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### **Submission on the Renewable Energy Zone (REZ) National Consultation Document 2022**

Venture Taranaki is the regional development agency for the Taranaki region, encompassing a wide range of activities spanning local and regional economic development and strategy, enterprise innovation and growth, regional promotion and investment, sector development and major event attraction. Venture Taranaki is a Council Controlled Organisation of the New Plymouth District Council, is governed by an independent Board of Trustees, and guided by Te Tiriti o Waitangi.

Venture Taranaki commends the mahi already completed by Transpower to understand the role it will play in supporting Aotearoa New Zealand's energy transition and net zero emissions future. We strongly support the development of REZs and the role they could have in a developing market. We have addressed some of the questions raised in the consultation document below.

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

Yes, however, we understand this is not an issue restricted to onshore New Zealand. In the context of offshore wind off the coast of Taranaki, the infrastructure needs for transmission are already significantly higher so any action to reduce this disadvantage would be useful.

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

We believe the concept of REZs would be very beneficial in a New Zealand context. It would greatly reduce barriers for future development of future renewable energy projects, both on and offshore, and would send an affirmative message that we are 'open for business' in this respect.

*3. What region(s) do you think would be suitable to Renewable Energy Zones?*

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

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

We agree with the criteria outlined for future REZ development, in particular the point relating to regions with limited network capacity. However, we also believe further weight and consideration should be given to the additional proposed criteria relating to; good renewable resource, added grid benefits and additional economic and social benefits (including whether reduced CAPEX costs would result in cheaper electricity prices for consumers).

With these criteria in mind, and considering regions not as well served by the existing electricity system, we believe that Taranaki would be well suited to become a REZ in the near future. We are aware of

several local and international developers looking at the opportunity of developing offshore wind off the Taranaki coast but know that transmission capacity is likely to be a constraint. There is also interest in advanced industry, Power to X developments and other pilot or renewable energy (e.g. solar, energy storage) projects, and such a zone would provide a valuable underpinning for these important value-add energy-related economic initiatives. Development of a REZ in Taranaki will enable a Just Transition to a low-emissions economy in Taranaki but would also ease the dependency on other parts of the transmission network currently transporting energy generated in the South Island to large load centres, such as Auckland.

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

We broadly agree with the guiding principles outlined for REZ development, specifically #04 about partnership and collaboration with Iwi and stakeholders to ensure regional benefits. One concern we have relates to #02 and customer/demand driven development. The opportunity for renewable energy generation from offshore wind off the coast of Taranaki is far greater than the current domestic demand. The [Power to X energy system described in our 2021 concept paper](#) outlines the possible concurrent development of energy generation and demand, as well as associated green-tech advanced industry/manufacturing opportunities. In this situation, the demand would not exist prior to the development of the generation and may therefore disadvantage a REZ development proposal.

*7. 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 seems appropriate but should not be designed in a way that unintentionally penalises any technology that is more complex and takes more time to develop, such as offshore wind. We support a high level of industry participation in the design phase and collaboration between transmission, lines companies and generators, as well as high-energy users such as for Power to X applications.

The REZ framework should promote collaboration and encourage generators and developers to consider projects that benefit the entire system, New Zealand's economic, social and environmental future, and the REZ rather than only their own interests.

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

Some stakeholders that could be involved in the co-ordinating process are:

- Iwi/hapu
- Transpower
- Local lines companies
- Regional councils
- Government agencies (or government funded agencies) such as MBIE, NZTE, MFE
- Ara Ake
- Regional Development Agencies
- Electricity Authority
- Commerce Commission
- Energy retailers
- Energy users (especially green-energy advanced manufacturing and/or high-energy users)
- Community groups and local experts

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

The proposed project criteria seem appropriate. However, it would be useful to understand how assessment against the criteria will take place and what weighting status such as 'not started' or 'none' may be given.

*10. Do you agree with the challenges we have identified?*

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

We agree that the open access regime to transmission represents a project risk for new generation developers and that any successive generation built on the same connection may have the benefit of offering lower wholesale prices.

The timing of grid connection is also a major challenge, particularly for the funding process of larger renewable projects. It may be challenging to align this complex process between multiple developers as well as Transpower.

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

There needs to be clear direction and support from central government for renewable energy developments, without government determining what these specifically should be or undertaking them. The concept of REZs could be included in future energy regulations, such as those being developed by MBIE for offshore renewable energy.

For any questions, or to discuss this submission further, please contact Anne Probert, General Manager Regional Strategy and Sectors – [anne@venture.org.nz](mailto:anne@venture.org.nz).

Yours sincerely



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