



## STAFF REPORT

**TO:** Environment & Planning Committee

**FROM:** D C Bush-King, Environment & Planning Manager

**REFERENCE:** S611

**SUBJECT:** **MANAGER'S REPORT– REPORT EP07/11/10** - Report Prepared for 15 November Meeting

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### 1. LEGAL PROCEEDINGS

The status of proceedings before the Courts not covered in specific reports is as follows:

- The Environment Court has upheld Council's interpretation of the TRMP in relation to access strips to parking areas in the recreation zone. The declaration by D Mitchell has been refused. A cost award has been sought
- Judicial Review proceedings instigated by Wakatu incorporation over the acceptance of TDC's water take application has resulted in a win for Council. The plaintiff challenged the decision to notify Council's own application to take water from the Central plains zone in Motueka. The alleged breach of contract regarding the supply of information is following a separate and longer pathway.
- The High Court appeal against an Environment Court decision on marine farming applications and a declaration concerning the Maori Fisheries Settlement legislation as it affect marine farming applications was adjourned – a judicial conference is scheduled for 22 November.
- We have been served papers as fourth defendant advising that a case concerning defects in a building in Golden Bay is to proceed to the High Court.

### 2. NATIONAL ENVIRONMENTAL STANDARDS FOR ELECTRICITY TRANSMISSION

The Government has released for comment a discussion paper on national environmental standards regulating the electricity transmission system and prohibiting certain activities that are considered to affect the integrity of the transmission system. A copy of the Executive Summary is attached as Appendix 1.

### 3. REGIONAL ECONOMIC DEVELOPMENT STRATEGY

The Economic development Agency is seeking comment on an update to the regional Economic Development Strategy by 21 November. The Executive Summary and Recommendations are attached as Appendix 2. Staff are to work on preparing a corporate response and we will look to brief Councillors at the earliest opportunity. The meeting may wish to nominate members to take an overview.

#### **4. NATIONAL POLICY STATEMENT ON RENEWABLE ENERGY**

Ministry for the Environment has invited comment on a proposed national policy statement on renewable energy. A response was required by 7 November to Local Government New Zealand. A copy of the invitation and the staff comments are attached as Appendix 3.

#### **5. NATIONAL INITIATIVES AFFECTING EPD**

While not wishing to frighten off new Councillors, we have prepared a running list of Central Government legislative or policy changes which are currently out or soon to be released. While some of the initiatives can be welcomed if they have as their objective clarifying roles and responsibilities or standards applicable across the country, the devil is in the detail. Cumulatively there will be significant cost imposition on local authorities and communities.

#### **6. SMART HOME OPENING**

Tasman District and Nelson City Councils have been working towards a demonstration "Smart Home" showing practical ways to save water, power and money at home. It is consistent with the Government's Household Sustainability Programme. The official opening for this is on the Wednesday night 21 November, just prior to the A&P Show. The opening is a chance to say thank you to the sponsors who have contributed over \$49,400 towards the project. The management of the project has been coordinated by Jo Reilly our Events Manager for Ecofest. Ecofest has covered her expenses and any direct costs.

From here the containerised unit will travel around Tasman and Nelson to appear at A&P shows, shopping malls and other venues to ensure maximum district coverage. Any extra information can be obtained from Jeremy Butler, Environmental Education Officer.

#### **7. RECOMMENDATION**

**It is recommended that this report be received.**



D C Bush-King  
**Environment & Planning Manager**

**Extract from National Environmental Standard on Electricity Transmission**

## Executive summary

### Background

A reliable, secure and affordable supply of energy – particularly electricity – underpins our economy and is important for people's wellbeing. A resilient high-voltage electricity transmission network (national grid) is critical to ensuring security of supply and supporting renewable electricity generation. However, having a resilient grid that is responsive to our increasing demand for electricity (normally at large distances from where the electricity is generated) depends on adequate maintenance, upgrading the capacity of existing lines, and building new lines in areas where capacity is reached.

The national grid traverses 72 local and 12 regional councils and is operated by Transpower New Zealand Ltd (Transpower), a state-owned enterprise. A variety of approvals are required under the Resource Management Act 1991 (RMA) for the operation, maintenance and upgrade of the grid. A single line upgrade is likely to cross several districts, and the type of approval required depends on the requirements of each district plan, which can vary considerably between districts. This variation results in inconsistencies in the way the effects of transmission are managed, and there is scope for reducing the time spent determining the consent requirements for transmission work in each district.

The objective of the RMA is to promote the sustainable management of natural and physical resources. The definition of 'physical resource' includes structures such as the high-voltage electricity transmission infrastructure (the national grid). Sustainable management requires protecting this resource from the adverse effects of activities carried out in proximity to the grid. Electricity transmission also has adverse effects on the environment, and sustainable management in this context requires managing these effects.

### Developing national environmental standards

National environmental standards (NES) can ensure that planning controls for electricity transmission are appropriate and nationally consistent, and can also manage activities that could endanger the integrity of the national grid if carried out near the lines.

The proposal to introduce NES is part of a wider government exercise to provide national guidance under the RMA on network infrastructure, including telecommunications and electricity generation. The first step was an investigation of the merits and potential scope of a range of options by the Reference Group on Electricity Transmission, comprising representatives from central and local government, landowners and industry. After evaluating the options, the Reference Group consulted with stakeholders and concluded that NES would be the best option for providing detailed national guidance on electricity transmission. On the basis of the Reference Group's report, the Government decided to consult on a proposed national policy statement (NPS) and proposals for NES for electricity transmission.

An NPS was released for consultation by an independent board of inquiry in May 2007 and submissions closed on 24 June (see Appendix 1). The board will report back to the Minister for the Environment in December 2007.

