

13 April 2023

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For the Ministry of Business, Innovation and Employment ([offshorerenewables@mbie.govt.nz](mailto:offshorerenewables@mbie.govt.nz))

### **Submission on enabling investment in offshore renewable energy**

- 1 Air New Zealand welcomes the opportunity to submit on the Ministry of Business, Innovation and Employment's (**MBIE**) consultation on feasibility assessments for offshore renewable energy development. We agree that regulatory settings in this area should support:
  - Selecting both developers and developments to meet Aotearoa's national interests, including appropriate safeguards and benefits for the environment.
  - Māori participation in offshore renewable energy development.
  - Certainty for developers to invest.
  - Aotearoa being able to secure access to offshore renewable energy technologies.
  - Wider economic benefits by creating jobs to support the manufacture, construction, and operation of infrastructure.
- 2 Air New Zealand is Aotearoa's largest domestic and international airline, providing both passenger and cargo transport services in and around Aotearoa and overseas destinations.
- 3 We currently serve 20 domestic network regions, and flies to 30 international ports across Australia, the Pacific Islands, North America and Asia. In FY22, the airline flew more than 8 million passengers, and carried tonnes of exports around the globe and domestically. Before the global pandemic, Air New Zealand's passenger numbers were significantly higher – flying more than 17 million passengers in 2019.

- 4 As the national airline, Air New Zealand has a critical role in the social and economic success of Aotearoa with respect to domestic and international tourism and travel, and export of Aotearoa's products. Aviation connects Aotearoa to the world and is vital to the basic functioning of our economy, our critical infrastructure and our health system. It is necessary for our exporters to distribute high-value goods to the rest of the world and to import the critical goods and services needed to keep our economy running. It ensures that our people can continue to connect with others at home and abroad, and it is fundamental to the ongoing success of our world-class tourism proposition.
- 5 Air New Zealand is also committed to playing its part in the global response to the climate crisis. Our central contribution to that response is the reduction of carbon emissions across our operation, with the goal of reaching net zero emissions by 2050. An interim 2030 science-based carbon reduction target is in place<sup>1</sup> to guide Air New Zealand and hold us to account on this trajectory. Sustainable aviation fuel (estimated to deliver 50% of our decarbonisation by 2050, comprising biofuel and "power-to-liquid" fuel produced using renewable electricity) and next generation aircraft powered by electricity and green hydrogen (20% by 2050) are critical technologies for reducing our carbon emissions. Supporting the development of, and transition to, these technologies is not, however, something that Air New Zealand can accomplish alone. It will require co-ordination across multiple sectors and will be a journey that must be shared with the Government and other stakeholders across the economy.
- 6 Air New Zealand therefore concurs with MBIE that the scale of Aotearoa's offshore renewable energy potential could support the decarbonisation of energy-intensive and hard-to-abate industries such as aviation, in addition to sectors such as road transport and industrial process heat.
- 7 We agree with MBIE that a more developer-led approach to feasibility work should provide greater incentives for developers to identify optimal areas for development, more timely development, and fewer costs for government. We also believe that lack of investment certainty to developers and/or excessive administrative costs placed on developers would risk developments not proceeding.
- 8 However, the technical, financial and commercial capability of a developer, alongside national interest considerations, remain important criteria to consider when awarding feasibility permits. It is important to ensure that permits are awarded to entities capable of taking a project forward through its feasibility stages and beyond.
- 9 Given the criticality of renewable energy development to Aotearoa's net zero carbon transition, we also believe that progress reporting from permit holders should be made publicly available, subject to redacting information that may be commercially sensitive. This will help ensure that

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<sup>1</sup> To reduce carbon intensity by 28.9 percent by 2030, compared to a 2019 baseline. Carbon intensity means the greenhouse gas emissions per Revenue Tonne Kilometre (RTK), a measure of passenger and cargo payload carried by Air New Zealand.

permit holders are making productive use of their permits in compliance with qualification criteria and any applicable permit conditions.

- 10 Air New Zealand's specific responses in respect of MBIE's consultation questions are included in Appendix A.



13 April 2023

Kiri Hannifin  
Chief Sustainability Officer

Appendix A

## Submission on approaches to managing feasibility activities

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### Release of information

Please let us know if you would like any part of your submission to be kept confidential.

