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RMA reform lands—let battle commence

After years of debate the legislation to replace the Resource Management Act has landed and one thing that everyone agrees on - it is big.

The Natural and Built Environments (NBEA) and the Spatial Planning (SPA) bills' introduction shows a melding of many aspects with the RMA with new concepts and frameworks.

Anyone who is hoping that changing the rules will remove the tensions that exist in planning and environmental law is dreaming.

Environment Minister David Parker is hoping that the SPA will front-load these debates into a smaller set of spatial plans (SPs) with agreed rules about what is acceptable and what is not.

The law would have the effect of reducing the current 100 district and regional plans prepared by local councils under the RMA down to just 15 regional plans.

These will be produced by new regional planning committees, to “provide the strategic framework for environmental management and regional development” through 30-to-100-year regional spatial strategies to guide decisions about land use.

Frontloading the conflict and decision making

The SPs in theory will say where it will be permissible to build new infrastructure, housing, industrial activity and other developments to happen. It will also make clear where environmental, agricultural and other priorities will hold sway.

This combined with streamlined generic consenting terms working alongside clear environmental bottom lines is intended to make life simpler for everyone and the environment will improve.

The concept is appealing, but execution will be difficult. All the fights will be upfront as the SPs and other basic rules are settled.

The initial process is meant to be consultative and done with some form of consensus. The law also now explicitly states businesses – such as power companies who want to build new generation – must be involved in the process.

This could lead to positive outcomes for all, but the reality is when the bottom lines are drawn, and areas are set aside for development, preservation or even environmental enhancement, there will be disagreement.

This will mean litigation, long and difficult cases involving fighting not only over settled RMA matters but also new concepts – some of which are a bit vague.

This will make for a difficult political process as well as an expensive one. It will also take strong political will to see through the inevitable mistakes and unforeseen consequences to even get to the point where many years down the track a judgement can be made on whether the system is working.

A difficult path to alter

Of course, any future government getting cold feet will have to come up with an alternative that doesn’t cause even more harm, so changes from Parker’s grand plan are likely to be on the margins.

Parker put a lot of emphasis on the streamlining of plans both by reducing their number and more generic provisions. This would bring savings in money and time for all.

A conservative estimate was that costs to users would fall by almost a fifth, saving about $149 million a year.

Most reforms of this nature start with the same optimism.

In the end, consenting and planning run into a similar analogy to the builder's conundrum: you can have it cheap, you can have it fast and you can have it high quality – but you can only get two of those outcomes.

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Inside

Hot spots

- The RMA reform legislation has landed and battles will begin not only over the current drafting of the bills, but also the crucial first years of implementation.
- Grant Robertson says those arguing for an excess profit tax on power companies have failed to make a case.
- National has warned those investing on the basis of biofuels mandates that they might lose their money.
- NZ has retained its high ranking in the global energy trilemma index despite concerns about security. However the index has been buffeted by the global energy crisis.
- Fuel pricing bill introduced.

A note to subscribers

As this year nears its end the energy and environment sector continues to be bombarded with news and new developments. Internationally there is chaos in many energy markets, while there are ever new pressures on environment and climate change policy. The Government will be pushing its reform programme hard as it prepares for election in 2023. Energy and Environment will continue to seek to provide you with the information that is needed to navigate the issues.

One of the failings of the RMA was that its implementation was starved of funds. There was in its first decade little use of national standards or policy statements, so many councils went about reinventing the wheel and coming up with many variations.
Some of the millions of dollars being spent on the new system will go towards funding three model regional spatial strategies to help councils develop their plans.
The model plans are intended to create templates for a largely urban and a largely rural region, and a region where there are significant numbers of overlapping iwi interests.
The models will apply to real areas rather than being theoretical and the environment ministry will run the selection process. It is hoped this will smooth the path for the rest and iron out wrinkles earlier rather than later.

Water

Another area of tension will be the shift from moving resources allocation from a 'first in first served' approach to one where resources are allocated based on the principles of sustainability, efficiency and equity.
Parker said under the current RMA, councils can adopt allocation plans for scarce resources such as water but haven't, instead issuing consents on a first-come-first-served basis. This has not delivered the best economic outcomes and can be unfair.
"The new system will require regional planning committees to have an allocation plan applying the principles set out in the Randerson Panel report… Those principles take into account fairness, efficiency and investment, such as in irrigation systems, while creating a process to access water for those currently unable to secure it," Parker said.
The move reflects the fact that in many catchments, water is already either fully or over-allocated.
It is intended that water rights renewals will be easier, but renewal periods will be shorter than the current 35 years.
Despite this, changes to allocation methods will cause nervousness for those who rely on water and see their possession of a water right as a permanent property right. In many of these cases, these water rights are the lifeblood of their business, particularly in the farming sector.
To ease the pressure on electricity generators, water passing through hydro schemes will be exempt from allocation.
Also, the law will mean any proposal to charge for water, but not its infrastructure, will require a return to parliament for enabling legislation, if it is to be granted at all.
Preventing a price on water means those who advocate for a market system to allocate water will have a more difficult time. For politicians keeping a price off water also reduces the chances of a political and legal argument over ownership.