This discussion document follows on from the initial consultation on proposals for national guidance and direction under the RMA for electricity transmission. It builds on the work of the

Reference Group by setting out resource management issues faced in managing the operation, maintenance and upgrading of the electricity transmission network, and describes how standards under the RMA have the potential to resolve some of these issues. It then seeks your input on the preferred option for NES.

## **The proposed standards**

This document proposes two NES. A *transmission activities NES* would set out a framework for managing the effects of electricity transmission operation, maintenance and upgrade activities, which would be consistently applied across all districts. The proposed NES would allow transmission activities that do not have significant adverse effects to be carried out without resource consent, subject to terms and conditions to limit the effects. Activities beyond the thresholds for permitted activities would require a resource consent. The level of assessment proposed for consents would be proportional to the likely environmental impacts. The proposed NES would not apply to the construction of new lines.

A resilient national grid also relies on protecting the grid from activities that could affect transmission lines or put the grid at risk; for example, by destabilising transmission support structures or interfering with the conductors (wires). Controls on third-party activities under the Electricity Act focus on electrical safe distances, but these distances may be much less than is appropriate for land-use planning. These controls also tend to be applied after the event and leave rectification to the grid operator. Two-thirds of plans do not provide any protection for transmission lines.

This document therefore also proposes a *transmission risks NES* to address the issue of risk to the national grid. The proposed NES would incorporate some of the provisions of the New Zealand Electrical Code of Practice for Electrical Safe Distances (NZECP 34) relating to excavations adjacent to towers, depositing material under lines, and boat ramps. The proposal includes two options for building near lines. One option imposes restrictions around the support structures and wires. The second option imposes a 20-metre zone each side of the transmission line, within which resource consent would be to construct buildings or structures. In addition, the proposal includes requiring resource consents for subdivision within this zone (aligned to current district council practice).

## **Costs and benefits**

Both proposed NES will benefit the electricity consumer through reducing the likelihood of future electricity supply interruptions and grid constraints, which could have economic impacts on businesses and communities, and could result in loss of life. These potentially significant benefits to consumers have not been quantified because the magnitude and likelihood of these effects are difficult to predict.

The quantifiable benefits of the proposals for a transmission activities NES are the cost savings to Transpower from having a nationally consistent framework for managing the adverse effects of transmission. Transpower will benefit from reduced costs in not needing to advocate for appropriate rules in plans, and from a reduction in costs of approvals for maintenance and upgrading projects.

A transmission activities NES may impose additional costs on councils and Transpower arising from additional resource consent requirements in some districts, but these will be offset by fewer resource consents being required in other districts. Local authorities will face general implementation costs and some non-recoverable costs in dealing with an increase in

applications for certificates of compliance under the NES. Although there is no legal requirement to do so, some councils will choose to change their plans to incorporate the NES to avoid confusion. Overall, the benefits of the proposed transmission activities NES outweigh the costs.

The key benefit of the proposed transmission risks NES is a reduction in Transpower's costs to fix problems and repair lines damaged by third-party activities. Ultimately these costs are passed on to consumers, and although at an individual level the difference may not be noticeable, at a national level Transpower spend over \$5 million per year rectifying problems caused by third parties. An additional benefit, which could not be quantified, is reducing the risk of interruption to the electricity supply, which can have significant economic impacts. Line outages are inconvenient for consumers and can affect their health and wellbeing, and could result in loss of life.

However, the proposed transmission risks NES will impose additional consent requirements on landowners for activities carried out near the lines. In other words, it may impose restrictions on the activities that can be carried out on some land. This NES will also increase local authority enforcement costs and generate additional consent processing costs (not all of which may be recoverable from the applicant). The costs for those councils choosing to change their plans to incorporate the NES are the same as for the transmission activities NES (ie, regardless of whether the change is for one or two NES). Central government will face implementation costs for the standards, for producing guidance material and for monitoring implementation.

Both options for controlling buildings near transmission lines have been evaluated. The costs and benefits associated with a 20-metre consent-required zone option will be considerably higher than the option based on NZECP 34 electrical safe distances. In particular under the 20-metre zone option, Transpower would benefit by not needing to advocate for appropriate rules in district plans and a significant reduction in repair costs.

The costs for council plan changes and government implementation costs are the same regardless of whether one or two NES are introduced. Therefore the net benefit of introducing two NES together is greater than the sum of the net benefits of each proposed NES introduced alone.

Overall, the proposed transmission activities NES alone would have a net benefit of \$2.1 million over a 10-year period, and the ratio of the present value of benefits to costs is about 3.7 to 1. Implementing the transmission risks NES in conjunction with the transmission activities NES would have a net benefit over 10 years of \$3.8 million for the option based on electrical safe distances. The ratio of benefits to costs is about 2.9 to 1. If the option based on the 20-metre zone for buildings were implemented in conjunction with the proposed transmission activities NES, the net benefit over 10 years would be \$5.9 million and the ratio of benefits to costs would remain at about 2.9 to 1.

This economic evaluation does not include some benefits that were potentially significant but could not be quantified. For instance, the assessment doesn't include the potentially significant economic costs of line outages caused by grid constraints or third-party activities, or loss of life. (For example, the estimated economic cost of the 2006 Auckland power disruption was \$70 million.) The assessment also does not include the costs of consent-related delays to line upgrades.

Submissions are invited on the proposals in this discussion document. We invite you to read through the document, and then use chapter 7 for making a submission.

## **The document at a glance**

### **What is the problem? (sections 2.5, 2.6)**

Inconsistent provisions in plans that govern electricity transmission operation, maintenance and upgrade result in unnecessary RMA costs and delays. These costs fall on the operator of the national grid (Transpower) and local authorities.

