OMV

**Ministry of Business, Innovation & Employment**

Via email to gasfuelpolicy@mbie.govt.nz

Date 05.08.2024

## Submission on "Proposals for a Regulatory Regime for Carbon Capture, Utilisation and Storage"

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### Background.

1. OMV New Zealand (OMV) is a major energy provider for the country, finding and developing natural gas deposits in Taranaki. Our business helps to meet the energy demands of New Zealanders in economically, environmentally, and socially responsible ways.

2. OMV welcomes the opportunity to provide feedback on the consultation document, Proposals for a Regulatory Regime for Carbon Capture, Utilisation and Storage (the Paper) from the Ministry of Business, Innovation & Employment (MBIE).

### Responding to climate change is driving a transition in energy.

3. The energy sector is at the heart of the challenge to reduce Greenhouse Gas emission levels. OMV sees that natural gas has an important role in acting as a lower carbon bridge, while the world switches from oil and coal to renewables.

4. In 2022, OMV launched a new global strategy which will see our oil and gas business decline over time to be replaced with low carbon energy sources. By 2050, OMV intends to be a net zero company across all of Scope 1, 2 and 3 emissions. OMV will gradually reduce fossil fuel production by 2030, with a stronger decline in the following decades. By 2050 we will exit fossil fuel production for energy use.

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5. OMV recognises and supports the objectives of the Climate Change Response (Zero Carbon) Amendment Act 2019 (Zero Carbon Act) and its goal of achieving net zero emissions by 2050. OMV supports the Emissions Trading Scheme (ETS) as the primary mechanism for reducing emissions in New Zealand in order to achieve our net zero goal. OMV has shared its views on New Zealand's energy transition through previous submissions such as on the Climate Change Commission's draft advice to government (March 2021), the draft of the first Emissions Reduction Plan (November 2021), and consultation with the Electricity Authority on the thermal transition (July 2023), among others. In the context of the required multi-decade, economy wide transformation to achieve net zero by 2050, our submissions have highlighted:

    a. the critical importance of regulatory stability in enabling (or at least not hindering) the significant investment needed in New Zealand's energy system;

    b. the need to make sure policy interventions are considered only when really needed to deliver emissions reductions that are additive over what would be achieved by the ETS alone, and such policy interventions should be justified by robust cost-benefit analysis;

    c. the importance of ensuring that New Zealand's emissions are not simply exported to overseas economies; and the need to ensure that all realistic decarbonisation options remain open and are not unnecessarily or prematurely closed off, to ensure optionality is maintained.

**OMV welcomes the proposal for a CCUS regime**

6. We congratulate MBIE on the Paper and the steps being made towards establishing Carbon Capture, Utilisation and Storage (CCUS) in NZ. We make some initial observations in the body of this submission, and we include specific responses to the Paper's questions in Appendix 1. The importance of CCUS has been recognized across the political spectrum in New Zealand in recent years. Many countries are moving rapidly towards embracing the role of CCUS as a vital tool in the energy transition[1]. Major global energy

[1] *https://www.iea.org/energy-system/carbon-capture-utilisation-and-storage*

policy analyses place significant emphasis on CCUS as a key technology for reducing emissions[2][3].

7. The objectives in the Paper reflect a balance between economic considerations, environmental protection, and energy security. We note the likely need for NZ to continue using gas in its energy system until 2035 or longer[4], and also note the current energy-short market in NZ which is driving high energy prices and curtailments in industrial production[5]. CCUS provides an opportunity to improve the security of NZ's energy supply while reducing emissions. However, our international experience has shown us that stakeholder engagement on CCUS should be a key part of the regime, and we suggest this key topic does not receive adequate focus in the Paper.

8. OMV has previously provided comments on CCUS to government, including our 2023 submission to MBIE on the *Gas Transition Plan Discussion Document*, our 2023 submission to the Ministry for the Environment on *Te Arotake Mahere Hokohoko Tukunga*, Review of the New Zealand Emissions Trading Scheme, and our 2023 submission to the Electricity Authority *on Ensuring an Orderly Thermal Transition*. We have also welcomed the engagement of officials in meetings and fora on CCUS in the past years.