Co-governance and treaty issues

The law will implement The Treaty clause recommended by the Randerson panel, "give effect to" rather than "take account of" Treaty of Waitangi obligations and principles. This is likely to lead to litigation about how this will be interpreted. Provisions in current Treaty settlements will be upheld and migrated into the new system.
A key decision on the regional strategy process was not to pursue a Māori co-governance model. Instead, the committees will have a minimum of six members, two of them representing iwi. One government representative will also always serve on each committee to try and give national consistency.

Environmental limits

The RMA is seen to have failed in part because it only sought to control the effects of development, leading over time to cumulative environmental degradation by allowing numerous individual developments to have effects far greater than would have been allowed if treated as a whole.
By moving to an "outcomes" approach, the new regime will try to have "hard" environmental limits.
Areas where environmental standards are below a limit will have to be brought back up to that limit, as a minimum, while areas where current environmental conditions are above the limit may not fall below it.
The only exception will be for public good infrastructure, in which case offsetting improvements to environmental conditions elsewhere will be required.

Renewable electricity

All existing renewable electricity developments will face a rollover process instead of the current requirement to seek consents afresh. All new renewable electricity developments will be deemed "permitted activities", amounting to a fast-track process. The only exception to this is for any new hydroelectricity schemes.
A Climate Adaptation Act is the third leg of the proposed reforms, but is not due to be introduced to Parliament until some time next year and is not expected to pass before the election.
Other aspects of the RMA reform are covered elsewhere in this week's edition of Energy and Environment and probably for many years to come.

Robertson cool on calls for an excess profits tax

Finance Minister Grant Robertson says a report compiled by unions calling for an excess profits tax on the major gentailers failed to make the case.

Answering questions in Parliament, Robertson said: “The report focuses particularly on the lack of—or the perceived, rather—investment in renewable energy generation. On that score, I think we are seeing progress in that area. When it comes to the issue around excess profits—"windfall taxes", as they're sometimes called—we need to look at a specific event, if that is going to occur; and I don't believe that's justified in this case.”

He said ministers kept a close eye on electricity prices and the evidence was they've remained relatively flat in real terms.

“My take, on reading the report, is actually it is much more focused on whether or not those companies have been investing sufficiently in future renewable energy generation and, as I say, I don't believe that case has been fully made.”

The report co-authored by FIRST Union, NZCTU, and 350 Aotearoa argues that since the partial privatisation of electricity companies, the four big generator-retailers (gentailers) have delivered billions in excess dividends to shareholders.

The calculation is based on comparing the net profit after tax (NPAT) for Contact, Meridian, Genesis and Mercury and compares this with dividends paid out. If the dividends exceeded NPAT then that was an excess profit.

On that basis, from 2014 until 2021, the four gentailers distributed $8.7 billion in dividends off $5.35b in profits. Therefore, the gentailers delivered $3.7b in excess dividends to shareholders over this period, averaging $459 million a year, the report said.

The Government collected $1.35b, an average of $150m per year, of these excess dividends from its 51% shareholding in Meridian, Genesis and Mercury.

Not new

The Greens also recently called for a windfall profit tax on energy companies, banks and others. While ministers indicated concern about the levels of profits made by some, they did not show any interest in punitive tax measures.

The gentailers have said that NPAT is not a fair measure of profit as it includes the impact of asset sales and revaluations.

The report said the gentailers had been diverting profits into dividends instead of building more generation.

“Systemic underinvestment in generating capacity has enabled excess dividend distribution, leaving New Zealand’s generating capacity practically flat over the last decade,” the report said.

“Underinvestment in renewable generation enables high-cost high-emission fossil fuel electricity to set the prices for cheaper renewable electricity, dragging prices up across the market and bolstering profits.

The report said the gentailers had been artificially boosting their balance sheets to borrow more and payout to shareholders.

“In 2000, the combined value of the fixed assets (also known as ‘property, plant and equipment’) of the four gentailers – most importantly their generating assets – came to around $7 billion. By 2022 the combined value of these fixed assets had more than tripled, to $23.7 billion. However, 46 percent of this total value – $11 billion – was made up from asset revaluations,” the report said.

Asset valuation boosting

“Excess dividend distribution’s impact is offset by a process of asset revaluations, itself the result of rising electricity prices. Asset revaluations now account for 56 percent of the value of fixed assets held by the three mixed ownership gentailers ($10.9 billion out of $19.6 billion).”