Lack of protection for the national grid from inappropriate third-party activities puts the grid, and the person undertaking the activity, at risk, and results in expenditure by the grid operator of over \$5 million per year to rectify problems.

### **What would fix the problem? (sections 2.7, 3.3, 3.4)**

A solution to the problem requires:

- nationally consistent management of the environmental effects of transmission
- providing an appropriate level of environmental protection while enabling maintenance and upgrade projects to proceed without consent-related delays and unnecessary costs
- nationally consistent management of the adverse effects of third-party activities that could put the national grid at risk.

### **What is being proposed? (chapter 4)**

This discussion document proposes two national environmental standards (NES) for electricity transmission (the national grid). A proposed transmission activities NES would replace rules in district and some regional plans that manage the environmental effects of electricity transmission. A proposed transmission risks NES would supplement rules in plans to control the effects of third-party activities (eg, excavation or building) on the national grid.

### **Why was this option selected? (chapter 3)**

National environmental standards:

- provide national consistency in managing the adverse effects of, and on, transmission lines through a framework of activity types that gives an appropriate level of control for each activity
- build on and extend existing local authority controls, and allow local decision-making on resource consent applications
- can be implemented in relatively short timeframes and at moderate cost.

### **Who will this affect? (chapter 5)**

The proposed transmission activities NES will reduce RMA costs to the owner of the national grid, but may impose additional costs on local authorities. The proposed transmission risks NES will require that landowners obtain resource consent for certain new activities near transmission lines. It will significantly reduce the cost to the line owner of fixing damage from third-party activities, but may require additional local authority expenditure on enforcement. Both proposed NES will help improve the security of electricity supply, benefiting electricity consumers.

### **How to make a submission (chapter 7)**

Submissions are invited on the proposed subject matter of the standards. Details on how to make a submission are given in chapter 7. Submissions close on 30 November 2007.

## Extract from Draft Economic Development Strategy for Nelson Tasman

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### EXECUTIVE SUMMARY

The objective of this report is to clearly identify the region's key and emergent economic drivers, identify sectors that show opportunities and profile common barriers and constraints to achieving optimum economic growth. The strategy is intended to signal to local government authorities, the Nelson Regional Economic Development Agency (EDA), industry sectors, service organisations and all regional stakeholders what is required for the region to develop within the parameters of maintaining quality of life, environmental integrity and community wellbeing over the next ten years.

This Regional Economic Development Strategy report is made up of three parts; the executive summary, including recommendations, Part I Strategy Overview and Part II Regional Sector Profiles. Part II gives detailed information of the region's key cluster sectors, key support sectors and a comprehensive profile of the region's performance based on economic, social and population trends. Conclusions in Part I have been drawn using detailed statistics and feedback from the consultative process.

Extensive consultation has been undertaken, including sector workshops and forums, one to one interviews, discussions with service/community sector associations and representatives, local government authorities and business organisations. There was also an online public feedback option.

This report includes a review of the original Nelson-Tasman Regional Economic Development Strategy (REDS) report of 2003 and endorses the main thrust of the direction and recommendations contained in that report. The vision for the region is reconfirmed as Smart, Sustainable development, which maintains economic diversity, preserves quality of life and does not degrade the region's natural beauty and environment.

Accordingly, the recommendations made in this review strategy are designed to continue to strengthen the organisations and agencies operating in the regional development sphere and revisit those that have relevance for the future. The report recognises that the optimum development of the region is development that increases economic activity, but not at the expense of the region's environmental, cultural and social values.

The report discusses the shape of the region, establishing that the region has increased its value-added Gross Domestic Product (GDP) from 2001 to 2006 by 18%, compared to a national increase of 20%. The region's population increased by 6% and the Waimea area recorded the greatest growth in population (16%) between 2001 and 2006.

Nelson City recorded an increase of 3% in the five year period to 2006, while Tasman District's population increased by 8% in that same period. As recorded in the 2006 Census, income in the Tasman area was 88% of the national average 2006 income figure of \$31,020, while Nelson area was at 93% of the national figure.

Total value-added GDP for the region is estimated at \$3.2 billion for the 2006 year. The key drivers make up 31% of the region's GDP. The five key economic drivers are horticulture, forestry, pastoral, seafood, and tourism sectors.

Other important contributors are arts and crafts, construction, health, education, natural products, engineering, business services, aviation, and wholesale and retail sectors. In terms of value-added GDP the five key economic drivers remain dominant. However, their relative contribution to the regional economy has changed and regional GDP for each of the clusters is now estimated at horticulture \$325m, forestry \$306m, seafood \$268m, tourism \$134m and pastoral farming \$106m.



Like other regions in New Zealand, the majority (96%) of the regions business enterprises are small or medium sized firms (SMEs). In Nelson SMEs generate 30% of employment and Tasman enterprises generate 43% of employment. While this is in part a reflection of the dynamism of the local economy, it is also a feature of the number of small scale operators, which characterise the pastoral, horticulture and tourism sectors of the region. Consolidation and co-operation of operators (many family based) in the pastoral and horticulture sectors is having significant economic impacts and there are opportunities for SMEs in the aquaculture, natural products, and ICT sectors, along with research and science based enterprises to use these and other strategies to achieve substantial growth into regional, national and international markets.

The region's six iwi make a significant contribution to the region's economy, through their commercial entities. With settlement of the Treaty of Waitangi claims, the region's iwi will be looking to expand their asset base to generate sustainable business activities, particularly in the region's key economic driver sectors. While the full extent of these settlements is unknown, iwi will become more dominant stakeholders in the region's resources and enterprises.