**CCUS is an important low carbon business for OMV globally.**

9. OMV has identified CCUS as a key opportunity for the company as we move toward our net-zero ambition. It is a key decarbonisation technology for heavy carbon emitting industries like steel or cement, with OMV aiming to capture and store not only its own emissions but also those of third parties as well. The underlying technology has been safely used for decades around the world. With our license EXL005 "Poseidon" located in the Norwegian North Sea, we have started our first major project in this area. The intention is to inject CO2 captured from multiple identified industrial emitters in North-West Europe, including OMV subsidiary Borealis' various industrial

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[2] *https://www.ipcc.ch/site/assets/uploads/2018/03/srccs_wholereport.pdf*
[3] *https://www.iea.org/reports/legal-and-regulatory-frameworks-for-ccus*
[4] *https://www.bcg.com/publications/2022/climate-change-in-new-zealand*
[5] *https://businessdesk.co.nz/article/energy/methanex-reviewing-nz-operations-as-gas-crunch-hits-production*

sites in Europe. OMV has a target of storing 5 million tonnes of CO2 per year by 2030.

10. In partnership with Vår Energi and Lime Petroleum AS, we were awarded a second CO2 storage license in the Norwegian North Sea in 2024. The license, called "Iroko", can store around 215 million tonnes of CO2, with the injection capacity expected to exceed 7.5 million tonnes of CO2 per year. When compared to the 290 million tonnes of NZ's 2022-2025 Emissions Budget, these figures show the material contribution that a single CCUS project can make to global emissions reductions.

11. In New Zealand, we are exploring solutions that would allow us to produce our high-CO2 Māui East discovery. We are pleased that MBIE recognises this project in the Regulatory Impact Statement (RIS) and the Climate Impact of Policy Analysis that accompany the Paper. Our corporate environmental goals mean that we are unwilling to agree any development path for the discovery that would involve venting the CO2 into atmosphere.

12. [redacted]

13. [redacted]

14. However, we believe that as the options become more complex - particularly onshore – the regulatory regime becomes less clear.

Thus we welcome that MBIE is exploring a regime to allow opportunities for this key emissions reduction technology to be realized without regulatory uncertainty.

**The Government should move quickly to establish a CCUS regime.**

15. Our view is that in New Zealand, CCUS is a useful interim measure to help reduce emissions from existing industries. It is unlikely to be needed in the long-term as new industrial plant that may be built in the future will likely be designed to be zero-emission either due to the nature of the industry or the nature of the fuel used for the industrial processes, and we firmly expect that new energy technologies will supersede the use of fossil fuels for energy by 2050. However, as an interim measure CCUS has a window of opportunity in the next 10-15 years where it can usefully aid in reducing emissions.

16. This short window means that the requirement for an enabling regulatory regime for true third-party storage is urgently required. Delays of several years in developing such a legal framework would erode the likely economic lifetime and benefits of any CCUS scheme and mean the opportunity for securing an easy win in emissions reduction during the energy transition would be lost.

17. Fortunately, the government will be able to move quickly by taking advantage of the decades of work in overseas jurisdictions on this topic. There are many well-established overseas standards for policies, monitoring, verification and reporting. A significant body of work on subsurface CO2 storage in NZ has been developed in past decades by GNS Science and other research providers[6].

18. Several countries have already developed comprehensive legal and regulatory frameworks for CCUS. These form a valuable knowledge base for the growing number of countries that have identified a role for CCUS in meeting their climate goals, but which are yet to establish a legal foundation for CCUS, and particularly for CO2 storage. Increasingly, existing frameworks are also being tested as more commercial CCUS projects are developed, with important learnings for regulators.

[6] *https://www.gns.cri.nz/our-science/energy-futures/carbon-capture-and-storage/*

19. For example, this IEA CCUS Handbook[7] is a resource for policy makers and regulators on establishing and updating legal and regulatory frameworks for CCUS. It identifies 25 priority issues that frameworks should address for CCUS deployment, presenting global case studies and examining how different jurisdictions have approached these issues. The handbook is supported by a web-based legal and regulatory database, and model legislative text.