It cited a 2011 profitability analysis, undertaken by Ernst and Young on behalf of the Treasury, which estimated that the “economic profit” (the companies’ returns over and above their cost of capital) of the three then-state-owned enterprises – Meridian, Genesis and Mighty River (now Mercury) had totalled $3.8 billion over a ten-year period. Invested capital had risen from $4 billion in 2002 to nearly $12 billion, but more than half of this - $6.2 billion - was made up of asset revaluations.

This report argues that as the largest shareholder of three gentailers, the government should:

• Submit a minimum profit reinvestment target at the next shareholder meetings to rapidly develop new renewable generation.

• Require that future dividends received from its shareholding be used to buy back gentailer shares, to be held by a special purpose vehicle with the objective of maintaining stable and secure energy supply.

• That fossil fuel generation facilities be ring-fenced for strictly non-commercial use to ensure national electricity security.

• That the government invests at least the equivalent of its $1.35b excess dividend since partial privatisation in community and household electricity schemes.

• That a windfall tax be levied against the gentailers for the remainder of the excess dividend.

The gentailers were unimpressed with the report with all saying the numbers used were not representative of the facts.

All argued they were now putting substantial resources into new generation – all renewable.

Meridian said approximately 2/3rds of every dollar Meridian makes goes to the Government in dividends or tax and 80% of all of Meridian’s dividends are paid to New Zealanders, either through the government or KiwiSaver and private investment.

National tells biofuels sector—invest at your own risk

The Sustainable Biofuel Obligation Bill completed its first reading in Parliament with National making clear that any investors looking to build up a biofuels industry on the back of a mandate would be putting their money at risk.

The bill implements decisions announced on a mandate to phase in biofuels being added to diesel and petrol. While this has been delayed a year the law sets up the regulatory framework.

Energy minister Megan Woods said the mandate was needed to help get down transport emissions which, since 1990, have increased by more than 60 percent. They represent about half of long-lived carbon dioxide emissions, and roughly one-fifth of all greenhouse gas emissions in New Zealand.

The fact remained that while electric vehicles would be a growing part of the light vehicle fleet, petrol-powered vehicles would remain on the roads for decades yet and biofuels were a way to reduce their impact.

The sustainable biofuels obligation introduces an obligation on any company or person who imports fuel into New Zealand or refines fuel in New Zealand.

The 2035 target for reducing emissions intensity is 9 percent emissions intensity reduction. This is up to 9 million tonnes by 2035.

The lack of infrastructure and the potential cost because of this would mean the mandate would be phased in from 2024 but the ultimate target would remain the same.

Labour's challenge

Woods said the challenge for parties opposing the bill was to explain where else the emissions reductions would come from.

The bill contained protections against the use of biofuels that were not truly sustainable such as those produced from palm oil.

"The regulation-making power can be used to limit biofuels derived from crops which are food sources. This is important; it means our demand for fuel will not compete with the world's need for food," Woods said.

National's Stuart Smith said the party would not support the bill and would repeal it. If National was elected as government it would rely on the emissions trading scheme to reduce emissions.

"They think that emissions will be reduced by the wise hand of the Minister intervening in little places here and little places over there to lower emissions. It's an absolute load of nonsense, quite frankly," Smith said.

The mandate would add costs to fuel partly due to investment needed for infrastructure.

"Upstream providers, those that import the fuel, will have to invest significant sums of money—some are up to $50 million; I don't know how much others are going to have; that's their estimate at this stage… So it won't be 10c a litre; it will be a greater cost."

He said National was not opposed to biofuels but was opposed to mandates.

National's warning

Former energy minister Gerry Brownlee was even stronger in his language saying it was "dreadful" and the "most vanity-fuelled piece of legislation this House has seen for quite a long time".

"Let's be very clear: the last time the Labour Government was in power, they did bring in a biofuels obligation, and it was exactly the same circumstances, where there was no capacity to supply the biofuel to meet the targets that were imposed by the legislation," Brownlee said.

"We made it very clear at the time that the expectation that somehow bringing in a biofuels mandate was going to solve some of the transport emissions for the New Zealand vehicle fleet was complete and utter nonsense.

"Sadly, there were a whole lot of gullible people who thought this was the greatest thing since sliced bread, invested in it heavily, and, ultimately, lost their money because the National Government wasn't prepared to make the greater population of New Zealand pay for such a dopey idea."

He said Treasury advised "a biofuels mandate is demonstrable Government action to address climate change, the New Zealand Government will also enhance its credibility to influence international climate change negotiations."

"That is code for "this gives Government Ministers the chance to prance about the world and talk about how wonderfully we're doing in this country to reduce emissions while making very little difference at all—if any."

