Submission by

to

MBIE

on the

Draft Geothermal Strategy – From the Ground Up

12th of September 2025

Draft Geothermal Strategy – From the Ground Up

– SUBMISSION BY BUSINESSNZ ENERGY COUNCIL—

Introduction

1. BusinessNZ Energy Council (BEC)[1] is pleased to have the opportunity to provide feedback on the Ministry of Business, Innovation and Employments (MBIEs) consultation titled 'From the Ground Up'.

2. BEC represents a diverse array of leading energy-sector businesses, government bodies, and research organisations dedicated to creating a sustainable, equitable, and secure energy future.

3. As a brand of BusinessNZ, New Zealand's largest business advocacy organisation, we represent the World Energy Council in New Zealand, aiming to shape better outcomes for our wider energy system both locally and globally.

4. With this consultation, MBIE has presented its draft geothermal strategy "From the Ground Up" which is a focused pathway to geothermal leadership and sustainable growth. The strategy revolves around the vision statement "New Zealand is a global leader in sustainable geothermal development, delivering innovation, resilience and inclusive growth for future generations.

5. BEC supports this work as long-term plans – if done correctly – are crucial to reducing uncertainty and increasing investor confidence.

Key Recommendations for MBIE and the Government

- BEC recommends moving 'investigating the appropriate mechanism(s) for ongoing provision of geothermal data to a central repository', 'ensuring geothermal regulatory frameworks are fit for purpose' and 'exploring the role of policy direction for geothermal resources' from their respective portions of horizon two into horizon one.

- BEC recommends ensuring that any spatial planning that helps to enable geothermal activity should not do so at the expense of other activities. Additionally, BEC cautions against excessive or artificial incentives encouraging relocation. If industry is to relocate to form clusters, then this should occur naturally because there are economic efficiencies, such as shared infrastructure and access, rather than being driven by subsidies or other preferential treatment.

- BEC recommends that changes should not be made to industrial allocations within the ETS to improve the uptake of geothermal heat as it could put at risk trade exposed businesses.

[1] More about BEC in APPENDIX One

- BEC recommends moving investigating the appropriateness of field classifications from horizon three into horizon two.

- BEC recommends continuing to look into the application of direct geothermal heat for industrial/process heat as a way to meet decarbonisation goals.

General discussion

6. New Zealand has a long geothermal history with resources that are abundant thanks to the country's location on top of tectonic boundaries with a relatively thin crust and high-temperature flows. Coupled with this, resources can be found shallower than many places making geothermal more accessible.

7. Geothermal also has a much higher capacity factor than other renewables such as wind and solar meaning that geothermal stations are highly efficient electricity generators. This also means that geothermal can act as a reliable renewable baseload electricity source.

8. For the above reasons BEC supports MBIEs strategic outcomes to:

    - Extend New Zealand's position as a world-leader in geothermal innovation.

    - Accelerate energy resilience through development of increased electricity generation and harnessing geothermal heat to support New Zealand's transition. With the goal of doubling geothermal use by 2040.

    - Strengthen regional economies and te Ōhanga Māori by advancing geothermal development in collaboration with tāngata whenua, and unlock industrial growth, tourism and trade to support New Zealand's goal of doubling exports.

9. MBIE outlines five action goals to achieve these strategic outcomes and to focus the governments approach. BEC will comment on these and their associated proposed actions individually. Within this BEC recommends moving forward several of the proposed actions, this is based on the need to develop energy resources now businesses are seeing costs rise, the baseload of geothermal also provides a way to meet decrease reliability concerns highlighted in winter 2024.

Action Plan Goal One – Improving access to geothermal data and insights.

10. The first action plan goal is to improve access to geothermal data and insights. BEC agrees that improving publicly available data could help foster competition and reduce uncertainty.

11. Over horizon one (2025-2026) BEC agrees with the proposed actions of establishing a baseline of publicly available data and the commissioning of a data insights report for the geothermal sector. This will allow the government to take stock of what research data and public information already exists in the sector, ensuring that research is not repeated.

12. BEC believes that the action of investigating the appropriate mechanism(s) for ongoing provision of geothermal data to a central repository can be moved from horizon two (2027-2028) to horizon one as this does not require a complete understanding of current data.

13. In contrast the actions of considering the need for Crown involvement in further exploration or modelling and investigation into the need for further low heat geothermal mapping should remain in horizon two and be based on the outcomes of horizon one.

14. Within horizon three (2029 onwards) MBIE outlines the action of potential Crown-led exploration. BEC supports this as it will help to de-risk the early development process of geothermal. But, while BEC acknowledges that this is located quite a way down the roadmap, we would like to have a better understanding of how much this would cost and if these costs would be recuperated in any way.

Action Plan Goal Two – Ensuring regulatory and system settings are fit for purpose.

15. Within horizon one BEC supports clarifications around the CMA 1991, ensuring that new planning and environment legislation enables the sustainable use of geothermal resources and clarifications around the functions and responsibilities for wider geothermal regulations.

16. BEC would like to see clarification as to what the role and responsibilities of a sector implementation group would be and how representatives are chosen.