While external constraints such as the exchange rate, shipping costs, climate change and commodity pricing have an impact on the region's economic development the report concentrates more on regional constraints and issues that the regional organisations are able to influence. These include long term land use planning, labour shortage, recruitment and retention, the Resource Management Act, provision of forecast zoned land requirements, affordable housing, infrastructure, public sector investment and regional governance.

This report highlights opportunities for the region in economies of scale and sustainable development, and confirms that the key traditional economic drivers will continue to underpin the region's economy. Many issues face these key industries such as consolidation and the introduction of new varieties to maintain market dynamism in the pipfruit and kiwifruit sectors. Increased production in the berryfruit and viticulture sectors, value-added production in the forestry sector will make substantial contribution to the regional economy. Other issues include legislative procedures in the Aquaculture sector, diversification of pastoral land into higher yielding production, and seasonality and related issues in the Tourism sector.

Opportunities for significant development exist in sectors such as aquaculture, natural products, information technology, tourism, engineering, science based organisations, research and development, land zoning and housing. It also recognises that there is an opportunity to further the concept of genuine progress indicators which will enable the region to measure its economic development against its environmental, social and cultural development.

This report reviews the role of the Nelson Regional Economic Development Agency (EDA) and concludes that the EDA has a pivotal role in cementing and providing direction at industry level. To fulfil its regional development role, the EDA will be required not only to foster economic growth in the key traditional driver sectors, but monitor performance and assist industries in achieving opportunities and mitigating constraints to progress in its endeavours. To fully discharge this role the EDA will require additional resources and funding from councils, and where appropriate central government.

The combination of smart and sustainable production techniques, the increasing application of applied technology and achieving economies of scale to reduce the average and marginal cost of production will have its impact in two to four years time when the currency cycle should be back to more familiar levels. These trends will put the region in a good position to sustain long term growth and employment.



## RECOMMENDATIONS

As a result of this review and extensive consultation the following key recommendations are made to guide the region's economic development over the next ten years.

1. Shape of the Region				
Issue/ Opportunity	Ref	Recommendation	Comment	
1.1 Forecast zoned land requirements – The supply of appropriately zoned land for industry and commerce in the Nelson-Tasman region is a key requirement in achieving the region's economic potential. See Part II	3.4.1 5.1 5.5	That a land use plan for the Nelson-Tasman region be established based on long term population trends, productive, industrial and commercial sector requirements. This to also include infrastructure requirements.	Joint effort required from Nelson City and Tasman District Councils.	
1.2 Affordable housing is a factor in recruitment and retention of staff	3.4.2 5.6	That an urban growth strategy covering the Nelson-Tasman region be established	Build on the Nelson Urban Growth Strategy (NUGS) and work carried out by Top of the South Housing Co-ordinator	
1.3 Resource Management Act (RMA)	5.4	That the TDC and NCC jointly agree the future needs of the region's key sector requirements and take these requirements into account in the interpretation and consistent implementation of the provisions of the RMA.	Involvement through the EDA of industry sectors will be vital to ensure their needs are understood.  This will need to be extended to the Top of the South for pan regional initiatives  To ensure sustainable development it is vital that private investors, industry sectors and Council planners all understand each others needs.	

<b>1. Shape of the Region</b>			
<b>Issue/ Opportunity</b>	<b>Ref</b>	<b>Recommendation</b>	<b>Comment</b>
1.4 Extending the tourism season and increasing the yield from tourism is a priority. Providing seed investment for tourism infrastructure in a conference centre will stimulate private sector investment in accommodation and other facilities	5.8	That priority be given to expedite construction of a conference and performing arts centre to provide essential tourism infrastructure for the region	Nelson-Tasman region is characterised by relatively low yield visitors with a very pronounced seasonal peak. Extending visitor incidence into the shoulder seasons and increasing visitor spend is high priority. The provision of purpose-designed conference facilities to re-engage with the conference market is a matter of urgency
1.5 Roading issues affect the efficient transport of export goods	5.7.4	The region's councils need to agree on a regional roading strategy with emphasis on the Nelson-Brightwater corridor and a diversion route for heavy traffic through Motueka township	The efficient movement of goods and produce to the Port and the distribution of consumer goods require improvements to the roading system to reduce travel times and contain transport costs
1.6 Energy	5.7.1	The region's councils need to establish sustainability of the region's energy infrastructure and diversify generating sources to increase the number in the region	Responsibility for reducing the risk to power supplies in the event of emergency, and to lower the cost of power transmission should be taken by councils and other stakeholder groups

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<b>1. Shape of the Region</b>			
<b>Issue/ Opportunity</b>	<b>Ref</b>	<b>Recommendation</b>	<b>Comment</b>
1.7 Water	5.7.8	Expand the Waimea Water Augmentation Committee's initiatives to ensure that planning and implementation of future water storage and irrigation resources throughout the Nelson-Tasman region will meet future needs	This to include a review of pricing structures for water use
1.8 Sustainability		Within the next 12 months the Nelson Regional EDA and Marlborough Regional Development Trust hold a sustainability forum for the purpose of establishing a Top of the South sustainable advisory group	It is essential that key industry leaders, local government and regional government agencies are represented to provide valuable input into the process