The regulatory impact statement was worried about costs, but also underestimated the impact.

"We can see that even in here—even in here—they're saying that there are large parts, or large percentages, of the New Zealand vehicle fleet that will not successfully run on biofuels, even with a low percentage…, and it will be cause for so many people having to abandon their cars in a much earlier stage in their life."

Brownlee also said "there's provision in the bill which allows those who are fuel suppliers of more than 50,000 litres a year to defray their entry into the system by up to two years at a cost of 0.01c per litre—an absolutely tiny fee to go about ignoring the dopiness of this Government, while they wait for a good Government that knows what they're doing."

Energy trilemma index buffeted by global crisis

The global Energy Trilemma Index has ranked New Zealand's energy system as one of the top ten globally for equitable, secure and sustainable access, but says energy security is at risk.

Each year the global index ranks countries based on three key aspects that matter to consumers; Energy access and affordability, reliable supply, and environmental sustainability.

However, the index has a different tone this year to previous editions with the international group of authors noting the speed and size of the current global energy crisis had meant many of the rankings have been overtaken by events.

While the data takes into account the impact of covid it does not reflect the impact of Russia's invasion of Ukraine and the aftershocks it has caused through global energy systems, most notably in Europe.

For instance, some of those countries that still hold high rankings for things like energy security – such as Germany – have since been rocked by the interruption to gas supply.

NZ's place

The index uses data to assess how policy influences performance to explore what policies work best, and in which context. New Zealand ranked eighth amongst more than 90 countries in the Energy Trilemma Index in 2022 and has consistently ranked in the top 10.

BEC Executive Director Tina Schirr said while New Zealand has maintained its AAA-grade rating, new results show security remains New Zealand's weakest performing aspect of the trilemma.

Schirr says there are several ways to increase energy reliability.

"One way would be to ensure a diverse energy mix, introduce more decentralised storage and play with elements such as flexibility services - all of which are in the making as we speak.

"As a small island nation, we need to reframe the narrative from 'how to scale' to 'how to provide resourceful, small and smart solutions' where we need them the most - both today and in the future.

"That means future solutions could look quite different from how we currently produce and store energy."

Last week the Government shared its intention to extend onshore storage. Schirr says BEC is looking forward to seeing details on how this will be implemented in a sustainable and affordable way.

"Energy storage remains an important element to security of supply and finding the right balance is key."

The publication said in its profile of New Zealand that it enjoyed high levels of renewable electricity generation, most notably from hydro sources.

Over the last decade, New Zealand's Energy Sustainability score has improved with increased generation from wind and geothermal.

Yet New Zealand has increasingly become reliant on fuel and coal imports, resulting in a decline in New Zealand's energy security score over the last decade.

The Government has continued to develop a set of policies aimed at achieving New Zealand's emission targets of net-zero greenhouse gases (other than biogenic methane) and a 24-47% reduction in biogenic methane by 2050.

"Energy security remains a significant concern to New Zealand's energy sector. New Zealand's reliance on renewable energy sources for electricity — specifically hydro — makes the country susceptible to the 'dry year problem.' When hydro lake levels are low, gas and coal generation is required to meet the resulting supply gap.

Price pressures

"Low lake levels and elevated coal prices have increased wholesale electricity prices over the past two years. The market expects wholesale prices will remain high over the next two winter periods, as energy security remains uncertain. Higher prices will likely encourage investment in new renewable electricity generation. Yet in the current inflationary climate, higher prices will place additional costs upon already budget constrained households — possibly impacting New Zealand's equity score in the future."

The report notes that to meet the Government's energy consumption target, a Gas Transition Plan and a National Energy Strategy will be developed. The former is expected by 2023 and will feed into the latter, which is expected by the end of 2024.

"Power Purchasing Agreement (PPAs) will increasingly play a crucial role in improving energy security and sustainability. Over the next two years, the Government is exploring public sector procurement of renewable electricity via long term power purchase agreements. The Government has also announced funding to develop a regulatory framework for offshore renewable energy, and a roadmap for development and use of hydrogen. This could provide an opportunity for a more diverse and secure energy sector."

The international aspects of the World Energy Trilemma are covered elsewhere in this week's edition of Energy and Environment.

Carbon prices reach new high

The price of carbon has hit new heights on the secondary market this week.

NZUs reached $88.50 on the Commtrade platform and $88.23 on Carbon Match at the end of trade.

In its *Jarden Report* last Friday, the Commtrade operator said it traded 430,000 NZUs during the week and 600,000 for the month.

It put the high demand and $10 jump in the cost of NZUs over the previous four weeks down to buyers expecting the government to soon announce it would adopt changes to the ETS recommended by the Climate Change Commission earlier this year.

The commission recommended lowering auction volume and a higher, two tier Cost Containment Reserve.

