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12 September 2025

Ministry of Business, Innovation and Employment

By email: resourcesfeedback@mbie.govt.nz

From the ground up: a draft strategy to unlock New Zealand's geothermal potential

Transpower welcomes the opportunity to submit to the Government's *Draft Strategy to unlock New Zealand's geothermal potential,* released 30 July 2025.

We commend the consultation paper for its presentation through diagrams, infographics, and clear articulation. We fully support the strategy's vision for Aotearoa New Zealand to become a *global leader in sustainable geothermal development, delivering innovation, resilience, and inclusive growth for future generations.*[1] We also recognise the current initiatives to advance New Zealand's geothermal advocacy through government funding and international diplomacy.

Geothermal energy is an excellent underpinning source (aka "baseload") for generating reliable electrical energy. Its location in the Central North Island close to key demand centres such as Auckland, Hamilton and Tauranga helps reduce energy losses across the National Grid. Currently, most of the geothermal energy used is for electricity generation.[2]

Support a Geothermal energy target for 2040

We support having a target for energy use from geothermal, proposed as doubling energy use by 2040. A target helps assess progress and set expectations.

Immediate and enabling actions are essential for New Zealand to meet this ambitious geothermal energy target. The expansion of geothermal electricity generation hinges on robust National Grid infrastructure, rapid access to skilled labour, and the timely deployment of specialised equipment. The grid must be ready to convey the increasing geothermal capacity. Seizing this opportunity will help accelerate New Zealand's geothermal strategy and unlock its full potential.

To achieve the target will require several enablers:

[1] From the Ground Up — A draft strategy to unlock New Zealand's geothermal potential page 17.
[2] MBIE Energy Statistics 2023 https://www.mbie.govt.nz/assets/Data-Files/Energy/nz-energy-quarterly-and-energy-in-nz/energy-balance-tables.xlsx (96% is 197.4 PJ / 206.24PJ).

Network investment will need to be integrated and timely (anticipatory)

Areas of intended high growth for geothermal electricity generation may require an earlier and larger expansion of network infrastructure to guide developers' investment decisions. We will continue to work with our industry regulators on the concept of anticipatory investment for electricity transmission infrastructure, through our Te Kanapu "future grid" work programme.[3]

We support the proposal to explore *how zoning provisions and new spatial planning provisions can facilitate increased investment and coordination across geothermal economic activity.* It is important that issues with, and limitations of, zoning and spatial planning are worked through before they are proposed as solutions to facilitating increased investment and coordination. However, other mechanisms should also not be discounted, such as more enabling national direction and rule framework under the resource management reform.

For the market-based generation sector we consider there are challenges with zoning and spatial planning processes. While some existing generation has been zoned in relevant plans under the Resource Management Act, this result is for enabling *known* projects and works, rather than future works. For zoning or spatial planning to be used for establishing where geothermal activity occurs, clarity would be needed on who should be the proponents to drive those provisions in the relevant plans. Industry will likely only have the resources to be a proponent for zoning of spatial planning for works that it has planned, that can be publicly discussed, and that are known at the time the relevant planning document is proposed. Out of cycle projects could miss inclusion in the relevant planning documents.

The energy sector needs to scale its workforce

We support the action plan activity for the *government to work in New Zealand with the education sector to strengthen geothermal career pathways*. We consider New Zealand can also leverage its international geothermal sector partnerships. For example, changes to immigration settings to create opportunities for those from overseas to gain experience and be productive with NZ geothermal companies.

An enabling regulatory framework for geothermal power stations and transmission

We agree with the activity *to ensure new planning and environmental legislation enables the sustainable use of geothermal resources.* We support the intent under the "Electrify NZ" policy for more directive and enabling national direction for renewable electricity generation, transmission and distribution to deliver nationally consistent 'consenting pathways' for renewable electricity generation and electricity transmission activities.[4] We note however that as the Government has deferred its consideration of an effects management hierarchy to the future replacement of the Resource Management Act (RMA),[5] tensions between

[3] Submission to Te Waihanga Draft National Infrastructure Plan August 2025, page 2
[4] Electrify NZ Fact Sheet .pdf
[5] The RMA will be replaced with new legislation based on the enjoyment of property rights and focused on managing material environmental effects Final Report (Resource Management (Consenting and Other System Changes) Amendment Bill) 105-2

enabling infrastructure and protecting the environment will remain – with continued, prolonged and expensive debate over how to reconcile differing outcomes and effects.

This draft strategy is not clear on whether the action plan activity will occur under the replaced RMA as primary legislation or through a national direction, or some other means.

A bi-partisan energy strategy would provide investor certainty

The electricity sector has not had a consistent policy environment for some time, with several energy related policies discontinued or reversed, and new policies introduced. A cohesive and enduring energy strategy from Government that has bi-partisan support would provide greater policy certainty and key targets and goals.

Finally, Transpower is committed to its focus on ensuring timely and reliable connections to the National Grid to provide the confidence and certainty required by investors. This proactive approach will strengthen New Zealand's standing as a destination for investment in new generation infrastructure.

We answer questions as relevant, in the Appendix.

Yours sincerely

Joel Cook

Head of Strategy and Regulation

Appendix – Transpower response to select questions

Questions	Transpower response
1. Are the three strategic outcomes of the strategy, centred around world-leading geothermal innovation, accelerating energy resilience and strengthening regional economies and te Ohanga Māori, suitable or is there more we need to consider?	We support the three outcomes and strongly support the second objective for having an energy-specific goal (double geothermal energy use by 2040) to guide and mark progress.
2. Do the five overarching action plan goals capture the areas that are most important for achieving the vision, strategic outcome and energy goal?	Yes. The goals complement each other and are cohesive. In particular, the first goal "*improving access to geothermal data and insights*" should be highly relevant to goal four "*enabling place- based geothermal clusters*" and goal five "*driving research and innovation including for supercritical geothermal.*" These activities are crucial inputs to the government's strategic aim to develop knowledge and opportunity for supercritical geothermal development. We fully support government investment for "*bold exploration into unchartered subsurface territory" that lies 5km below the (thin) crust at temperatures exceeding 400 degrees Centigrade*[6] and note the location of the first exploratory well site is expected to be known later this (2025) year.[7]
3. Does the proposed action plan correctly capture the necessary government interventions and priorities?	We consider New Zealand could also leverage its international geothermal sector partnerships, with immigration settings to create opportunities for those overseas to gain experience and be productive with NZ geothermal companies.
4. Is the role for the sector clear? How can the wider geothermal sector play a role (e.g. are there specific actions that the sector could own)?	No comment.

[6] A draft strategy to unlock New Zealand's geothermal potential, page 7

[7] Government gaining ground in pursuit of supercritical geothermal energy | Beehive.govt.nz

Questions	Transpower response
5. Does the strategy and proposed action plan create the right settings to enable tangata whenua to realise their aspirations for geothermal resources in their rohe?	No comment.
6. Are there opportunities for our geothermal sector that we haven't considered?	No comment
7. Are there challenges for our geothermal sector that we haven't considered?	No comment.
8. Are there any other things that the strategy should include or exclude?	See question 3.