I would like to be contacted before the release or use of my submission in the summary of submissions that will be published by MBIE after the consultation.

I would like my submission (or identified parts of my submission) to be kept confidential, and **have stated below** my reasons and grounds under the Official Information Act that I believe apply, for consideration by MBIE.

I would like my submission (or identified parts of my submission) to be kept confidential because...  
[\[Insert text\]](#)

[To check the boxes above: Double click on box, then select 'checked']

## Responses to questions

### Chapter 3: Why does the government need to enable feasibility activity now?

1 Do you agree with the proposed policy objectives outlined in the discussion document? Why or why not?

We agree.

2 Are there other objectives that we should consider that are not captured above? If so, what are they and why are they important?

We note that (just as MBIE has done elsewhere in the discussion document) offshore renewable energy developments can also deliver wider economic benefits by creating jobs to support the manufacture, construction, and operation of infrastructure.

3 Do you agree with the proposed criteria for assessing the proposals for regulating offshore renewable energy? Why or why not?

We agree that Effectiveness, Certainty and Timeliness are important criteria for comparing policy approaches.

4 Are there other criteria that we should consider that are not captured above? If so, what are they and why are they important?

No comment.

5 Do you agree that the criteria should be equally weighted? Why or why not?

No comment.

### Chapter 4: Proposals for managing feasibility activities

6 What role do you think government should have in gathering feasibility information for offshore renewable energy development?

Refer our response to Q7 below.

7 Do you agree that, at least in the short-to-medium term, a developer-led approach to gathering feasibility information is appropriate for Aotearoa New Zealand? Why or why not?

We agree that the government has a critical role to play in balancing competing uses, interests, and values for renewable energy development. The question is about when (and indeed how efficiently) it occurs – prior to feasibility or when the developer is ready to construct. We agree with MBIE that there are compelling advantages for a developer-led approach to gathering feasibility information, namely:

- Greater incentive and opportunity for developers to identify optimal areas for development, with the lowest levelized cost of energy generation.
- More timely development where developers are incentivised to conduct feasibility analysis.
- Fewer costs for government.

**Is there another approach not considered above that may be more suitable?**

8 No comment.

**Do you agree with the two shortlisted options (permitting and collaborative) that we have identified? If not, what other viable options might we be looking at?**

9 No comment.

**Assuming a developer-led process to propose sites and assess feasibility, do you think the permitting approach or the collaborative approach would deliver a better outcome for Aotearoa New Zealand and why?**

10 We agree with MBIE's assessment of the drawbacks to a highly collaborative approach:

- Lack of investment certainty to developers, which would risk developments not proceeding.
- Higher administrative costs for all parties in negotiating to set up a collaborative approach, which may also take significant amounts of time.

11 **How could a collaborative approach be designed to enable the objectives set out above, and what could the government do to support collaboration?**

No comment.

12 **Have we captured a complete list of trade-offs between the two shortlisted options? What else, if anything, should we be considering?**

No comment.

### Chapter 5: Māori involvement in the assessment of feasibility

**What broad opportunities do you see for iwi, hapū, and/or whānau to be involved in the feasibility stage of development (both before and during studies)?**

13 No comment.

14	<p><b>Are the above requirements sufficient to achieve this? How can the requirements be implemented to reduce undue burden on mana moana or developers?</b></p> <p>No comment.</p>
15	<p><b>What information/mātauranga Māori and process/tikanga will be important for developers to incorporate into their feasibility plans, and how should iwi, hapū, and/or whānau be involved in gathering this information?</b></p> <p>No comment.</p>
16	<p><b>What mechanisms for monitoring and enforcing these requirements are appropriate (regular reporting by developers that is reviewed by iwi etc)?</b></p> <p>No comment.</p>
17	<p><b>How should the adequacy of iwi involvement be assessed? What does good faith and meaningful participation look like?</b></p> <p>No comment.</p>