Climate change minister James Shaw has also raised the possibility of changes to the rules around forestry in the ETS, suggesting the government could become the exclusive buyer of forestry credits.

Carbon is currently trading for about NZ$128 on the European exchange and about NZ$46 in California.

A recent OECD report found the average carbon price among OECD countries was just NZ$7.

The next NZU auction will take place on Wednesday 7 December with 4.825 million NZUs up for grabs. To date every auction has cleared. If the auction fails to clear the volume won't be carried through.

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Fuel industry bill introduced

The Fuel Industry Amendment Bill has been introduced into Parliament enabling the Commerce Commission to set prices in the wholesale petrol market as a backstop power.

It follows government decisions last week around biofuels, strategic oil reserves and other matters. The bill only covers the price-setting regulatory backstop powers.

The new regulation will allow the commission to intervene if it believes the wholesale market participants are stifling competition or artificially pushing up prices.

The new regime is based on the generic provisions in the Commerce Act that provide for regulation of the price of goods or services in markets where there is little or no competition.

There are some differences, including the nature of the inquiry that the commission would use to decide if there was misuse of market power. Also the method used to set prices is not laid down in law and is left to the commission's discretion. There are also limits on ministerial powers to go above and beyond what the commission recommends.

The move follows the recommendations that flowed from the regulator's market study into the fuel sector. This found that:

Fuel companies have been making persistently higher profits over the past decade than would be expected in a competitive market.

Regional differences in retail fuel prices reflect variations in local competition and not solely differences in the cost of supply.

Discounts and loyalty schemes avoid direct competition on price.

Premium petrol margins have grown faster than regular petrol and do not reflect actual cost differences in supply.

Competition largely occurs in retail markets and this is less intense than could be expected.

Following this in 2010, the Fuel Industry Act introduced a terminal gate pricing (TGP) regime, which requires wholesale terminal storage suppliers to post a daily spot price at which they must supply fuel. This created a wholesale spot market which the backstop power will cover – not the retail price side of the equation.

Treasury's regulatory impact statement noted all industry participants were against the new regulation saying it would chill investment in what was a competitive market.

Treasury disagreed and said it was a necessary weapon to have in the regulatory armoury in a market dominated by a few players.

"We consider that the harm to consumers of issues persisting in fuel markets warrants a credible threat of price control, despite the risk that such a threat may create some regulatory uncertainty," Treasury said.

Officials said New Zealand was among one of the highest per capita users of petrol and diesel with a 2020 study saying the average driver bought 675 litres of fuel a year, making up 2.26% of the typical salary.

There are currently five companies that import fuel: BP, Mobil, Z Energy, Timaru Oil Services and Gull.

BP, Mobil, and Z are regarded as 'the majors' in the fuel industry and import refined petrol and diesel, mostly from Singapore and South Korea.

Since the closure of the Marsden Point oil refinery in April, NZ only imports refined fuel.

Treasury said that since 2016, there has been an increase in the number of retail sites, with few of these being operated by majors.

Retail prices are influenced by international prices and events.

This became evident when Russia's invasion of Ukraine sent the cost of regular 91 to rise above $3 per litre around NZ.

In response, the Government reduced fuel excise duty by 25 cents per litre (plus any associated GST reduction) and Road User Charges until January 2023.

New renewable electricity milestone

The electricity system reached 99% renewable generation last Friday, the first time New Zealand reached this milestone.

Transpower said for four consecutive days, Wednesday through to Saturday, national electricity demand was supplied by 98% renewable generation - occupying the top four days of highest renewable generation percentage in the last four years.

The top 10 days have all been this month.

Transpower said in its weekly briefing note that high hydro lakes, strong winds and thermal generation out for maintenance meant renewable generation was the reason why multiple records last week. Weekly, daily and real-time percentages of renewables in the generation mix were the highest they have been in at least the past four years, reaching 99% on Friday morning.

Over the whole week, the total renewable contribution to the generation mix was 97% - another record.

For much of the week, the only non-renewable contribution to the generation mix was co-generation, which is a by-product of some large industrial processes.

The run for renewables was due to hydro storage at 147% of the average for the time of year, a 2% decrease on the week prior.

South Island storage was at 150% of the historic average, a minor decrease from the week prior as high hydro generation barely outpaced above-average South Island inflows.

Demand increased slightly on the previous week from 729GWh to 742GWh. Demand peaked at 8am last Wednesday at 5,337 megawatts.

Wholesale prices increased from the previous week, up from $9/MWh to $50/MWh at Haywards as wind and run-of-river hydro generation decreased.

Prices peaked at $384/MWh in the North Island at 8am on Wednesday coinciding with the peak load and when the risk was getting power from the southern hydro lakes. The HVDC was in high north flow all week reflecting the high hydrological position in the South Island.

