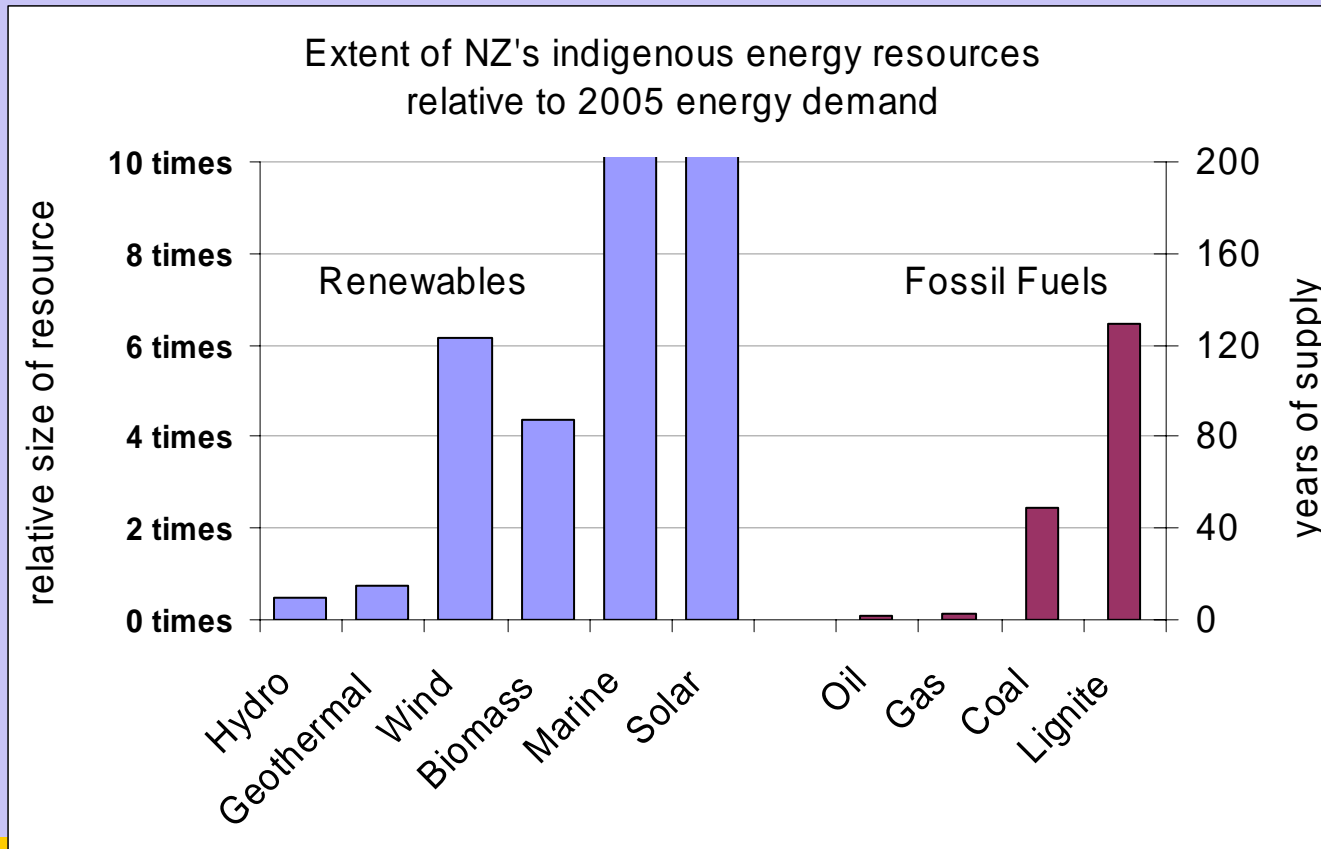


Encouraging renewables

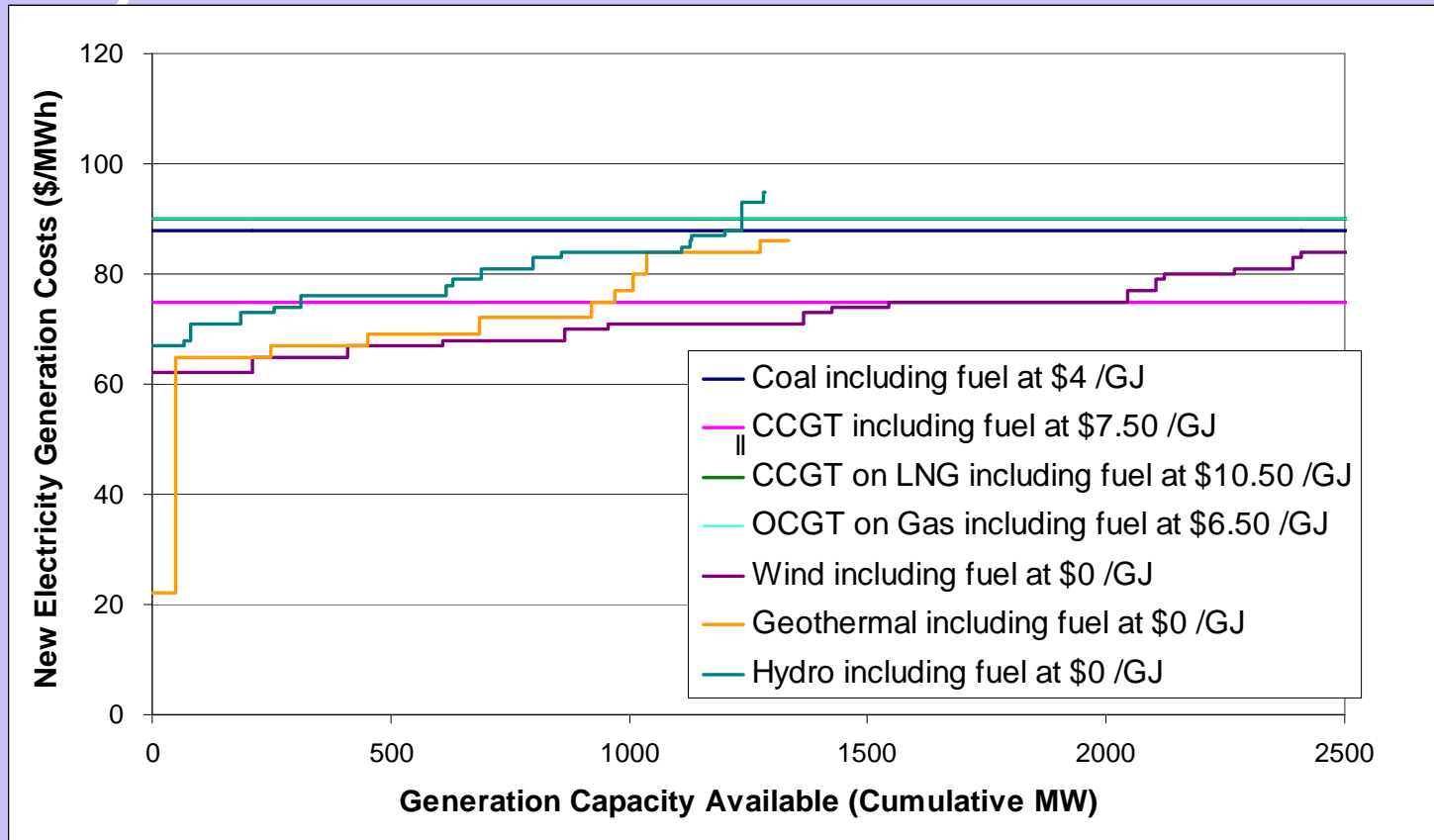
Preferable that all new generation be renewable, except to the extent necessary to maintain security of supply



We have raw energy in abundance



Renewable electricity appears competitive already



Policy issues

- Influencing investment until carbon is priced
- Addressing any barriers to renewables
- How and which emerging technologies to support



Measures to encourage

- Triple bottom line reporting for generators / retailers – new requirement to report carbon emissions
- Consolidated RMA consenting process for wind and geothermal
- Marine energy fund
- Transitional measures



Energy efficiency

- Makes sense to invest in energy efficiency if cheaper than new capacity
- Supports multiple objectives
- NZES articulates role for govt
- NZEECS to set priorities for action
 - Sector-based approach



Electricity security of supply



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Actions to ensure security

- Improving the electricity market
- Reduce lines companies restrictions to generation and retailing
- Increasing energy efficiency
- Promoting hydrocarbon exploration
- Bedding in existing gas market arrangements
- Clarifying the long-term cost of emissions
- Investment in the grid