17. BEC cautions against taking steps to explore if industrial allocations within the ETS are limiting the uptake of geothermal heat. Industrial allocations are awarded to emissions intensive, trade-exposed industries. These industries are awarded allocations in order to maintain their ability to compete within international commodity markets. If they are currently not shifting to geothermal heat then it means that it is not economic to do so, but forcing them in that direction costs will increase, and those businesses may be forced to close.

18. Within horizon two BEC recommends that ensuring geothermal regulatory frameworks are fit for purpose should be shifted up into horizon one in order to provide immediate increases to investor confidence.

19. BEC supports exploring the role of policy direction for geothermal resources, placing regulation through a national direction would allow for consistent standards across regions and improve consenting processes. There is also the option to shift this up into horizon one as well for the same reason listed above.

20. As this is a plan looking out to 2040 many of the workers that would deliver a doubling of geothermal energy use by 2040 are not yet in the workforce. Therefore, BEC supports working with the education sector to strengthen geothermal career pathways to support an ongoing talent pipeline. This is crucial to ensure that we have the ability to meet the goals set out in this strategy.

21. BEC believes that investigating the appropriateness of field classifications should be moved up into horizon two as we believe that the prerequisites for starting this will be finished within horizon one.

Action Plan Goal Three – Advancing knowledge and uptake of geothermal technologies.

22. BEC broadly supports the current actions presented within Action Plan Goal Three. In particular BEC supports looking into the use of direct geothermal heat for industrial/process heat.

23. During our benchmarking report 'New Zealand in a changing energy world' we found that one of the key aspects of the 79.8% renewable energy consumption that Iceland boasts was the application of geothermal heat outside of electricity generation. As New Zealand continues its transition and to work towards its climate targets the direct use of geoheat could be a highly valuable resource.

Action Plan Goal Four – Enabling place-based geothermal clusters.

24. Within horizon one BEC supports greater collaboration between customers, developers, investors, iwi, hapū and Māori landowners to grow geothermal opportunities in New Zealand.

25. BEC supports exploring how zoning provisions and new spatial planning provisions can facilitate increased investment and coordination across geothermal economic activity. However, BEC recommends ensuring that any spatial planning that helps to enable geothermal activity should not do so at the expense of other activities.

26. If moving forward with exploring options to develop a Geothermal Centre for Excellence, then BEC recommends developing this outside of existing industry, research or governmental bodies to ensure that it serves everyone in the sector equally.

27. While clustering industry around geothermal resources could provide efficiency gains and infrastructure savings, BEC cautions against excessive or artificial incentives encouraging relocation. If industry is to relocate to form clusters then this should occur naturally because there are economic efficiencies, such as shared infrastructure and access, rather than being driven by subsidies or other financial incentives. Over-incentivising relocation risks distorting investment decisions and misallocating resources. If relocation is not done strictly due to economic benefits, then we risk not maximising long-term value for both the businesses involved and for the wider economy.

28. Within the idea of clustering there should also be an investigation into whether or not there are appropriately sized and skilled workforces and infrastructure to support the development of said clusters.

29. While this is touched on a bit within Action Plan Goal Four BEC would like to see a greater exploration as to who will end up using the geothermal energy that this strategy wishes to double by 2040. There are current opportunities to assist with fuel switching for natural gas users who are currently facing supply crunches.

Action Plan Goal Five – Driving science, research and innovation, including supercritical geothermal technology.

30. BEC supports the work that the government is currently doing in improving investor confidence through investing into the geothermal sector. Supercritical geothermal in particular does have the potential to be a global revolution that could be leveraged both domestically and internationally.

31. However, BEC cautions against treating supercritical geothermal as a silver bullet. There are many other, proven, energy resources within New Zealand where government investment is more likely to contribute to new supply.

32. While research into supercritical should continue and is undoubtedly valuable, BEC would like to see other projects receive similar attention.

APPENDIX ONE – BACKGROUND INFORMATION ON THE BUSINESSNZ ENERGY COUNCIL

The BusinessNZ Energy Council (BEC) is a group of leading energy-sector business, government and research organisations taking a leading role in creating a sustainable, equitable and secure energy future.

BEC is a brand of BusinessNZ and represents the World Energy Council in New Zealand. Together with its members, BEC is shaping the energy agenda for New Zealand and globally.

BusinessNZ is New Zealand's largest business advocacy body, representing:

- Regional business groups: EMA, Business Central, Canterbury Employers' Chamber of Commerce, and Business South
- Major Companies Group of New Zealand's largest businesses
- Gold Group of medium sized businesses
- Affiliated Industries Group of national industry associations
- ExportNZ representing New Zealand exporting enterprises
- ManufacturingNZ representing New Zealand manufacturing enterprises
- Sustainable Business Council of enterprises leading sustainable business practice
- BusinessNZ Energy Council of enterprises leading sustainable energy production and use
- Buy NZ Made representing producers, retailers, consumers of NZ-made goods

BusinessNZ is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy and services for enterprise, BusinessNZ contributes to Government, tripartite working parties and international bodies including the International Labour Organisation (ILO), the International Organisation of Employers (IOE) and the Business and Industry Advisory Council (BIAC) to the Organisation for Economic Cooperation and Development (OECD).