20. We support an approach that aligns in principle with comparable countries, noting the liability regime in New Zealand should be on a smaller scale to reflect our smaller scale projects. With NZ's widely distributed single point sources of industrial emissions, we are unlikely to achieve the economy of scale in CCUS that is being sought by jurisdictions with larger industrial bases. Alignment with comparable countries should take care not to introduce excessive, onerous costs.

21. We also note that NZ has a limited window of opportunity for the use of depleted gas fields. There may be a significant future role for CCUS for depleted gas fields beyond the original life of the asset. A risk exists that the optionality of such a future role would be forgone as the decommissioning of the fields proceeds at end-of-life, particularly if such timing is accelerated by inappropriate decommissioning regulations. We note the useful provision in the Crown Minerals (Decommissioning and Other Matters) Amendment Act 2021 for repurposing of assets. We would welcome discussions to connect field operators with potential future stakeholders such that New Zealand's future needs and opportunities for CCUS are factored in to our late-life planning for the fields.

**Integration with the ETS is welcome and necessary....**

22. We agree the ETS should be modified to account for the emissions reductions achieved using CCUS, assuming suitable long-term storage and monitoring can be verified. Noting a CCUS party could be dealing with both its own emissions and third party CO2 so should benefit from both. Modification of the ETS could provide significant benefits. including:

    a). Incentivizing Emission Reductions. By recognizing CCUS in the ETS, businesses could be incentivized to invest in and implement

[7] *https://www.iea.org/reports/legal-and-regulatory-frameworks-for-ccus*

CCUS technologies, which could lead to significant reductions in greenhouse gas emissions.

b). Providing a level playing field. Including CCUS in the ETS could help create a level playing field among different emissions reduction and removal mechanisms. This could enable businesses to choose the technology that provides the best 'bang for buck' emissions reduction approach that suits their needs.

c). Supporting Innovation. Recognizing CCUS in the ETS could stimulate innovation in carbon capture technologies and the development of new solutions for reducing emissions such as Direct Air Capture.

**...but will the ETS be enough by itself?**

23. OMV supports the ETS as the primary mechanism for reducing emissions in New Zealand in order to achieve our net zero goal. It ensures a level playing field for different emission reduction technologies and avoids the difficulties of the government "picking winners". However, we consider there may be merit for considering additional non-ETS mechanisms. The emission reduction market has been significantly distorted by government intervention over the past six years, most notably by the Government Investment in Decarbonising Industry (GIDI) Fund. The $650M GIDI fund has subsidised 85 projects on electrification, biomass, geothermal, biogas and energy efficiency using government funds. These have included $90M to Fonterra for reducing coal use through electrification , and $140M for an electric arc furnace for New Zealand Steel. The government has significantly changed the playing field for emissions reduction, and there is merit in re-levelling the pitch. Accordingly, we suggest the government should also consider separate non-ETS mechanisms for providing economic incentives for CCUS.

    Other jurisdictions have found incentives are needed to stimulate the development and deployment of CCUS technologies, particularly at early stages and where economies of scale have not yet occurred. It is possible that given NZ's limited industrial emissions base and the geographic spread of our major emitters, such economies of scale may be difficult to develop and require government to play a coordinating role. Figure 2 in the Paper's RIS suggests that CCUS

technologies in the cement, powergen, iron and steel sectors will not be cost-effective at most pre-2030 NZU prices. The government may wish to be vested in these projects given the array of potential benefits to the country. as has been done previously with other technologies. It is clear that the projected price path for NZUs will increase the attractiveness of CCUS economics post-2030. However the early emissions reduction advantages from enabling CCUS through initial government support could be compelling.

24. There are several non-ETS mechanisms that have been used globally to provide economic incentives for CCUS, including:

    a) Subsidy Funds. In Denmark, two subsidy funds have been created to support the deployment of CCS technology[8]. The CCUS Fund and NECCS Fund are designed to deliver cost-effective greenhouse gas reductions that contribute to climate targets. These funds support the capture of both fossil and biogenic CO2.

    b) A CCUS Roadmap. The European Union has developed a roadmap for CCUS to identify necessary actions for the large-scale development and deployment of CCS and CCU in the 2020s[9]. This roadmap includes a list of actions to be taken by national policymakers to underpin the European development of CCUS.

    c) Tax Incentives. In Canada and the USA, tax incentives are being considered as a mechanism to fund and promote CCUS development[10][11]. These are making material differences to the attractiveness of CCUS in North America.