REDS Draft 11 October 2007

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2. Shape of the Economy		Ref	Recommendation	Comment
Issue/ Opportunity				
2.1	Unit Size of Enterprises – Consolidation and co-operation can assist SMEs who have the potential for substantial growth into the regional, national and international economies	2.8.2 3.1	Identify and assist sectors and SMEs who have the potential for substantial growth, and who could benefit from consolidation, co-operation, and/or vertical integration within their sector to obtain competitive advantage	Increasing productivity and reducing the cost of production is essential for primary sector industries to remain competitive in their Northern Hemisphere markets
2.2	Fostering Economic Development	2.10	That the EDA develop mutually beneficial relationships with iwi, sector groups and business organisations, to ensure all parties to economic development are well informed and positioned to take advantage of cooperative opportunities.	
2.3	Pipfruit	3.2	That the region's pipfruit growers support the 'Nil Residue' and 'Apple Futures' projects	Regain the reputation for premium quality and obtain premium prices in the global pipfruit market by implementing the strategy for "Nil Discernible Residue" in pipfruit and meet the exacting requirements of today's consumer.
2.4	Forestry	6.3.7	That the regional industry body for the forestry sector be re-established	Re-establish the regional forestry industry body to represent the industry in negotiations with local and central government, ensuring they are fully informed of the opportunities for the sector. The EDA and the regional office of the Ministry of Social Development have offered assistance to the sector to improve its representative and governance structure

2. Shape of the Economy			
Issue/ Opportunity	Ref	Recommendation	Comment
2.5 Aquaculture – Leadership role required to ensure that all aspects of infrastructure and services are aligned to take advantage of growth potential.	3.3.1	That the TDC expedite the implementation of the regulatory legislation of the marine farming provisions of the Tasman Resource Management Plan, to allow the industry to take up the new sea farming areas	Establish an action schedule with industry and local government stakeholders to expedite development of the sector
2.6 Natural Products	3.3.2	That a strategic audit of this sector be undertaken to identify the potential growth and constraints.	Evaluate the potential in the aquaculture and horticulture sector for the further production of added value extracts and products
2.7 ICT	3.3.3	Extend the Nelson Marlborough Info Region to develop potential ICT companies and ensure the key region's industries take full advantage of technological applications that provide innovative solutions to adding value	
2.8 Tourism	3.3.4	Adopt the 2007 Nelson-Tasman Tourism Strategy in alignment with the draft National Tourism Strategy.	The key to expansion of the region's tourism sector is to implement the provision of the Nelson-Tasman Regional Tourism Strategy 2007 - 2016. Without appropriate action and investment the region could experience a decline in visitors and their contribution to the regional economy.

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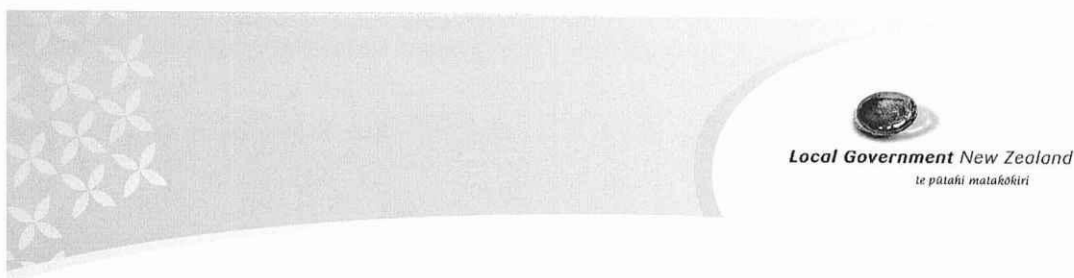
2. Shape of the Economy			
Issue/ Opportunity	Ref	Recommendation	Comment
2.9 Engineering Cluster	3.3.5	Engineering Cluster to identify potential for providing technical and engineering solutions for greater adoption of mechanisation in the region's key industries.	
2.10 Science Based organisations	3.3.6	Increase co-operation between science providers and industry to extract higher value from innovative products and techniques, and ensure that Nelson-Tasman is the preferred location for science based organisations that operate in the key driver industries.	The potential to improve productivity and to add significant economic value through the application of technology and science based R&D is required to maintain competitive production in the region.
2.11 Labour and Training	5.1	That the Work Force Development Strategy continues to be implemented with particular emphasis on recruitment, retention, skills and training.	The shortage of skilled labour being experienced across the region and sectors requires positive action in tailoring innovative training programmes for new entrants to the workforce, and the upskilling of those in employment.

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## Invitation to comment on National Policy Statement on Renewable Energy



### MEMORANDUM

File Number: EN100-05-2

To:	Chief Executives	Date:	29 October 2007
cc:	Environment & Regulatory Managers	From:	Kate Barker, Policy Analyst Environment & Regulation
Subject:	Proposed National Policy Statement – Renewable Energy		

#### Purpose

The purpose of this memorandum is to seek your feedback, by Wednesday 7 November 2007, on the scope and content of a National Policy Statement (NPS) on renewable energy being proposed by the Ministry for the Environment (MfE), in order for *Local Government New Zealand* to prepare a submission on behalf of the local government sector.

#### Background

The MfE has sent a letter to all councils and to *Local Government New Zealand* advising that the Minister for the Environment wishes to develop a NPS on renewable energy under the Resource Management Act 1991 (RMA). Under the RMA renewable energy means energy produced from solar, wind, hydro, geothermal, biomass, tidal, wave and ocean current sources.

The MfE letter requests comment on what should be included in a proposed NPS on renewable energy and provides some broad examples of what could be included, such as: high level government policy; policy in relation to developments with high environmental costs; and policies specific to particular types of renewable energy such as wind or geothermal energy.

#### Process for feedback

The MfE has not prepared a discussion document and has requested that feedback be provided by 9 November 2007 which is quite a short timeframe. Once these initial comments are received, it is likely (though not for certain) that the MfE will prepare a discussion document for more thorough comment and submissions. The Environment and Regulation team at *Local Government New Zealand* hopes to have a meeting with MfE officials soon to obtain some more information on the proposed process for consultation.

*Local Government New Zealand* will be putting together some comments to pass onto the MfE on a proposed NPS for renewable energy on behalf of the local government sector. As part of this, we will request that the MfE include a representative from local government on any working group drafting the proposed NPS.