Wind generation decreased from 8.7% to 6.7% of the energy mix, while hydro generation increased to comprise 72% of the weekly generation mix.

Low thermal generation at just 1% of the generation mix was due to Huntly's Unit 5 on an outage until Nov 20 and, again, only one Rankine unit running for part of the week.

Reaction to introduction of RMA reform legislation

National

After five years of talking a big game on RMA reform, Labour has managed to produce legislation which is likely worse than what we have now, National's Housing, Infrastructure and Acting Environment spokesperson Chris Bishop said.

National's simple test on RMA reform is whether it will make it easier to get things done - like building the houses New Zealand desperately needs and addressing our infrastructure deficit – while pragmatically protecting the environment. We will be carefully considering the Bills but we are deeply sceptical that Labour's reforms will meet this test.

Green Party

The Government has missed a crucial opportunity to redesign the resource management system with climate and nature at its heart.

We need a planning and resource management system that will deliver more clean power; thriving natural habitats; liveable towns and cities connected by low carbon public transport; and warm, affordable homes for everyone, said the Green Party's environment spokesperson, Eugenie Sage.

Instead of coming up with new laws that put nature and the climate at the heart of our planning and resource management system, the Government seems to have bought into the outdated idea that there is a trade-off between quality infrastructure and good environmental outcomes. This just isn't true.

ACT

Labour's Natural and Built Environments (NBE) Act and Spatial Planning Act are a retread of the Resource Management Act. They even dusted off the same guy who did the RMA to design them, said ACT Leader David Seymour.

ACT says that what we need is a property rights based system. The only rights people should have to object is if someone else's actions are affecting your own property.

Federated Farmers

Federated Farmers is worried proposed replacement resource management legislation focuses only on streamlining urban development and will make it harder, not easier, to farm.

The government has gone out of its way to emphasise there will be less resource consents for infrastructure and housing. However down on the farm, it's hard to see how the new law won't see even more environmental red tape for farmers," Feds national board member and resource management spokesperson Mark Hooper said.

Property Council

The government announced the framework for a shiny new resource management system, but the development community remains in the dark as to how the system will be governed, funded, or practically implemented by those at the coalface, said Property Council New Zealand chief executive Leonie Freeman.

It is merely a foundation for building a system that may or may not stack up. Without context and the input of those who actively use the system on a daily basis, it is very difficult to foresee how the proposed Acts might work cohesively together.

EMA

If the system works as promised then it should be more straightforward for the business, infrastructure, building and economic development communities to get the consents they need to make progress more quickly," said EMA Head of Advocacy and Strategy, Alan McDonald.

Getting the business voice into SPAs brings those interests to the table in developing the plans, which should make consenting easier if activity fits with the scope of the Plans and then leads to the outcomes stated in the NBEA.

Environmental Defence Society

These bills are intended to represent a generational change in how we manage our natural and built environments in Aotearoa New Zealand, said Gary Taylor, EDS CEO.

There is much in there that is positive. There is recognition of environmental limits and targets, a new purpose statement and more mandatory and integrated national direction through a National Planning Framework. In particular, limits must be set for air, freshwater, coastal water and indigenous biodiversity. There are stronger provisions to control existing uses of land which are harmful to the natural environment or need to adapt to climate change.

That said, we think that changes are still needed through the parliamentary process to strengthen environmental protections in the bills. For example: The new concept of 'te oranga o te taiao' in the NBEB's purpose, and its relationship with other aspects of the purpose, remain vague and open to interpretation.

Equitable transition

The Government is asking for public input as part of its goal of ensuring the transition to a low emissions future is fair and inclusive for all.

The Ministry of Social Development (MSD) and Ministry of Business, Innovation and Employment (MBIE) announced the start of public engagement to inform the development of an Equitable Transitions Strategy, which will guide the Government's approach to the transition to a low emissions future, and will include actions and policies to address challenges and seize opportunities.

Kirsty Flannagan – General Manager, Tautoru (Economic Strategy), MBIE said: "Moving to a low emissions future will bring opportunities, such as jobs in new industries and in our regions. It will also mean changes such as transport powered by renewable energy and warmer, more energy efficient homes.

"The Government acknowledges that some people and communities will be affected more than others. That's why we are developing an Equitable Transitions Strategy to support all New Zealanders to make the most of the opportunities and minimise disruption and inequities," Flannagan said.

Views and ideas gathered through public engagement and the survey results will help inform a draft Equitable Transitions Strategy in June 2023 and a final Strategy by June 2024.

Shaw and COP27

Less than a week after the government boasted of being one of just three countries in the world to commit to loss and damage funding, New Zealand has been awarded the 'fossil of the day award' for opposing an agreement at COP27 to establish a loss and damage finance facility.