25. We note specifically the vital role played by geoscience research organisations globally in developing CCUS. NZ is fortunate to have a world-class geoscience research base, including the Crown Research Institute GNS Science, that can potentially advise government and industry on site selection. MBIE may wish to consider research funding to maintain this capability and support CCUS implementation.

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[8] *https://ens.dk/en/our-responsibilities/ccs-carbon-capture-and-storage/ccs-tenders-and-other-funding-ccs-development*
[9] *https://www.ccus-setplan.eu/wp-content/uploads/2021/11/CCUS-SET-Plan_CCUS-Roadmap-2030.pdf*
[10] *https://www.iea.org/policies/4986-section-45q-credit-for-carbon-oxide-sequestration*
[11] *.https://www.ccsknowledge.com/pub/Publications/Incentivizing_Large_Scale_CCS_In_Canada_%28FINAL_2021-06-11%29.pdf*

**Social licence is key...**

26. CCUS is well-established globally and draws on existing proven technologies. The geological subsurface is capable of storing vast volumes of CO2, for geological periods of time, with minimal movement when placed in the correct setting. Geological barriers can ensure that CO2 remains locked away for millennia. CCUS is an enormous focus globally in industrialised nations, faces few technological barriers, and is becoming increasingly attractive economically as carbon prices are established. Nevertheless, significant public opinion is becoming opposed to CCUS due to its reliance on petroleum technologies, its potential for prolonging high-emissions industries during the energy transition, delivery challenges faced by early projects[12] and a public misapprehension of the safety risks.

27. International experience has shown that onshore storage sites face significantly more challenges from stakeholders compared to offshore sites, particularly if in proximity to populations or agricultural land use. NZ is fortunate to currently have offshore sites that are likely to be suitable for CO2 storage, with existing offshore infrastructure. Nevertheless, onshore sites may be more attractive due to the lower costs intrinsic to the onshore operating environment, and similar geology.

28. We believe that achieving social licence for CCUS operations will be the critical success factor for projects. This will require transparency from operators and a rigorous assessment of risk, facilitated by a transparent and rigorous CCUS regime. A key factor must be the views of Māori on this important development. Of particular importance to OMV is the view of Taranaki iwi on CCUS. As mentioned above, we believe the region is one of the best placed in the world for CCUS and the engagement and involvement of Taranaki iwi will be essential for successful use of CCUS in the region. The development of a storage facility in onshore or offshore Taranaki that could safely lock away emissions for millennia, must be supported by local iwi to be successful.

**...and the Government must play a role.**

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[12] *https://www.theguardian.com/environment/2022/jul/16/gas-giant-chevron-falls-further-behind-on-carbon-capture-targets-for-gorgon-gasfield*

29. Stakeholder and iwi involvement is a vital role for government. The Government must lead this discussion to ensure it is not seen by stakeholders as purely industry-led, as we have observed in other jurisdictions to the detriment of the scientific merit of the projects.

30. CCUS would be a novel technology within NZ, despite its wide use and importance overseas for emissions reduction. Moreover, it is technologically complex to understand when compared to net emission reduction through forestry planting. The multiple safety barriers that exist in the subsurface to prevent escape of stored CO2 and the low concentrations and non-toxic nature of any fugitive CO2 from a storage site are not necessarily easily understood by non-scientists. We believe that education and stakeholder involvement will be essential.

**A workable liability regime is essential...**

31. Any liability regime needs to be transparent and balanced, and to be consistent with the risks and benefits of CCUS. Operators need to be attracted to undertake CCUS and we caution MBIE against creating a liability regime that is so onerous that it makes CCUS activities unattractive. We note the 2023 development of decommissioning guidelines, which selected the most onerous elements of different international regimes and combined them to form an unworkable and inappropriate system. It is always possible to develop a regime that protects the Crown from all risks, but this often means forcing unacceptable costs onto industry.