To help with preparation of a local government position, *Local Government New Zealand* is interested to hear back from councils on what should (or should not) be included in a NPS on renewable energy. The timeframe to get comments back to the MfE is extremely tight, so comments will need to be back to *Local Government New Zealand* by Wednesday 7 November 2007. Please email [kate.barker@lgnz.co.nz](mailto:kate.barker@lgnz.co.nz) or ring Kate Barker on 04 924 1220 with any comments/feedback that you have.

Of particular interest are:

1. How may a NPS on renewable energy influence work already underway on regional or district plan reviews and intended plans changes?
2. Do you consider that a NPS on renewable energy would add value to your council's work? If so, in what ways and what would it need to cover in order to do so?
3. What things do you consider should be included in a NPS on renewable energy?
4. What things should not be included in the NPS?
5. Is your council in the process of or have you already incorporated renewable energy provisions in your RMA documents? If so, what areas do the provisions cover (e.g. geothermal, wind, tidal)?
6. Is there potential for the NPS to conflict with work your council is doing or has done? If so, in what areas?
7. Would a NPS on how to address potential issues of the future, such as applications for new types of energy generation (e.g. tidal or small hydro projects) be more useful than one covering wind and geothermal resources?
8. Would non-statutory guidance be more useful than a NPS?

We realise it is very difficult to answer these questions given the lack of an indication on the possible content of the NPS from the MfE.

I understand that all councils have been sent the MfE letter, if councils are providing individual comments to the MfE, *Local Government New Zealand* would appreciate receiving a copy.

#### Action

1. Distribute this memo to officers involved in environmental policy and planning.
2. Consider sending individual comments to the MfE.
3. Provide feedback or copies of your council's comments to Kate Barker at *Local Government New Zealand*, so that sector comments can be prepared, either by phone (04 924 1220) or email ([kate.barker@lgnz.co.nz](mailto:kate.barker@lgnz.co.nz)). Please return feedback by Wednesday 7 November 2007.

**A POSSIBLE NATIONAL POLICY STATEMENT ON RENEWABLE ENERGY  
COMMENT FROM TASMAN DISTRICT COUNCIL**

7 NOVEMBER 2007

**CONTEXT**

The scope of renewable energy issues for New Zealand is substantially driven by and intersects with the issues arising from climate change risks and the long term availability of fossil carbon energy. The mitigation of climate change risks will have to address both carbon management and fossil carbon substitution with alternative energy sources. This involves consideration not only of renewable energy, but the place of non-renewable energy, managing energy demand, and energy efficiency. The scope of the issues within the cluster of energy and climate change contexts is therefore large, and not all of these are capable of being addressed through statutory resource management.

The national challenges and possible solutions across this spectrum of issues first needs to be clearly identified in order to locate any useful scope of renewable energy policy in relation to the Resource Management Act (RMA). There is a large arena of national policy interest in addressing not only climate change risk mitigation or adaptation responses, but also the management of energy demand, in both stationary and mobile energy uses; and the associated issue of energy efficiency. These issues include the pattern of influences on total energy demand, such as the form of urban areas; the energy efficiency of built development; the modes of transport within and between centres; the efficiencies of transport technologies both within modes (eg. vehicle fleet efficiency; use of passenger transport) and between them (eg. rail and shipping alongside road).

Within this arena there will be a scope of matters able to be addressed by national policy instruments under a range of legislation, including the RMA, transport legislation, and Energy Efficiency and Conservation Act. So questions arise in relation to any NPS under RMA to address climate change, energy efficiency and conservation, as well as renewable energy use.

The following comments work through this scope of matters, with suggestions about the relevance or value of national policy in relation to the RMA.

**RENEWABLE ENERGY**

Renewable energy sources are resources for the energy forms of heat, electricity and hydrocarbon or biomass fuels. A fundamental question is the nature of national interests in renewable energy resources. The renewable energy sources for electricity generation (solar, wind, hydro, geothermal, tidal, wave, ocean current and biomass) cover multiple environments and natural resources (land, freshwater and marine). In addition, biomass energy may be a source for both electricity generation and production of hydrocarbon fuels for transport. Each region has its own endowment of renewable energy generation opportunities, with source or environment-specific issues arising.

It is considered that a useful national strategic approach is to focus on the opportunities for each of these renewable energy forms to contribute to the long term national demand pattern for stationary and mobile energy use. This is broadly the approach taken in the

NZ Energy Strategy (NZES), adopted recently. But any consideration of national policy needs to incorporate a good understanding of how the resources for generating these forms of energy, can be sustainably managed. Many of these resources have values other than renewable energy that may be significant locally, regionally or nationally. The sequestering of energy from these resources will have risks for some of these values. Obvious examples are instream values of water bodies affected by hydro generation, and landscape character values affected by wind generation.

Tradeoffs between renewable energy and other resource values are currently managed by local authorities under the RMA through statements, plans and consents, guided by Part II of the RMA. Any national policy must account for an appropriate national pattern of trading off between these resource values. This requires some understanding of the regional situations around NZ in terms of opportunities and issues with competing values. Where there is significant generation opportunity for renewable energy in at least the three source environments of land (wind), water (hydro) and coastal marine (tidal, wave, current), it is inevitable that the competing values likely to be adversely affected will be those currently required to be provided for under Part II of the RMA. Therefore any national policy for renewable energy must deal with how such tradeoffs are to be resolved. It is not simply a case of stating that renewable energy generation opportunities are to have some national priority, as the matters in ss 6, 7 and 8 also have national importance. Again, the appropriate national priority for renewable energy generation or production must account for the nationally significant renewable energy values as against at least s 6 values and other competing values of national significance.

