



**WORLD CLASS
ELECTROTECHNOLOGY**



RESPONSE FORM

TRANSPower

RENEWABLE ENERGY ZONES NORTHLAND PILOT CONCEPT

Prepared by:
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Prepared for:
Transpower

1. INTRODUCTION

McKay is one of New Zealand's fastest-growing technology companies and has significant and long-standing experience in industrial and commercial projects around New Zealand. Established in Dargaville in 1936, McKay is a proud Northland company with a strong interest in Northlands economic development. McKay is a dedicated renewable energy provider with a skilled team of engineers and an experienced renewable energy project manager dedicated to the success of our client's projects.

The creation of a Renewable Energy Zone (REZ) provides the opportunity to enhance energy options in the Northland region, but it will also put Northland on the map as innovative and climate-aware region. This will bring investment opportunities to the region and open the door to new technologies and local skill development.

This submission responds to the Northland Pilot consultation.

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McKay

2. CONSULTATION QUESTIONS

We support the submission made by BRG on behalf of the Northland CEO's group, please refer to their detailed answers for these questions.
But see our additional comments below.

Do you support the development of a REZ in Northland?

Please provide your reasons as to why or why not.

Yes . Northland has excellent renewable energy resources in the form of solar and wind, and is geographically well positioned to support NZ in its decarbonisation journey. Northland's proximity to Auckland, our deep water port and our industrial energy experience at Marsden Point make it a logical choice for the pilot REZ.

In our experience assisting with the development of solar projects in Whangarei, we have found that the regulatory environment in Northland is supportive of renewable energy projects. In general the local communities and hapu are also supportive of renewable energy developments. Northland also benefits from cheaper land prices than other regions. These factors all improve the economics for renewable energy projects in Northland. However, in the current climate, the transmission upgrade costs are a barrier to many of these projects proceeding. We hope that the REZ will assist with lowering these barriers.

What potential benefits of a REZ are important to you?

Consider economic, social, cultural and environmental factors.

We see multiple potential benefits to a REZ in Northland:

- It will enable previously uneconomic renewable developments, which will bring construction and ongoing operations opportunities for Northland businesses.
- These projects will create more jobs for local people in both skilled and unskilled trades.
- The creation of jobs will also enable training programs – for example for the Maranga Ra solar project in Marsden point we had proposed to align with MSD to build a training scheme for local unemployed people.
- More generation in Northland will result in a reduction in energy prices, this is essential for a region with the highest energy costs in the country. Energy poverty is a huge concern in the far north in particular, amongst other benefits lower energy prices will improve health outcomes for lower socioeconomic communities.
- Lower energy prices will also entice new industry to the region - again creating employment opportunities.
- A REZ pilot will also increase exposure to renewable energy technologies, which will increase the uptake of smaller scale energy efficiency initiatives.

**What potential costs of a REZ are important to you?
Consider economic, social, cultural and environmental factors.**

It is important that local stakeholders/developers including Iwi and hapu entities are not shut out of participation by unfair connection costs. Cost need to be applied fairly across the participants. In particular costs should not include capital charges for assets that have already been paid for as part of NZ's electricity infrastructure development beyond fair replacement cost allocation. It needs to be recognised that static equipment such as lines and transformers have extremely long life and are typically used far longer by decades than their design life.

Do you support enabling developments through upgrades to existing lines and substations as demand for connections to the networks emerge? If not, what alternatives would you propose?

Yes

If new lines needed to be built to connect resources, where should they be constructed/not constructed?

We are agnostic to the location of new lines.

Are there alternative proposals that you think we should consider?

No

Do you have development projects that a REZ might assist you to construct and connect?

No

Any further comments

We agree that the first mover disadvantage and high connection cost can be challenges for connecting new renewable generation and/or large electricity loads to the electricity network. As two of the network owners may be generation participants in the REZ, potential conflict of interest will need to be managed within the co-ordinating process.