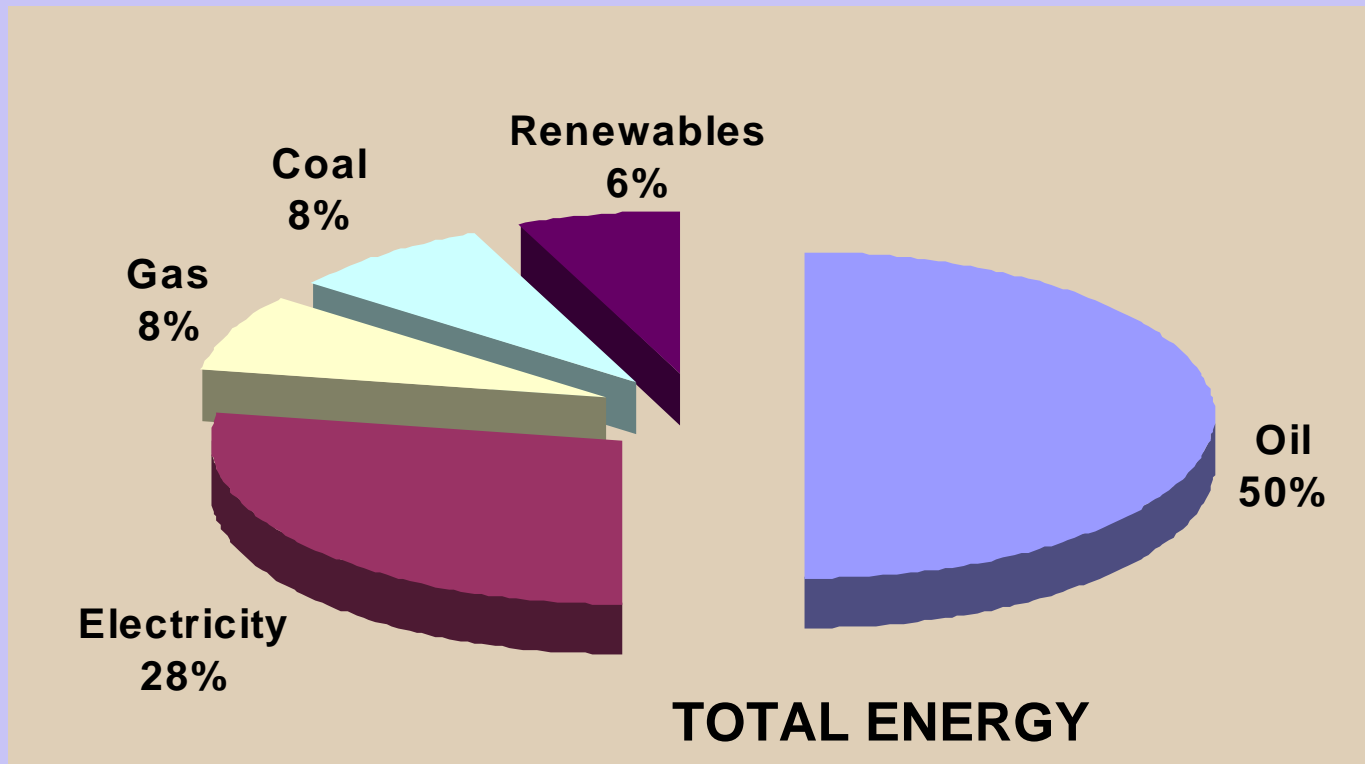


Low carbon transport



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Climate change, peak oil and transport



Peak 'cheap' oil

- Future oil prices uncertain and prone to shocks
- Higher oil prices enhance economics of alternatives
- Will climate change be the main driver of change in transport?



Towards lower emissions and increased diversity

- Multiple options: public transport, fleet efficiency, renewable fuels, electric vehicles
- Major change will take time
- Biofuels obligation is a start and creates potential for more substantive contribution



Promoting sustainable technologies

- Strengthen international linkages
- Industry taskforce: biofuels and electric vehicles
- \$8m contestable fund to support deployment of marine-based generation
- Smart meters



Stakeholder input

- Feedback sought
- What options are favoured?
- Need to work together
 - To formulate
 - To implement
- Final NZES will set govt work programme
- What's missing?



NZES consultation process

- Regional briefings and hui
- Focused stakeholder meetings
- Bridging forums in Auck, Wgtn & Chch
- Written submissions by 30 March 2007
- More information:
www.med.govt.nz/nzes