In light of the above comments, there is considered to be no value in providing as national policy, general exhortations about renewable energy use or directives to support this end-use, without clear understanding of the implications for other values, including those of national significance, virtually on a regional scale. This includes both amendment to Part II and any NPS content. The comments below develop these considerations in relation to the two principal energy forms of national significance.

## ELECTRICITY

The NZES target of 90% renewable electricity sources by 2025 is current government policy about encouraging electricity generation. But its delivery will require a virtual doubling of current installed capacity in less than 20 years. Therefore any national policy concerning renewable electricity generation supporting this outcome will need priority action to account for the multiple settings and source opportunities for this generation, within and across the regions to create an aggregate national picture. Identification of nationally significant generation sources or locations across the renewable source spectrum for electricity generation has to have reconciled all relevant s 6 matters in order to be of value in development decision-making at regional and local levels. Such national policy may have value because of:

- Uncertainty about the scale of such opportunities around NZ
- Regional policies that might constrain such opportunities from a national perspective
- Competing values or development outcomes that might significantly constrain such opportunities.

This policy development would need effort by the government and the regions to establish the multi-value framework for assessing significance of the affected resources. These include:

- water body values for hydro generation and all other water resource values, both instream and abstractive;
- wind generation locations and landscape character or natural area values; and
- coastal marine locations for tidal, wave or current generation, and the natural, fisheries, navigational, seascape and amenity values of such locations.

The difficulty for the development of national policy is that until this pattern is better understood, the content of policies concerning resource sequestration for renewable electricity generation cannot be defensibly developed. While seemingly major generation sites continue to arise, their place in the national context of renewable opportunity remains indeterminate, unless a national assessment can refine the value of each set of site opportunities, for clear guidance to regional or local decision-making.

There is considered to be limited value in any blanket policy to force decisions across all regions about renewable electricity generation from within the spectrum of sources, where there are only local scale tradeoffs or contests between use-values to be resolved. This remains the appropriate arena of policy by regions under statements and plans.

However, a feature of electricity generation from whatever source is the need for transmission to locations of demand. The issue of efficiently located networks for transmission from all significant generation sources, is a matter worth considering for national policy formulation. We are aware of draft proposals for a NES for electricity transmission; these only deal with the integrity of the existing national grid and ignore this issue of grid proliferation.

## BIOMASS FOR HYDROCARBON FUELS

Before any useful policy on renewable energy from biomass can be developed, the government needs to resolve the national issue of the scope of opportunity for land and production technologies across NZ for renewable biomass for production of hydrocarbon fuels (biofuels) for transport or for electricity generation. The NZES approach of introducing a biofuels sale obligation for transport, but with no matching target for domestic production of biomass for biofuel nor any express commitment to research and development of biomass process technologies, is heroic in its implicit assumption that this strategic issue will be resolved. Furthermore, the NZES approach incorporates a very leisurely rate of increase in use of biofuels for the transport sector. This is arguably a high risk approach in the face of both climate change and possible constraints on fossil carbon availability. The effectiveness of all the NZES actions in relation to low carbon transport and transport demand management will be hampered by uncertainty about the extent to which transport energy sustainability in NZ can be supported from biofuels, as well as uncertainty about the rate of increase from this source, and the security of supply from fossil fuel sources internationally. The tradeoffs between current production land uses, and the alternative land use for biofuel production, and the implications of the choice of feedstock for biofuels for other uses of the biomass (eg. food crops) are significant aspects of this uncertainty. The NZES approach to biofuels potential is arguably far too light and late, and needs a fundamental rethink before any useful national policy under RMA dealing with this energy form can be developed.

As a further context for biofuels, there is a strategic national interest in integrating policies about production land use and carbon management on private land, for biofuels for transport or other renewable energy sources, and for climate change mitigation. This is a very large issue, and the multiple values for carbon management on private land (production values for agriculture and forestry, and opportunities for biodiversity enhancement, catchment management and permanent carbon sinks) are the context for biofuel production opportunities and issues.

A NPS could address the contests between land production of biomass for biofuels, and of biomass for each the values listed above. The difficulty is as with sources for electricity generation, there are multiple competing values, and unless their pattern across the country is much better understood than at present, setting appropriate national policy priorities would be complex and fraught with contest.

### SOLAR SOURCE FOR HEAT OR ELECTRICITY

The solar source for generation of heat or electricity is largely a site or building scale opportunity. At this scale, most issues relate to building design and regulation, and to intersection with the electricity supply networks of this form of distributed electricity generation. Therefore, the relevance of any national policy for renewable energy from the solar source is considered to be limited in matters to technology, funding, and site or network access regulation. Solar electricity generation beyond the building scale is generally still at the feasibility stage.

### ENERGY DEMAND AND ENERGY EFFICIENCY

Energy demand management and associated energy conservation and efficiency measures are an important area for national policy in relation to urban or settlement pattern and form, and the efficiency and diversification of transportation modes and technologies. These issues are closely connected with renewable energy management and climate change mitigation issues. National policy needs to address energy efficient urban design, transport efficiency and modal diversification to help in formulation of both urban and regional settlement and transportation system patterns. Key national issues are maintaining compact urban centres, increasing transport multimodality, and improving the efficiency of the national vehicle fleet. Many national policy priorities in relation to these issues are proposed in the NZ Transport Strategy (NZTS), the NZES and the Energy Efficiency and Conservation Strategy (NZECS). What is required is the integrated delivery of outcomes identified in the NZES and relevant to the RMA, the land transport legislation, and the Energy Efficiency and Conservation Act. It is noted that more than a single national policy instrument such as a NPS will be needed to deal with these issues.