The Climate Action Network - a coalition of 1200 NGOs in 120 countries - said New Zealand had started off looking like a true leader at COP27 with the announcement of $20 million for loss and damage last week, but its decision to oppose the setting up of a finance facility was "a shameful about-face exposing their true allegiances – with other laggard-rich nations."

Oxfam Aotearoa climate justice spokesperson Nick Henry said the government was blocking urgently needed action on loss and damage.

"It's not what we would expect from a government that says it's at the leading edge of loss and damage."

Signs were there

But foreign minister Nanaia Mahuta gave a hint that New Zealand could be lukewarm towards proposals for an international loss and damage fund when she announced Aotearoa's $20 million loss and damage commitment last week.

"COP27 is likely to discuss a centralised fund for international commitments for loss and damage. While New Zealand is not opposed to this, we also support a wide range of funding arrangements to make best use of our contribution. We will work with our partners, in particular Pacific governments, to support areas they identify as priorities," she said.

However, the government's announcement was widely seen as an endorsement of calls by the south for loss and damage to be adopted by rich nations part of their response to climate change.

Professor Bronwyn Hayward tweeted: "It might not be a lot of money but this signals to the Pacific NZ has their back now China and the USA what will you do about it?"

Hayward said she stands by the comment. "It was - and remains - a really significant step to commit finding rather than just words - even small funding has to then go somewhere which helps force the issue of setting up a mechanism for delivering this which can't be put off endlessly.

Cheap shot

"I would add - and I know this will be an unpopular comment- that the fossil award is a bit of a cheap shot because very few nations have committed funding even a small amount of real funding to force this issue into a concrete action plan… the negotiation was always going to be hard.

"The more immediate concern I have is that we are crashing through the 1.5 barrier at this meeting and the liability issues will be even more critical - let alone liveability will be even more critical - it's incredibly frustrating that we go one step forward two steps back on all these issues but given this COP is in disarray to be honest this is all a struggle.

"Good on Oxfam for highlighting the issue but getting liability mechanisms that are transparent and workable is also critical."

Vanuatu-based Oxfam Pacific project coordinator George Koran said New Zealand's stance at COP27 sent a mixed message.

"The New Zealand Government say they understand the urgent need for loss and damage funds, and yet, we are not seeing any real action. It's like robbing Peter to pay Paul – we need new and additional funding from our neighbours to fight this crisis."

In its submission on loss and damage at COP27 the government said a lack of shared understanding of what a global fund would mean, meant it couldn't support it at this stage.

"Establishing a fund without certainty around what that means would require high levels of confidence that we have a shared understanding of what we are working on, and how. Listening to the interventions, it doesn't seem we have this."

"NZ has said previously we think this is urgent. We committed funding this week to underscore that point. But we also think we need to get this right."

"At this COP we have an opportunity to move toward the shared understanding we need by agreeing on a few principles that ensure a fund is as useful as possible."

Same old

Not the first time NZ's been declared a fossil

Yesterday's award comes almost exactly a year after CAN gave New Zealand the fossil of the day award for turning up at COP26 in Glasgow without a revised Nationally Determined Contribution.

It could well be a case of déjà vu in coming days with New Zealand once again turning up to a COP without a revised NDC.

Climate change minister James Shaw has said he's waiting for a decision in a court case brought by Lawyers for Climate Action NZ that could impact on government's decision.

LCANZ responded to Shaw's comment by saying there was nothing stopping the government from announcing more ambitious targets in line with the science.

LCANZ argues that the Climate Change Commission made a mathematical error meaning NZ's 2030 target fails to meet its commitment to keeping warming below 1.5 degrees.

More slicing and dicing of climate fund

Meanwhile, climate change minister James Shaw announced a $15 million contribution to the Adaptation Fund at COP27.

The five-fold increase in New Zealand's contribution to the fund will come out of New Zealand $1.3 billion climate package announced last year.

The $20 million loss and damage funding comes out of the same pot.

"Aotearoa New Zealand is committed to supporting those countries and communities that have the fewest resources to respond and to recover from the impacts of the climate crisis. That is why at least half of this Government's NZ$1.3 billion climate finance package will be targeted at projects that support climate resilience, especially in the Pacific," Shaw said.

"Most of our support is allocated by working directly with countries. Working in this way means we can prioritise support where it is needed most in the Pacific. What I am announcing today will complement this targeted work by boosting a global fund dedicated to helping countries adapt to the impact of the climate crisis.

"Working in tandem with targeted support for the Pacific, our contribution to the Adaptation Fund will play an important role in scaling up global support for countries to adapt to the impact of the climate crisis," Shaw said.