32. CO2, once injected underground, needs to be sequestered into perpetuity. That will exceed the lifespan of individual corporations. Liability for emissions of CO2 from storage facilities is a key risk for CCUS projects because of the long-term nature of such projects and the potential for CO2 storage reservoirs to leak long after the project has ceased. To address this, many jurisdictions have determined that ownership, responsibility, and/or liability for CCUS facilities should eventually be transferred to the state for long-term stewardship, once compliance with regulations demonstrates that the stored CO2 is expected to remain stable. Transfer of long-term liability to the Crown is likely to be essential for project sanction, as the lack of such a mechanism potentially exposes project participants to liability for leakage for an indeterminate period. CCUS may save participants money in the short term via the ETS and a reduced liability, but without government intervention at the end-of-life cycle of CCUS

projects then it could come at a greater cost to businesses in the long term.

33. We consider that liability should be in proportion to scale of the operation without exemption. All operators should be liable and held to account to some degree, including pilot schemes. Given the likely stakeholder concerns of onshore storage sites, there may be merit in considering offshore versus onshore storage and whether the same liability regimes are appropriate in onshore and offshore settings. It may make sense for a liability regime for onshore facilities be more onerous than a liability regime for offshore facilities in order to satisfy stakeholder concerns and to mitigate the higher costs of offshore operations. However, we caution against making the liability provisions too complex.

34. OMV would support an approach that aligns in principle with comparable countries, but New Zealand does not have the same scale of operations and potential investment as comparable countries such as Australia. Accordingly, the liability regime in New Zealand should be on a smaller scale to ensure current operators in NZ will seriously consider pursuing CCUS projects. We suggest the government should indemnify the operator after the post closure period, once the requisite monitoring requirements have been met and any other reasonable conditions in play are satisfied. This would be similar to Australia's approach of applying to the relevant Minister for a site closing certificate We suggest a decision should be made on transfer within 2 years.

35. We are concerned by the concept of trailing liability. No trailing liability provisions should be required for CCUS projects. Other emitting sectors are not subject to trailing liability, so we see no basis for CCUS operators to be subjected to them.

**...but liability should not be the focus.**

36. Overall, we are concerned that there is far too much emphasis on liability in the Paper. This is demonstrated by the Paper dealing with liability first, before permitting. This should not be the focus. CCUS provides a unique and valuable emissions reduction method, but it requires an enabling regime. International studies demonstrate that leakage risk is minimal once the injector well is capped and abandoned properly. We suggest the Paper's focus should be on the initial approval to set the right parameters around permitting, in order to give comfort around suitability of the site, rather than having

a focus on the slim chance of liability at the end. There are many other industries with far greater environmental risks than CCUS.

**We welcome further engagement on this topic.**

37. As discussed above, OMV has significant CCUS expertise in our global operations as well as having explored CCUS options in our studies of models for Māui East. We would welcome further discussion and knowledge sharing with MBIE, should this be seen as valuable for the development of the regime.

Thank you for the opportunity to comment on the Paper.

Yours faithfully,

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# Appendix 1: Answers to Consultation Questions

| Question | Response |
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| 1. **Do you agree that the government should establish an enabling regime for CCUS? Please provide any further information to support your answer.** | Yes. All major global think-tanks note that CCUS is an essential decarbonisation technology. |
| 2. **Do you agree with our objectives for the enabling regime for CCUS? Please provide any further information to support your answer.** | Yes. The objectives reflect an appropriate balance between economic considerations, environmental protection, and energy security. Clarity in the regime will be welcome, as the lack of certainty has been an issue for parties considering CCUS. |
| 3. **Should the ETS be modified to account for the emissions reductions achieved using CCS? If so, how do you think it should be modified?** | Yes. The ETS will provide an essential incentive for CCUS operations. The government is emphasising the role of the ETS in allowing a level playing field for emissions reductions, which we support. |
| 4. **Do you agree that all CCS activities should be eligible to receive recognition for the emissions captured and stored? If not, why not?** | Yes, providing that adequate monitoring an verification is in place, and that long-term sequestration of CO2 can be demonstrated to an adequate level of certainty. |
| 5. **Do you think there should be a separate non-ETS mechanism for providing economic incentives for** | Possibly. While we support a level playing field through market mechanisms such as |