### TASMAN REGION SITUATION

Some overview comments on our region may help in grounding the questions surrounding any renewable energy NPS. The Tasman region is one of eight regions for which the Energy Efficiency and Conservation Authority (EECA) recently funded a first order assessment of renewable energy. These studies only assessed published data sources, and so made many assumptions and findings worthy of closer, more exacting inquiry. The thrust of the findings for Tasman was that:



- for electricity generation, there was limited wind opportunity;
- for solar thermal and electricity, there was a substantial opportunity but cost constrains large scale photovoltaic;
- for hydro electricity, there was a medium to large scale potential of around 500MW together with minor small scale hydro, but with most of this potential likely to be constrained by water conservation instruments or by conservation lands;
- for biomass, there was limited arable land for arable biomass as feedstock, and a modest opportunity from the area under plantation forest for wood biomass on a low end forest basis, for electricity or biofuels. For biofuel or electricity generation end-use of production lands would lead to tradeoffs with the existing economic pattern of biomass production;
- there was a limited potential for biomass waste processing for biofuels, heat or electricity;
- for marine electricity generation sources, there was only a limited tidal potential but modest wave energy potential, without consideration of environmental constraints for any site.

The Tasman as with other regional assessments suggested renewable energy development pathways through provision of expertise, resolving contests over end-use values for energy sources, and so identifying suitable locations for renewable generation or production for coding in the regional policy statement or combined plan (Tasman District Council is a unitary authority). Also proposed was examining the scope for more liberal regulation of activities supporting certain sources of renewable energy, and recognition of future renewable energy technologies.

The Council has an energy policy framework in its regional policy statement that broadly encourages development of energy resources, without a focus on renewable energy. This framework does not require review until 2011. While the climate change and energy sustainability drivers together with the EECA renewables assessment suggest there is a case for research and policy formulation about renewable energy for Tasman, the Council has yet to signal that it wishes to become active in this area of inquiry.

#### ADVICE REGARDING NATIONAL ACTION ON RENEWABLE ENERGY

Any consideration of national policy action on renewable energy matters must account for the context of climate change risk responses and energy efficiency and conservation, and integrate across this suite of national policy and programme formulation and delivery.

It is considered that there is good value in a nationally co-ordinated followup to the EECA first order regional renewables assessments, to chart areas of action in terms of:

- resource, technology and policy research;
- assistance with expertise;
- engagement with supply market players for using the range of sources for the renewable energy forms under consideration;
- guidance on regulatory policy that is informed by the results of the above actions.

The links with climate change driven carbon management on private land need to be strongly developed in this work.

Within this arena for action, there is a national imperative to resolve the scale of renewable energy development opportunities particularly for hydro electricity and biofuels, as set against the existence of other, potentially conflicting resource values for the water bodies or production lands in NZ.

It is considered that the above actions should be carried out through an inquiry process of substantial research and liaison with local government and sector players with a stake in renewable energy around all regions, **before any clear case for appropriate national policy content in any NPS can be developed.** The appropriate outcomes from a national policy perspective should drive the form of output. We are concerned that any inquiry process does not simply assume a NPS as the output, but that a possible range of outputs are contemplated, without presuming about the value of any NPS on renewable energy.

We note the issues surrounding effective implementation of any NPS, where under s 55 RMA, the giving effect to relevant NPS provisions in policy statements and plans could involve significant regional and local plan amendment processes under Schedule 1, as it is unlikely that any NPS provisions will be appropriate for direct incorporation in RMA planning documents for every region or district. This suggests well designed provisions for every NPS, and given the issues we have raised regarding any NPS on renewable energy, such a preparation process would require adequate investigation of the issues and well-structured engagement with the regions.

We trust these comments may help in scoping the merits of inquiring into renewable energy NPS.

Steve Markham  
Neil Jackson  
Rob Smith

For Tasman District Council

<b>NATIONAL INITIATIVES</b>		
<b>Description</b>	<b>Submissions Close</b>	<b>Staff Involved</b>
Changes to the Dog Control Act including additional matters to be considered in Dog Control policies, adding the Presa Canario breed to the banned list, and making it possible for Government to issue national guidelines for Councils	End of February 2008	David Lewis
Food Safety Reforms – new law expected before Christmas		David Lewis
Public Health Bill – expected before Christmas		David Lewis
Possible NPS on Renewable Energy	7 November 2007	Steve Markham
Possible NES on electricity transmission (x2)	30 November 2007	Stephanie Trevena
Proposed NZ Coastal Policy Statement – expected before Christmas		Neil Jackson
Affordable Housing Bill – expected before Christmas		Steve Markham
Possible NPS on Flood Risk Management – several drafts have been circulated. Formal invitation now expected early 2008. There is also a voluntary draft New Zealand Standard in preparation.		Steve Markham/Phil Drummond
Draft National Alcohol Strategy – expected early 2008		David Lewis
Paper on decision making and resourcing national biosecurity incursions – aka how can regional councils help central government	14 December 2007	Lindsay Vaughan
NZ Building Code Review – submissions received in September 2007, reissue expected in 2008		Phil Hilleard
Licensed Building Practitioners Scheme – launched 1 November, response /information has been requested		Jean Hodson
NES on water measuring devices – submissions closed, regulations expected soon (will require water meters on all consented water takes)		
NES on Sources of Human Drinking Water – submissions closed, regulations expected before Christmas		

Review of New Zealand Standard on Noise Measurement NZS 6802 (will probably lead to a change to the TRMP)	14 November	David Lewis
Acceptable Solutions – a package of 29 modules so far prepared by the Department of Building and Housing detailing acceptable design and construction standards for building work.	On-going	

NPS = national policy statement under the Resource Management Act

NES = National Environmental Standards under the Resource Management Act