

19 July 2018

To Whom it May Concern  
Ministry for the Environment  
PO Box 10362  
Wellington 6143

To: [zcb.submissions@mfe.govt.nz](mailto:zcb.submissions@mfe.govt.nz)

### **ENA submission on Our Climate Your Say discussion document**

The Electricity Networks Association (ENA) welcomes the opportunity to provide a submission to the Government's discussions document on the proposed Zero Carbon Act (the Act). ENA is the peak industry body for the electricity distribution businesses (EDBs) in New Zealand and makes this submission on behalf of that industry.

ENA is supportive of the objectives of the Act and welcomes the desire to bring long-term certainty and stability to New Zealand's transition to a low-carbon economy (the transition) that can endure through political cycles and changes in government. The electricity distribution sector will be a key enabler of the transition and are already having to make long-term investment decisions related to their assets and infrastructure - which can have useful lifespans of up to 80 years. With this in mind, a clear and consistent approach to the transition by government will help to provide certainty to the EDBs that these investments will be well-utilised throughout their lives, which in turn will de-risk and lower the cost of these investments. As a consequence, from a distribution sector perspective, the transition can be carried out more cheaply and more smoothly than would otherwise have been the case, which is a net benefit to both the EDBs and the communities and customers they serve.

The electricity distribution sector is already subject to the oversight of several regulatory bodies, including the Commerce Commission and the Electricity Authority. We welcome the independent technical expertise the Climate Change Commission (the CCC) will bring to bear, however we have some concerns about how their recommendations to government will interact with the regulatory structures imposed on the EDBs by the other bodies listed above. We urge the Ministry to consider how the advice provided by the CCC could be implemented in such a way as to complement the existing regulatory frameworks that EDBs and other industries work under, or conversely those structures be amended to enable the recommendations of the CCC to be more readily realised.

Given the crucial role that the electricity industry will likely play in the transition, we strongly encourage the inclusion of individuals with good knowledge and experience of the industry be included on the CCC.

As noted at the beginning of this submission, ENA is supportive of the overall objectives of the Act for the reasons given above. We do have a few specific comments to make on questions posed in the discussion document and these are given in appendix A of this letter.

Please let me know if ENA can be of any further assistance to the Ministry in their deliberations. In the first instance please contact ENA's Senior Advisor Policy and Innovation, Richard Le Gros, at [richard@electricity.org.nz](mailto:richard@electricity.org.nz), 04 555 0075.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Graeme Peters', with a long, sweeping flourish extending upwards and to the right.

Graeme Peters  
Chief Executive  
Electricity Networks Association

## Appendix A – ENA submission on Zero Carbon Act discussion document

### 2050 target

1. What process should the Government use to set a new emissions reduction target in legislation?

**Our answer:** the Government sets a goal to reach net zero emissions by the second half of the century, and the Climate Change Commission advises on the specific target for the Government to set later.

#### **Optional comment**

Our preference is that the independent, technical experts that will comprise the Climate Change Commission provide advice to the Government on the specific target date for net zero emissions to be achieved.

2. If the Government sets a 2050 target now, which is the best target for New Zealand?

**Our answer:** No comment – see our response to question one above

3. How should New Zealand meet its targets?

**Our answer:** No comment.

4. Should the Zero Carbon Bill allow the 2050 target to be revised if circumstances change?

**Our answer:** yes

#### **Optional comment**

Yes, provided credible technical advice is received by the Government from the Climate Change Commission to support such a change.

### Emissions budgets

5. The Government proposes that three emissions budgets of five years each (ie, covering the next 15 years) be in place at any given time. Do you agree with this proposal?

**Our answer:** yes

#### **Optional comment**

As noted in our covering letter, the key benefit we see arising from the Act is certainty for business regarding the Government's plans for transition to a low-carbon economy. Three five-year emissions budgets appear to be a prudent and pragmatic way to provide such certainty.

6. Should the Government be able to alter the last emissions budget (ie, furthest into the future)?  
**Our answer:** yes, each incoming Government should have the option to review the third budget in the sequence

**Optional comment**

We agree that the Government should be able to review and potentially alter the last emissions budget, but as per our response to question four above, we would expect the Government to require advice from the Climate Change Commission to justify doing so.

7. Should the Government have the ability to review and adjust the second emissions budget within a specific range under [exceptional circumstances](#)?

**Our answer:** No comment.

8. Do you agree with the [considerations](#) we propose that the Government and the Climate Change Commission take into account when advising on and setting budgets?

**Our answer:** No comment.

[Government response](#)

9. Should the Zero Carbon Bill require Governments to set out plans within a certain timeframe to achieve the emissions budgets?

**Our answer:** yes

**Optional comment**

Yes, the certainty provided by the Act will be enhanced by requiring Government to publish its plans for achieving the transition in a fixed and predictable timescale.

10. What are the most important issues for the Government to consider in setting plans to meet budgets? For example, who do we need to work with, what else needs to be considered?

**Our answer:** No comment.

[Climate Change Commission](#)

11. The Government has proposed that the Climate Change Commission [advises on and monitors](#) New Zealand's progress towards its goals. Do you agree with these functions?

**Our answer:** Yes.

**Optional comment**

Yes. A key element of de-politicising the transition to a low-carbon economy is to allow an independent body to provide high-quality advice to Government on these matters. The Climate Change Commission is therefore critical to achieving the objectives of the Act.

12. What role do you think the Climate Change Commission should have in relation to the New Zealand Emissions Trading Scheme (NZ ETS)?

**Our answer:** advising the Government on policy settings in the NZ ETS

**Optional comment**

The Climate Change Commission should provide Government with advice on the appropriate settings for the ETS. The Government should be required to follow this advice and only deviate from it with good reason, and this justification should be made available to the public for scrutiny.

13. The Government has proposed that Climate Change Commissioners need to have a range of [essential and desirable expertise](#). Do you agree with the proposed expertise?

**Our answer:** yes

**Optional comment**

We agree with the range of expertise described in the discussion document, but as we pointed out in our covering letter, we also suggest that the Commission include individuals with expertise in the electricity industry, due to the important role the industry will play in helping NZ decarbonise.

[Adapting to the impacts of climate change](#)

14. Do you think the Zero Carbon Bill should cover adapting to climate change?

**Our answer:** No comment.

15. The Government has proposed a number of new [functions](#) to help us adapt to climate change. Do you agree with the proposed functions?

**Our answer:** No comment.

16. Should we explore setting up a targeted adaptation reporting power that could see some organisations share information on their exposure to climate change risks?

**Our answer:** We would like to see more detail about what exactly an adaptation reporting power would entail and which organisations it would apply to before taking a view on whether or not we would support it. However, if the Government does choose to include a reporting power in the Bill we would like this to be meaningful and proportionate. That is to say that the reports produced should be used by the Climate Change Commission and genuinely lead to improved outcomes in their decision making, and proportionate such that the burden the reports impose on the organisations completing them is exceeded by the benefit they generate.