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| | **CCS? If so, what would this mechanism be?** | the ETS, we note that CCUS technologies in NZ are likely to be small-scale and may be economically challenged at near-term NZU pricing. Other technologies have benefited massively from economic incentives such as the GIDI fund, and there is merit in levelling the playing field from these early distortions. Other jurisdictions have invested heavily in CCUS incentives to accelerate projects. |
| 6. | **In your opinion, which overseas standards for monitoring, verification and reporting of CCUS-related information should New Zealand adopt?** | Many overseas jurisdictions are far advanced in CCUS deployment, and so NZ's CCUS regime should be able to pick up suitable protocols quickly. OMV is experienced in the Norwegian system but there are many others that may be suitable. We suggest that monitoring, verification and reporting standards should be cognizant of offshore and onshore deployment of CCUS and the relative costs and attraction of offshore operations. We suggest that the government work with industry to ensure that monitoring costs and extent are not excessive. |
| 7. | **Is there any other information that CCS project operators should be required to verify and report? Please reference the relevant overseas standards where applicable.** | No comment. |

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| **8. What methods should be used to quantify CO2 removal and storage in CCUS projects?** | Following an Australian model (where there is some form of specific permit to cover CCUS activities) then we suggest that this is a matter covered off in the permitting process . The applicant can propose the quantification approach, and consent is awarded on that basis. This is consistent with the approach from a CMA/RMA/EEZA basis. |
| **9. Are additional mechanisms required to ensure compliance with monitoring requirements?** | No comment |
| **10. What level of transparency and information sharing is required?** | We suggest that nothing extra is required outside of the pure regulatory environment, noting the requirements for information release in the CMA. It would be up to parties what they decide to share outside of regulatory environment (e.g. in conferences and fora) without need for government involvement. |
| **11. Do you consider there should a minimum threshold for monitoring requirements so that small-scale pilot CCS operators would not have to comply with them? If so, what should be the threshold?** | No. All operators should be monitoring their operations, and be compliant. Scaling may be appropriate, but not if it comes at cost of having excessive obligations on larger scale operators. |
| **12. Should a monitoring regime extend to CCU activity?** | No comment. |
| **13. Do you agree the proposed approach on liability for CO2** | Yes. We support an approach that aligns in principle with |

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| | **storage sites aligns with other comparable countries (like Australia)? If not, why not and how should it be changed?** | comparable countries, but noting that NZ does not have the same scale of operations / potential investment as comparable countries such as Australia, so the liability regime in NZ should be on a smaller scale to ensure current operators in NZ will be able to consider investing in CCUS projects within a global portfolio of CCUS opportunities. |
| **14.** | **Is the proposed allocation of liability consistent with risks and potential benefits? Are there other participants that should share liability for CCS operations?** | Any liability regime needs to be transparent and balanced. Operators need to be attracted to undertake CCUS. We are not aware of any other participants that should be captured here. Note that the petroleum sector often seeks to share risk in joint ventures (JVs), and so the CCUS regime should consider the role of JVs. |
| **15.** | **Should liability be the same for all storage sites if projects are approved? Or should liability differ, depending on the geological features and characteristics of an individual storage formation?** | This is a technical question that may have been answered by other jurisdictions, who have considered risk factors such as the number of existing wells piercing a storage site. We suggest that the government may wish to consider relative risks of offshore versus onshore sites, and proximity to population centres. |
| **16.** | **Do you consider there should a minimum threshold for CCUS operators being held responsible for liability for CO2 storage sites so that small-scale pilot CCS operators would be exempt? If so, what should be the threshold?** | No. Liability should be in proportion to scale of the operation without exemption. All operators should be held to account to some degree. |