Trilemma index underlines the speed at which the global energy crisis came

The 11th edition of the World Energy Trilemma notes it is a time of unprecedented energy shocks and multiple crises that continue to cause disruptions to energy systems.
The interaction of these shocks and crises has a cascading impact that affects energy security, energy affordability and sustainability issues including climate change across regions.
Driving a clean and just energy transition that simultaneously ensures a secure, equitable, and sustainable way forward continues to be a complex problem. 2022, the year of convergence of the crises reinforced the need for balance in the dimensions of energy security, affordability, and sustainability.
The World Energy Trilemma Index provides a retrospective glance at the points of stress and growth over the years.
Tracking of Germany's dependence on imported gas and dominance in sustainability has led to a weakness in its energy security profile. Understanding this historical dependence provides retrospective insights into opportunities to relook at ways to ensure secure, equitable and sustainable growth. The present state of the Trilemma dimensions highlights trajectories that are not aligned with the recent energy shocks and crises; the 2022 data is not reflective of the existing energy situation.
However, the long-term trends in the data remain informative as countries seek to drive a secure, equitable, and sustainable transition.

Multiple crisis

We are in the grip of a global energy crisis, however different countries are experiencing the crisis in different ways. Indeed, it is not just one crisis, but a layering of crises.
The covid pandemic brought a huge shock to energy demand in 2020. It also disrupted global supply chains, so as the world recovered from the pandemic in 2021, energy supply struggled to keep up with demand and prices started to rise across all fuels.
Then Russia's invasion of Ukraine in February this year dealt another heavy blow to the system, disrupting the flow of natural gas from Russia to Europe.
The epicentre of that shock is Europe, but the shockwaves have reverberated around the world as Europe's efforts to replace Russian gas have pushed up prices of gas and other fuels across international markets.
In Europe, oil supply has been less affected than gas, and the war in Ukraine has added a security premium to an already tight market.
While the war in Ukraine is very much in the foreground, we should not forget that before the war, and before the covid pandemic, the world was already facing an energy crisis in the form of the climate emergency.
Also, too many people continue to live in a state of permanent energy crisis, lacking access to the clean and convenient forms of energy that are essential to healthy and productive lives in the modern economy. Extending the benefits of the modern energy economy to everyone on the planet remains a huge challenge, and a great opportunity for unlocking human potential.
The turbulent and fast-moving environment has highlighted some shortcomings in the construction of the index and the data that are currently available. For example, we need to revisit the definition and measurement of energy security, with a greater emphasis on system resilience to extreme shocks. Together, we also need to incorporate new measures of justice in the energy system.
The overall Trilemma Top Ten countries for 2022 are largely unchanged from previous years' rankings, with some new additions to the top performers.
European and other OECD countries continue to dominate the top rankings due to their well-established energy policies and diverse energy systems.
The top three of Sweden, Denmark, and Switzerland perform very well across all three Trilemma dimensions with well-established energy policies that promote diverse and decarbonising energy systems.
Sweden retains its #1 ranking from last year, performing well across all three dimensions - scoring 73 for energy security, 95 for Energy Equity and 87 for Environmental Sustainability. Improving Energy Security and maintaining Energy Equity is a focus of current energy policies.
Denmark is ranked 2nd in the world with a solid AAA performance across all indicators.
While Energy Equity remains stable and Environmental Sustainability is slightly increasing and has improved greatly in the past 10 years, energy security has dropped since 2020.
The latter is due to the largest Danish gas field, Tyra, being under reconstruction until June 2023. In the meantime, Denmark is relying on gas imports from neighbouring countries, as well as expanding its biogas, renewable energy and power-to-X production.
The country has passed peak fossil fuels production and is focusing heavily on using its off-shore experience to establish offshore wind. Denmark now has some of the highest levels of variable renewable generation, supported by strong grid integration with its neighbours.

Outside Europe

Three non-European countries, Canada, New Zealand and the United States remain in the top 10 listing, with Australia, Uruguay, and Japan also featuring in the top 20 overall rank. Uruguay is the only non-OECD/non-EU country in the top 20, with its strong performance attributable to a highly decarbonised electricity system
Resource-rich nations Canada and the United States top the list for energy security alongside. Finland takes third place followed closely by Sweden.
The European top performers have highly diversified and innovative mixes of energy with the fast adoption of renewables. The data is not reflective of the energy security crisis in Europe.
The presence of Germany in the top 10 indicates overall historical trajectories on track towards a strong performance in energy security, although this has been disrupted.
In the short term, several countries in Europe may need to revert to alternative carbon-intensive sources of power at the expense of environmental sustainability.
In the medium and long term, the hope is that the geopolitical crisis will catalyse transitions to cleaner energy sources while keeping in mind energy security.
The composition of the Trilemma data relies on lagging indicators using the latest available data which has yet to be reflected in the context of the most recent energy shocks.

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