

# ENERGY & RESOURCES

Building a Stronger Economy



## Building New Zealand's energy potential

New Zealand has an abundance of natural resources – hydro, geothermal, wind, oil, gas, and minerals. This gives us a range of energy options. National is making the most of these to secure our energy supply, build a stronger economy, create higher-paid jobs, and raise living standards for all New Zealanders.

Our vision for New Zealand's energy future is a balanced portfolio of renewable and non-renewable energy use. We will make the most of our energy potential in a safe and environmentally-responsible way.

### Developing our resources while protecting our environment

In our first term, National improved security and efficiency in New Zealand's electricity supply. We've brought ballooning price rises under control. We're making homes warmer and drier. And we're supporting renewables to meet our target of 90 per cent renewable electricity by 2025.

We've also started work on developing our untapped gas, oil, and mineral resources – while better protecting our environment.

National will put world-class environmental management legislation and regulations in place to protect our Exclusive Economic Zone. We will develop our offshore petroleum resources responsibly, create higher-paid jobs, and build a stronger economy for all New Zealanders.

*“National will encourage oil, gas, and mineral exploration with a competitive new system for processing permits, while better protecting our seas with new Exclusive Economic Zone legislation. We'll also retrofit a further 50,000 homes through the Warm Up New Zealand: Heat Smart scheme.”*

## Key facts

- Over 130,000 homes so far are warmer, drier, and healthier thanks to our *Warm Up New Zealand: Heat Smart* scheme.
- Investing \$3.9 billion to upgrade the National Grid.
- Renewable electricity generation has increased from 65 per cent in 2008 to 79 per cent in 2011. We're on the way to our 90 per cent target.
- 693 MW of new electricity generation built and 2303 MW consented.
- New Zealand is set to earn more than \$3 billion in royalties from oil and gas.

## Related policies

→ Environment

→ Economic Development

## National has...

### Ensured security of electricity supply and encouraged competition

- ✓ Established the independent Electricity Authority to promote competition, efficiency, and reliable supply of electricity markets.
- ✓ Encouraged energy consumers to compare and switch electricity and gas suppliers, and put tools in place to help this to happen.
- ✓ Ensured that if Kiwis are asked to save power during a national conservation campaign, power companies will have to pay consumers \$10 per week, per household.
- ✓ Committed \$3.9 billion through Transpower to upgrade the National Electricity Grid. This includes:
  - The North Island Grid Upgrade, and the North Auckland & Northland Grid Upgrade.
  - The Interisland HVDC Link Project including the Cook Strait Cable.
  - Investigating the South Island Grid Upgrade – potentially worth more than \$100 million.

### Encouraged renewable energy

- ✓ Committed to a renewable electricity target of 90 per cent by 2025.
- ✓ Amended the Resource Management Act to consent renewable energy projects more efficiently.
- ✓ Developed a National Policy Statement on Renewable Electricity Generation. This provides clearer rules that encourage investment in renewable energy, and requires RMA decision-makers to take benefits into account when making decisions.
- ✓ Gave a clear price signal and competitive advantage to renewable energy sources through the Emissions Trading Scheme.

### Promoted energy efficiency

- ✓ Committed \$347 million to insulate 188,500 Kiwi homes making them warmer, healthier, and more energy efficient in our *Warm Up New Zealand: Heat Smart* scheme.
- ✓ Launched the Energising Business programme. This is helping around 180 companies increase profitability and their competitive advantage by encouraging them to invest in energy efficiency.

### Boosted oil and gas exploration

- ✓ Rolled out a major seismic data acquisition programme to increase the knowledge of petroleum basins in our territorial waters.
- ✓ Made seismic data freely available to companies looking to invest in exploration and development of New Zealand's oil and gas resources.
- ✓ Replaced the Crown Minerals group, responsible for managing the Government's petroleum and minerals estate, with New Zealand Petroleum & Minerals – a new, larger unit with a stronger commercial focus.

### Protected our seas

- ✓ Launched a new National Policy Statement on Coastal Policy to better manage coastal hazard risks.
- ✓ Introduced the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Bill. This will properly manage the adverse environmental effects of activities such as oil and gas exploration in our vast Exclusive Economic Zone
- ✓ Established a High Hazards Unit in the Department of Labour with four inspectors specifically for the petroleum industry.

# Our results so far

## Warmer, drier, healthier homes

- Over 130,000 homes are warmer, drier, and healthier under our new *Warm Up New Zealand: HeatSmart* scheme.
- Over 29,000 homes have had clean heat devices installed.

Progress in insulation, space heating, and water heating	Labour after 9 years	National in just 3 years
Homes insulated with government grants	50,264	135,390*
Homes installed with clean heating devices with government grants	800	29,151
Homes installed with solar heating or heat pumps for water heating with government grants	1971	7462

\* Includes *Warm Up New Zealand: HeatSmart* and other government grants.

