

SUBMISSION TO THE MINISTRY FOR THE ENVIRONMENT

NGĀ WAETURE TIAKI RAWA KUA TAKOTO I KONEI: NGĀ TAEA ME NGĀ PŪHIKO KAITĀ PROPOSED PRODUCT STEWARDSHIP REGULATIONS: TYRES AND LARGE BATTERIES

16 DECEMBER 2021

Executive Summary

- 1 Transpower New Zealand Limited (Transpower) is the State-Owned Enterprise that owns, operates, maintains, and upgrades New Zealand's high voltage electricity transmission network, the National Grid. Its roles are to reliably and efficiently transport electricity from generators to distributors and large users, and to operate a competitive electricity market and deliver a secure power system.
- 2 Transpower welcomes the opportunity to comment on the product stewardship regulations for tyres and large batteries. As detailed below, Transpower has a particular interest in large batteries because of the potential for growth in their use for electricity storage by utilities.
- 3 Transpower supports the Ministry for the Environment's recommendations that Aotearoa put in place a product stewardship framework for large batteries.
- 4 The product stewardship scheme for large batteries should greatly extend the useful life of a proportion of large batteries (including for new purposes), and result in improved capture of recyclable materials at end of life. Payment for the scheme by importers and manufacturers at an early stage of the product chain, enabling free disposal by consumers at the end of use to accredited repurposers and recyclers, will significantly improve the likelihood of efficient product stewardship. These measures should also assist in preventing inappropriate disposal of batteries, and the resulting environmental pollution.
- 5 In this submission, we identify a number of points that the Ministry could consider in order to avoid unintended consequences and optimise the scheme.

Transpower's interest in the product stewardship scheme for large batteries

- 6 Batteries will become increasingly important on the New Zealand electricity network. We anticipate that 750 MW of distributed battery storage within electricity networks will be deployed by 2035, growing to 2,500 MW by 2050. We also anticipate that, from 2032, 30 per cent of households with solar PV panels will install an 8 kW distributed battery to enable excess solar electricity to be stored and used when needed¹.
- 7 Grid scale batteries, a form of stationary electricity storage, have the potential to contribute to management of peak periods of electricity demand, and defer development of the Grid. Use of batteries for this purpose could offer a productive second home for Electric Vehicle (EV) batteries once they are no longer suitable for use in vehicles. A product stewardship scheme would greatly facilitate such use.

¹ [Whakamana I Te Mauri Hiko – Empowering our Energy Future, Transpower NZ Ltd, March 2020, pg 35](#)

Comments on the discussion document

- 8 Large battery use in EVs will enable decarbonisation of the vehicle fleet. Care would need to be taken to ensure that any additional costs of batteries due to product stewardship did not disincentivise a switch to EVs. Currently, the estimated increase in large battery costs for consumers associated with the product stewardship scheme is relatively minor (0.5% for a \$60k vehicle) and unlikely to affect consumer choice between EVs and internal combustion engine vehicles. It is important that this cost difference does not increase and create barriers for the switch to EVs.
- 9 It is important to consider, and be able to respond to, the potential for an increase in recycling or other scheme costs. It is not clear from the discussion document how the scheme would respond were this to occur. It would be useful to indicate a response mechanism, for example, a cap on scheme costs relative to product cost at which the scheme would be reviewed for efficiency and ongoing cost/benefit.
- 10 It is important that the product stewardship organisation (PSO) is offering a cost-efficient service (it is effectively a monopoly) and we consider that oversight by the Ministry via the PSO board is important (as is proposed).
- 11 As regards the repurposing and recycling of batteries in Aotearoa, the anticipated processing approach is only identified at a high level in the consultation document and the detail around the processing of large batteries is absent. It is important that Aotearoa adopts world class processes for repurposing and recycling of batteries, in order for the scheme to retain public confidence. We note that some PSO expenditure is earmarked for research and market development, and quality standards will be set to ensure that best practice is followed. These initiatives are strongly supported. It is also important to optimise battery reuse and recycling to ensure, where possible, that batteries are re-used in preference to being recycled.

Response to consultation questions

- 12 Below we respond to questions where we have specific experience or interest. The above submission provides feedback on the following questions:
- 13 *Question 1 - Do you agree in principle that a regulated framework should be introduced to ensure effective product stewardship for: b. end-of-life large batteries?* Transpower supports the introduction of regulated product stewardship for end of life large batteries as outline in paragraph 4 above.
- 14 *Question 2 Do you agree with the proposal to make it mandatory to sell a product only in accordance with an accredited scheme for: b. large batteries?* Transpower agrees with the proposal, as it provides the best mechanism to ensure high participation in the scheme.
- 15 *Question 4 Do you agree with the proposal to set a product stewardship fee on imported or domestic manufactured products to cover the end-of-life management for: b. large batteries?* Transpower supports a fee on imported or NZ manufactured large batteries, subject to the qualification outlined in paragraphs 8 and 9 above.
- 16 *Question 9 Do you agree with the proposal to set quality standards for: a. transporting, storing and processing large batteries?* Transpower strongly supports the setting of quality standards as outlined in paragraph 11 above.

Contact for the submission

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