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| **17. Should the government indemnify the operator of a storage site once it has closed? If so, what should be the minimum time before the government chooses to indemnify the operator against liabilities for the CO2 storage sites?** | Yes, this is essential. The government should indemnify an operator after the post closure period, once the requisite monitoring requirements have been met and any other reasonable conditions in play are satisfied. We support Australia's approach: to apply to the relevant Minister for a site closing certificate, but with a decision being made within ~2 years. A minimum (and reasonable) term of 10 years to elapse post site closing certificate being issued before government indemnifies against liability.<br><br>There needs to be reason for businesses to entertain CCUS – it may save money in the short term via ETS and a reduced liability but if government does not play a role at end-of the - life cycle of CCUS projects then it could come at a greater cost to businesses in the long term- and thus will not proceed. |
| **18. Are additional insurance mechanisms or financial instruments required to cover potential liabilities from CO2 leakage in CCS projects?** | No. Operators will have conditions they are required to satisfy and any liability obligations arising from those will be dealt with under existing legislation. |
| **19. What measures should be implemented to monitor CCS projects for potential leakage and ensure early detection?** | This is a technical question that has been a major focus in other jurisdictions such as Australia and Norway. |

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| **20. Do you agree that trailing liability provisions are needed? How do you think they should be managed?** | No. Trailing liability provisions should not be required, noting other emitting sectors are not subject to trailing liability, so we see no basis for CCUS operators to be subjected to them. |
| **21. Are inconsistencies in existing legislation for consenting and permitting impacting investment?** | Yes. OMV has spent considerable resource to date reviewing current legislation[13] and advising the business on whether CCUS / gas recycling activities are permissible, and the various consenting pathways which 'may' be relevant. There needs to be a clear consenting pathway for CCUS. OMV is constantly having to navigate legal and regulatory frameworks which are not entirely 'fit for purpose' and it costs the joint ventures time, money, and opportunity. |
| **22. Should the permit regime for CCUS operations be set out in bespoke legislation or be part of an existing regulatory regime (such as the RMA, EEZ Act, the CMA or the Climate Change Response Act 2002)? Please give reasons for your answer** | Bespoke legislation would be preferable, as a focused CCUS regulator would be better placed to assess the risks. We question whether local authorities will be able to develop the expertise to assess applications.<br><br>However, time is of the essence. CCUS projects will need to be done under existing legislation (with appropriate amendments) in order to reduce NZ's emissions of GHGs without delay. In which case: |

[13] *https://www.waikato.ac.nz/assets/Uploads/Research/Research-institutes-centres-and-groups/Centres/CEREL-Centre-for-Environmental-Resources-and-Energy-Law/Carbon-Capture-and-Storage-Taking-Action-Barton-Aug-2023.pdf*

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| | A National Policy Statement is required to give clear policy to support CCUS and would address the decentralization of decision making (as an NPS is binding on decision makers at a regional level). Additionally, further consideration is needed on whether local councils are appropriately resourced to deal with CCUS onshore facilities or whether an expert body such as MBIE would make more sense.<br><br>Clear provisions for CCS in CMA, EEZA, and RMA are required.<br><br>The purpose of the CO2 injection is also important to determine what consenting pathway is appropriate. If the purpose of CO2 injection is permanent disposal – what is the potential environmental impact?<br><br>Subject to the comments above regarding permanent disposal, London Dumping Protocol 2006 Amendments could be adopted under EEZ and RMA (to clarify CCUS is dumping and that it is permissible as a discretionary activity and not subject to any restrictions found in other parts of the dumping definition).<br><br>The current legislation is less effective in managing long term complex projects such as the post-injection phase of CCUS projects.<br><br>We would also welcome reduced timeframes for |

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| | obtaining consents. For example, under the RMA, if the relevant CCUS resource consent is considered a 'discretionary' activity, the Council has a wide discretion as to whether or not it should be publicly notified and whether a hearing should be held (this could realistically take 1-2 years). |
| **23. Should CCS project proponents be required to submit evidence that proposed reinjection sites are geologically suitable for permanent storage, in order for projects to be approved? If so, what evidence should be provided to establish their suitability?** | Yes, as part of permitting process.<br><br>International jurisdictions provide many possible examples of suitable evidence. |
| **24. Should there be separate permitting regime for CCU activity if there is no intention to store the CO2?** | No comment. |
| **25. Are there regulatory or policy barriers to investment and adoption of CCU technologies?** | No comment. |
| **26. What potential markets for CO2 derived products do you see as most critical in New Zealand?** | No comment. |
| **27. Are there any specific barriers to transportation of CO2?** | No comment. |