## Highest level of renewable electricity in a decade

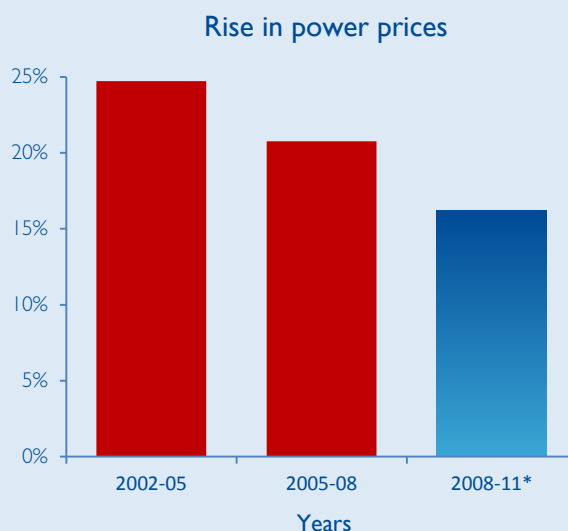
- 74 per cent of electricity generated from renewable sources in 2010, and 79 per cent in the first six months of this year.
- New Zealand's proportion of renewable electricity is the second-highest in the OECD.
- New wind and geothermal generation, along with a strong year for hydro generation, saw greenhouse gas emissions in 2010 from electricity generation decline 11 per cent from 2009 – to the lowest level since 2000.

## More competition in the electricity market

New Zealanders are increasing competition in the electricity market by switching between retailers in record numbers. The [www.WhatsMyNumber.org.nz](http://www.WhatsMyNumber.org.nz) website gives householders an estimate of how much they could save by switching retailers.

- The website has been viewed by over 400,000 unique visitors.
- More than 40,000 consumers on average switch each month.
- We've halved the time it takes to switch.

## Reined in power price increases



\* Estimated  
Source – MED Quarterly Survey of Domestic Electricity Prices

## More oil and gas

- Petroleum is now our fourth-largest export earner at \$2.1 billion in 2010. The industry employs over 7,000 people.

## What we will do next...

### 1. Work to make homes warmer, drier, and healthier

- Upgrade a further 50,000 homes with insulation and/or clean heating devices.

We will complete the remaining home retrofits funded through the \$347 million *Warm Up New Zealand: Heat Smart* scheme.

- Encourage more home insulation.

Work to encourage third-party participation in funding and special home-insulation projects so more families can have warmer, drier, healthier homes.

- Ensure that, by the end of 2013, every state house built before 1978 that can be practically insulated, is insulated.

See our [Housing policy](#) for more details.

### 2. Encourage further competition among electricity retailers

- Continue to promote competition in the electricity market.

Encouraging consumers to switch electricity retailers helps to keep price increases as low as possible.

### 3. Boost oil, gas, and mineral extraction

- Complete the review of the Crown Minerals Act.

The Act is over 20 years old and the review will focus on updating and aligning the Act with the Government's economic agenda.

- Introduce a competitive new system for how permits are processed for oil and gas exploration. This will:

- Give the Government more control over safety and environmental practices.
- Allow permits to be processed more efficiently.
- Allow community groups to take part in more structured dialogue in areas open to exploration.

Our petroleum estate is under-explored. An independent valuation has put a value of \$8 billion to \$12 billion on potential future royalties from oil and gas production.

Making New Zealand a destination for more exploration has the potential to contribute billions to our economy, and create higher-value jobs. Our new approach will focus on areas of greatest potential, emphasise safety, and allow more transparent engagement with local communities, industry, and iwi.

- Examine ways to make it easier for exploration companies to establish operations in New Zealand.

One example is the extension, through to 2014, of the 183-day tax exemption for seismic vessels and exploration rigs. Without the extension, non-resident offshore rig operators and seismic vessels tend to stay for a period of less than 183 days, even if further exploration is desirable.

#### 4. Better protect our seas

- Pass Exclusive Economic Zone (EEZ) legislation, which has already been introduced to Parliament, by 1 July 2012.
- Make the new Environmental Protection Authority responsible for consenting, monitoring, and enforcing activities that impact on the EEZ environment, such as petroleum exploration, seabed mining, deepwater aquaculture and marine energy development.
- Introduce regulations to support new EEZ legislation. Regulations will supplement the EEZ legislation and reinforce National's commitment to world's best practice to protect the environment.

Robust legislation and regulation is crucial to get proper rules in place to better manage our offshore resources, and better protect our seas and wildlife within the EEZ.

#### 5. Upgrade the National Grid

- Continue with our programme to upgrade the National Grid and ensure security of electricity supply.
- Complete:
  - The \$824 million upgrade up of the North Island Grid – due for completion in 2012.
  - The \$473 million North Auckland and Northland Grid Upgrade Project – due in 2013.
  - The \$672 million Interisland HVDC link project including the upgrade of the Cook Strait Cable – due in 2014.
- Start work on the South Island Grid Upgrade – if the project meets the business case.

## Labour would take New Zealand backwards

### Under Labour:

- ✘ Power prices went up 72 per cent in nine years. Under National they've gone up a modest 13 per cent.
- ✘ Renewable electricity generation was just 65 per cent (2008).
- ✘ Unrealistic policies on renewable energy ignored the fact that around half of the energy New Zealand currently consumes is from oil and gas. We can't just turn off that tap in our journey to a lower carbon economy.
- ✘ No real action was taken to regulate offshore oil, gas, and mineral extraction or protect our seas.

**We can't afford another dose of Labour.**