

Policy 2017

Energy and Resources



Realising our energy potential

An affordable and secure energy supply and competitive electricity market ensures the well-being of New Zealand households and supports a thriving economy.

Our renewable energy resources are among the best in the world, and we're constantly improving energy efficiency and productivity.

We need to take full advantage of our abundant natural resources, while maintaining the strong environmental and safety provisions that we have developed.

Our focus is on extracting premium export value from petroleum and mineral development, increasing the quality and quantity of regional resource sector jobs and building on our position as a world-leader in renewable energy.

Policy highlights

- We are now third in the world for renewable electricity, at over 85 per cent
- We are improving energy efficiency and productivity
- 90 per cent of electricity generation will be renewable by 2025
- We will decrease industrial emissions by at least 1 per cent a year on average, over the next five years
- 2 per cent of all vehicles will be electric by 2021
- A third of government vehicles will be electric by 2021
- We're fostering a competitive energy market, ensuring choice and innovation
- We have insulated more than 300,000 homes, ensuring they are warm and dry
- We are promoting petroleum and minerals development with a strong environmental and safety focus, and creating jobs
- We're keeping downward pressure on fuel prices

"National is committed to balance in the sector – we will continue to encourage reasonable growth in the oil, gas and minerals sector while also investing in renewable energy and energy efficiency."

– Energy and Resources spokesperson
Judith Collins

National is...

Fostering a strong energy sector

- We know that markets function best with minimal government intervention, but we're also committed to ensuring the settings are right to allow the sector to thrive
- In a recent review the International Energy Agency said that New Zealand is a world leading example of a well-functioning electricity market, which continues to work effectively thanks to appropriately targeted government intervention
- We rank 9th out of 125 countries in the World Energy Council's Energy Trilemma Index which measures performance in energy security, equity and sustainability

Focusing on efficiency

- Our new Energy Efficiency and Conservation Strategy will improve our energy productivity, leading to lower cost, more competitive businesses and more renewable energy
- We have set challenging targets:
 - 90 per cent of electricity will be generated from renewable sources by 2025
 - We will decrease industrial emissions by at least 1 per cent a year for the next five
 - Electric vehicles will be 2 per cent of our vehicle fleet by the end of 2021, doubling EV registrations each year to reach 64,000
- By 2021 a third of the Government vehicle fleet will be electric

Encouraging oil and gas to grow responsibly

- We want to keep New Zealand an attractive and environmentally sound destination for exploration
- We are encouraging investment in petroleum and minerals while maintaining and enhancing the quality of our environmental and safety regime
- We are developing a framework for decommissioning offshore petroleum assets like oil rigs
- We are developing a regime to manage possible risk from inactive onshore petroleum wells

Monitoring fuel prices

- We commissioned a fuel market study over concerns about how much New Zealanders are paying at the pump
- The report validated those concerns and we're looking at what we can do next
- In the meantime, we're keeping a close eye on fuel margins and encouraging companies to think about consumers

Our results...

Warmer, drier, healthier homes

- Since 2009, we have insulated over 300,000 homes, making them warmer, drier and healthier under Warm Up New Zealand programmes

Benefitting from our resource wealth

- Petroleum and minerals add huge value nationally and regionally through royalties, exports and jobs
- Petroleum producers have contributed \$3.2b in royalties and levies since 2008
- In 2016, petroleum and minerals accounted for 1.6 per cent of GDP, which equates to \$3.5b
- National's Block Offer process for awarding oil and gas exploration permits has seen 45 permits awarded
- It's attracted five new international entrants to New Zealand, and led to \$7.7b being invested in oil and gas exploration and production here

Efficient, renewable energy

- We're well on our way to achieving our goal of 90 per cent renewable electricity by 2025
- At over 85 per cent, we're third in the world for renewable electricity, behind Norway and Iceland
- We have passed the Energy Innovation Amendment Bill to help reduce our emissions, and boost energy productivity and innovation

A competitive market

- National's electricity reforms have helped ensure New Zealanders pay less for power
- There are now 40 electricity retail brands to choose from, double the number in 2008
- Consumers are taking advantage of competition to get the best price. More than 500,000 people have switched providers since 2015

What we will do next...

Enable an energy sector that works for consumers

- The sector is working well, and operates best with minimal intervention, but we will make sure the settings are right to encourage innovation and ensure consumers get what they need
- We will keep the lights on by ensuring security of supply. Big promises of 100 per cent renewable electricity might sound good, but the reality is we have dry years and we need a back-up. Our goal is 90 per cent renewable by 2025 and we're getting there, at over 85 per cent already
- We will remove potential barriers to emerging technology and innovation. The sector is changing incredibly fast and National will ensure the settings are right for New Zealand to make the most of it
- We will encourage efficiency, meaning less resource and investment wastage and improvements in the coordination of electricity production
- We will look at the low fixed charge, a Labour policy which is not working. Instead of offering affordable and sustainable energy, it is subsidising the cost of power for high-income users and slowing innovation. We'll review it and come up with an alternative that works for low income users
- Ultimately it's about consumer choice so we will make sure the settings are right so that consumers can get the energy they want in the way they want it – whether from the grid, or a solar tiled roof on their neighbour's house
- We will continue to insulate homes to make them warmer, drier, healthier and cheaper to heat

A competitive market

- We will continue our successful Block Offer process for awarding oil and gas exploration permits
- We will ensure that New Zealand is seen as a favourable and environmentally responsible global destination for exploration companies
- We will continue to collect high-quality geophysical data to provide to industry, public and research stakeholders, together with associated geochemical studies. This gives us a better understanding of our resource wealth and how to get the most benefit from it, as well as a better understanding of geological risk

Don't put it all at risk

- Power prices went up 72 per cent under Labour – prices fell in real terms for the first time in 15 years in the year to March 2016, meaning our policies are working
- Unrealistic promises of 100 per cent renewable electricity risk the power turning off – we have a goal of 90 per cent by 2025 and we're already almost there with renewable electricity generation growing from 65 per cent in 2008
- Our oil and gas potential is huge – we could be the richest little country in the world. Parties who write-off well-regulated exploration and extraction are not focused on the best outcomes for New Zealand