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Akuo Energy New Zealand Limited Response to Transpower Consultation
Renewable Energy Zones National Consultation 2022

Akuo Energy ('Akuo') was created in 2007. An independent company owned by its co-founders, Akuo is the product of the combination of two observations: it is now possible for all of us to act to ensure we leave a better world for our children, and renewable energy offers incredible growth potential globally.

Akuo has been committed to developing and operating projects that go beyond simply producing renewable power and create additional social benefits for the inhabitants of the areas in which they are located. This strategy has allowed Akuo to establish itself as a leading renewable energy only independent producer globally.

Akuo develops, finances, builds and operates power plants from renewable resources: wind, solar, hydro, and couples these projects with energy storage solutions when it makes sense. Akuo exports and sells electricity to the grid, directly to a consumer, through Power Purchase Agreements or in the wholesale electricity market.

Akuo embodies the principles of sustainable development, which are the foundations of its corporate culture. By mobilizing long-term locally available energy sources, Akuo can offer solutions combining ecology, organic farming, and energy at competitive prices. The group's projects are designed to provide a sustainable response to the needs of communities, combining support for the local economy and protection of eco-systems.

With nearly 350 employees (as of 31/12/2021), the group, headquartered in Paris, has subsidiaries in 20 countries around the world (France, Bulgaria, Croatia, Montenegro, Turkey, United States, Indonesia, United Arab Emirates, Mongolia, Dominican Republic, Colombia, Mali, Australia, Luxembourg, Poland, Portugal, Greece, Uruguay, Argentina, New Zealand and New Caledonia) and is actively present in about 30 geographies.

With 1.6 GW of assets in operation over 70 renewable energy powerplants, and 5 GW of renewable energy projects in development, Akuo has invested more than NZ$4.4bn over the last 15 years and sell over NZ$500m of green electricity annually.

Akuo Energy New Zealand limited was formed as a subsidiary in 2021 to develop large scale renewable energy and battery storage projects in New Zealand. New Zealand represents an exciting opportunity for Akuo: climate change and electrification of process heat and transport are significant drivers which will see an uptake of cost effective, renewable energy in the near term. Akuo wants to play a key role in this transformation since it aligns strongly with our vision and capabilities.

Q1. Do you agree that the first mover disadvantage and high connection costs can be challenges for connecting new renewable generation and/or large electricity loads to the electricity network?

Akuo **agrees** with this statement.

Q2. Do you think the concept of a Renewable Energy Zone could be beneficial in a New Zealand context?

Akuo believes the concept of a REZ could be beneficial in a NZ context.

Q3. What region(s) do you think would be suited to Renewable Energy Zones?

Northland (already under consideration as a pilot); the area around Gisborne (east coast of the North Island); Hawkes Bay/Napier; Tasman District/St Arnaud.

Q4. What benefits do you think should be considered in the decision-making process for Renewable Energy Zones in New Zealand?

1. Enabling more renewable generation and reducing New Zealand's GHG footprint as a result of electricity emissions
2. Stimulating the local economy primarily through job creation and training opportunities during construction
3. Providing ongoing employment opportunities
4. Potentially lowering regional electricity prices which could generate related economic activity and further increase jobs and opportunities
5. Ability to attract foreign investment and technology to New Zealand
6. Improve grid/network stability in the specific location
7. Possibly reduce energy hardship as a co-benefit

Q5. Do you agree with the proposed guiding principles? Are there any that you would change or add?

Akuo largely supports the guiding principles identified in the consultation document. We believe the Iwi and stakeholder support workstream needs to be widened to community support generally. Renewable energy projects are very dependent on community support to be successful, and it is our experience that as an area becomes saturated with renewable projects (as it will be per the definition of a REZ), community support can wane, and subsequent projects can be delayed or scrapped which effects the success of a REZ.

The concept of the REZ as proposed in this document is closer to a connection hub which aims to overcome a cost barrier by providing a technical solution. In our view it is not a true REZ and something more holistic is needed. The proposed REZ approach only acts to removes a barrier – it does not go far enough to truly enable renewable energy projects.

To truly enable renewables through a REZ, an approach needs to consider and overcome all the key challenges faced in developing large scale renewables. Connection cost is only one of them. As alluded to above, community support is another. This can be overcome through making stronger the permitted activities in a region around a REZ to include renewable generation. Transpower can facilitate this approach with the local councils and take a far broader and more pro-active approach than is proposed. Another would be offtake of the produced power: Transpower can, for example, run an open RFP process around a REZ for interest on PPAs from the market. Developers can choose to, or not, be part of the process.

Akuo believes that in many cases distributed generation through renewables could improve network resilience or enable interconnection investment deferrals. This carries some value and as such Transpower's role should be that of enabler rather than one which just removes existing barriers.

Q6. Do you agree with the proposed criteria for selecting suitable regions for REZ development? Are there any that you would change or add?

Akuo agrees with the proposed criteria for selecting suitable regions for REZ development. However, we would caution Transpower trying to make an assessment whether the region has sufficient levels of wind, solar and/or other renewable resources, or form a view on the cost of land. Every developer will have different drivers and views on economics and

Transpower is by no means an expert in renewable generation or the technologies and costs of the day.

Q7. Do you agree with using a tender process for committing projects in a REZ? Are there alternative processes that could be considered?

The tender process as proposed seems fair and equitable. The only concern is that it seems like it will pick a winner or perhaps winners in terms of a REZ and progress those whereas there might be demand for a number of REZs to be developed in parallel depending on market/developer demand. Rather than try and prioritise, all REZs with sufficient interest and demand should be driven forward at the same pace. Especially if the developers are ready and willing to fund these REZs. It should be market driven.

Q8. Who should be involved with co-ordinating and undertaking the various steps within a REZ development process?

Akuo believes Transpower is well suited and resourced to coordinate the various steps with support from the local council who can assist with the community support workstream.

Q9. Do you agree with the proposed project criteria? Are there any that you would change or add?

Akuo considers the proposed project criteria to be too extensive. To have a bankable project a developer arguably needs land secured in some way, a grid connection agreement, a consent, some way to construct the project and an offtake arrangement of some sort. We would suggest the criteria focusses on land, grid connection and consenting. Timeline can be included as a proxy for the construction workstream. We also believe that size of the development is relevant and that larger projects should be prioritised as they could be nationally significant.

Q10. Do you agree with the challenges we have identified?

Akuo agrees with the challenges identified. We would note that the principle of this document is to 'make it work' within the current set of rules and regulations. By its own admission, Transpower believes that the grid in 2035 will need to look and operate very different from the one New Zealand has now with a supply of 95% + renewable generation. To use the assumption that the rules and regulations need to stay the same or just tweak the rules around the edges, will lead to compromised outcomes in the long run. One of the

solutions for high percentage, intermittent renewables on the grid is to add storage. Another might be to overbuild renewable energy capacity – especially if capital costs are low with technology advancements. In this case, curtailment and capacity constraints will become more prevalent. A REZ can further act to amplify the effects of this. Changing the access regime with firm capacity rights to reward first mover advantage is a good approach (even for a fixed period so that the bulk of a developer's investment can be recovered).

Q11. What are some of the ways to overcome these challenges and who should be involved?

See response above. Rather than just Transpower trying to create a connection hub, the problem should be approached in a more holistic manner and the Electricity Authority (EA) should also be involved in terms of market design.

Q12. Do you see any other potential challenges that need to be considered?

Not that haven't been listed.

Akuo Energy will welcome further engagement in the REZ consultation process.

Kind Regards

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