**Chapter 6: Considerations for a permitting framework**

18	<p><b>Do you agree that developers should be required to meet prequalification criteria to be eligible for exclusive feasibility rights?</b></p> <p>Yes – otherwise there is a risk that the government expends scarce resources on engagement with actors that ultimately are not suitable to take a project forward.</p>
19	<p><b>Are our proposed criteria appropriate? Are they complete? If not, what are we missing?</b></p> <p>We agree that technical, financial and commercial capability alongside national interest considerations are important criteria to consider when awarding permits.</p>
20	<p><b>How should we consider material changes to permit holders’ status and capability? Do you think mechanisms to review permit criteria would be appropriate?</b></p> <p>Yes – permit holders should maintain compliance with qualification criteria.</p>
21	<p><b>Do you agree that a feasibility licence should last for five years with an option to extend for a further two years?</b></p> <p>No comment.</p>

22	<p><b>Do you agree that a feasibility licence should be subject to ‘use-it or lose-it’ provisions, with permits not exercised within 12-months lapsing? What circumstances would trigger the use it or lose it provisions?</b></p>
	<p>Some form of “use-it-or-lose-it” provision appears sensible. This will help ensure that permits are held by entities committed to moving a project forward.</p>
23	<p><b>How should government best deal with the issue of overlapping applications?</b></p> <p>No comment.</p>
24	<p><b>Do you agree that a single national entity should hold responsibility for inviting and assessing applications?</b></p> <p>Yes.</p>
25	<p><b>Do you agree that the Minister of Energy and Resources, acting on advice from officials, should make the final decision on applications for permits?</b></p> <p>Yes.</p>
26	<p><b>Do you agree with charging fees sufficient to recover the costs of inviting, and assessing feasibility permit applications, and monitoring permit holders?</b></p> <p>Yes.</p>
27	<p><b>What other steps would ensure that processes are transparent and fair for developers?</b></p> <p>No comment.</p>
28	<p><b>Do you think that public submissions should be sought on permit applications? What other steps would ensure sufficient opportunity for iwi , hapū, whānau, and stakeholders to inform decision-making?</b></p> <p>Yes.</p>
29	<p><b>Do you agree that permit-holders should regularly report on the progress of their feasibility studies? How frequently should the reporting be?</b></p> <p>We agree that regular reporting would be valuable in ensuring that permit holders are making productive use of their permits in compliance with qualification criteria and permit conditions.</p>
30	<p><b>What reporting standards should the Government set to make the disclosures meaningful?</b></p>



We agree with MBIE that the following information would be useful to report on:

- Feasibility activities being conducted and next steps.
- Data gathered from feasibility activities.
- Engagement with local communities and mana moana.
- Financial statements.
- Ownership structures of interest holders.

**Who should have access to this information? How should it be shared?**

31

Given the criticality of renewable energy development to Aotearoa’s net zero carbon transition, progress reporting from permit holders should be made publicly available, subject to redacting information that may be commercially sensitive.

32

**Do you agree that developers not complying with obligations could face compliance actions, with risk loss of rights to conduct feasibility studies as a last resort? What sorts of non-compliance could lead to the loss of these rights?**

We agree with MBIE that compliance actions may be necessary, including the loss of a permit.

33

**How could a collaborative approach be designed to enable the objectives set out above, and what could the government do to support collaboration?**

No comment.

### Chapter 7: Information on existing uses, interests, and values

34

**Are there other uses, interests, and values not covered above that can be readily mapped? What are they?**

We consider Māori, economic, environmental, safety and social interests to be a reasonable list.

35

**Of the uses, interests, and values identified above, which ones do you consider should be prohibitive, ie the existence of those uses, interests, and values in a given area should exclude an area from consideration for offshore renewable energy generation? Why?**

No comment.

36

**What opportunities do you envisage for offshore renewable energy developments and other uses, interests and values to co-exist, or be co-located in the same space?**

No comment.

37

**How could conflicts with existing uses, interests and values be managed?**

As stated in our cover letter, the scale of Aotearoa’s offshore renewable energy potential could support the decarbonisation of energy-intensive and

hard-to-abate industries such as aviation. We believe that this potential to make a material difference to the country's net zero carbon transition should be taken into account where conflicts with existing uses, interests and values occur.

38

**What uses, interests and values cannot readily be mapped? How should these be taken into account when considering the feasibility of establishing offshore wind farms?**

No comment.

**Any other comments?**

Please refer to our cover letter above.