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Kia ora koutou

Feedback Submission: From the Ground Up - A draft strategy to unlock New Zealand's geothermal potential

1. Thank you for the opportunity to submit and provide feedback on From the Ground Up: A draft geothermal strategy to unlock New Zealand's geothermal potential.
2. Eastland supports the strategy's overall goal of doubling geothermal energy use by 2040. That, as noted in the strategy, just geothermal electricity generation has a current installed capacity of 1,207MW, makes this goal a significant target and would require the equivalent development and construction of approximately 12 new 100MW geothermal power stations in 15 years.
3. It is a highly ambitious target and achieving this goal will require a significant investment, a clear mandate to grow and enablement and support from national and local government to accelerate development. However, we feel that some elements of the Action Plan need to be prioritised and given greater prominence if we are to meet this goal.
4. The Draft Strategy needs to be quickly finalised and put into action. This will require a concerted effort by Government, industry, iwi groups and other stakeholders to accelerate and complete this transformational strategy. The creation of the Geothermal Centre of Excellence is also critical to the success of the strategy and this should also be prioritised.
5. Eastland believes that providing facilities for iwi, hapu and maori landowners to participate in geothermal developments, especially in early-stage exploration, through direct funding with appropriate governance and structures could be the single biggest accelerator of geothermal growth in New Zealand. This is akin to the Crown exploration projects of 1970s, but in a direct and collaborative manner that empowers and enables the rapid assimilation of knowledge and information about geothermal fields.

About Eastland Generation

6. Eastland Generation (Eastland) owns and operates 3 geothermal power plants in Kawerau, Bay of Plenty, with a combined capacity of 60MW and will commission an additional 49MW by the end of the year. Eastland also owns and operates small scale solar and hydro generation.
7. As a small scale, niche developer and operator of geothermal power stations, Eastland partners with iwi groups and maori land owners, creating partnerships and project structures that provide governance, management and equity participation in geothermal projects.
8. Eastland notes that the majority of land that is suitable for geothermal development is maori owned, either through landowner trust or iwi incorporation structures. While there is a strong desire and willingness for land owners to develop, in many cases knowing where to start is difficult. There is also large asymmetry of technical knowledge and capital between developers and landowners and project structures must accommodate this appropriately.
9. We wish to comment on aspects of the Draft Action Plan as follows.

Improving access to geothermal data and insights

10. It is noted that geothermal fields which are currently in use at commercial or industrial scale are typically operated by organisations that have invested significant time and capital in the exploration, development and monitoring of the field. Monitoring and data acquisition are needed for field management by the operator and generally there are requirements to report to Regional Councils as well as providing public information on reservoir health. This is appropriate for fields currently in use.
11. For fields that are undeveloped or have had some exploration but no further development, there is historic data that is held in many different repositories. Collating this data and making it publicly available, albeit in a controlled manner is supported. This would enable landowners and developers to easily access and understand the potential, albeit on desktop, of a site and make some informed decisions.
12. However, Eastland notes that a theme of the strategy is enabling development. In situations where developers partner with iwi and the Crown to explore fields, where a combination of public and private money is used then the data and information should only be made available if the developer decides not to proceed with the development.
13. A system similar to the Ministry of Business, Innovation and Employment's (MBIE) petroleum exploration data pack and other online resources could be administered by the Geothermal Centre of Excellence, providing easily accessible data and information in a controlled and systematic manner.

Crown involvement in exploration or potential Crown led exploration

14. Eastland submits that Crown led exploration would not lead to the accelerated outcomes desired by the Draft Strategy. While historically, Crown led exploration has allowed some fields to be developed, this has taken many decades and has been contentious, especially with iwi landowners.



15. A preferable solution is one which enables iwi and maori landowner groups to actively participate in exploration activities on an equitable basis with a technical development partner and Crown involvement through direct funding to landowners through grants, concessionary or convertible loans to directly investment in exploration activities. Suitable reporting and governance structures would accompany these funding arrangements.
16. This approach would allow appropriately skilled technical development partners to work collaboratively with landowners to develop geothermal areas quickly and effectively, increasing the knowledge and resource potential of the geothermal field in the early development phases.
17. Conceivably, this could be a dollar-for-dollar approach where industry and technical partners provide equal funding to Crown investment, de-risking and accelerating exploration and development activities. This provides equity and a level playing field for investment.
18. Direct funding frameworks to landowners supported by technical partners to deliver the exploration projects allows landowners to become key players in the energy sector and not just passive landowners. Successful projects can then provide long term cashflows and opportunities through reinvestment in the communities, creating new business and employment opportunities.
19. Furthermore, this creates direct influence over projects on the whenua, enabling Māori to uphold kaitiakitanga. This ensures that development aligns with a Te Ao Māori approach, respecting the land and its resources for future generations.

Ensuring regulatory systems are fit for purpose

20. Given the high capital cost and long payback periods associated with geothermal development, operators are motivated to ensure that field management practices are sustainable with field health at the core of any decisions. Investment decisions are made to ensure that the field will continue to operate for many years and this aligns with legislative environmental objects and policies.
21. Therefore, overly prescriptive, restrictive or onerous regulatory settings may not provide any better outcomes for field health and may be a disincentive to development.
22. It is noted that there is significant variability between regional areas when applying for new consents for development and consistency between these regions would be welcomed.
23. Eastland also notes that the current development of the National Policy Statement for renewable energy, while incorporating aspects of geothermal energy, is not sufficiently explicit to support rapid growth of geothermal energy. A new sector specific National Policy Statement: Geothermal would ensure that there is consistency across regional and district plans, promote the development of geothermal fields and contemplate issues that are specific to geothermal development.



Emissions Trading Scheme and Advancing Technologies

24. Transitioning geothermal energy to a net zero activity should be a clear and stated target of the Draft Strategy and part of the action plan. Provide carve-outs or changing the setting for geothermal heat users would ultimately result in poor outcomes and lack of investment in New Zealand.
25. In Eastland's experience, transitioning to net-zero and providing net-zero energy products result in premium prices and significant interest from customers, especially those with offshore backing.
26. Carbon capture and injection can also provide benefits for asset management, both pipelines and wells, through a reduction of chemical treatments and overall costs. This results in a reduction of emissions, the need to surrender credits and reduction in operating costs for the business.
27. In Eastland's view better outcomes would be achieved by providing Crown funding to transition existing equipment and processes to accommodate carbon capture and injection. Ultimately making New Zealand a world leader in geothermal emission reduction and a more attractive investment option.

Talent Pipeline

28. New Zealand currently attracts geothermal professionals from around the world, keen to work in the industry. The industry also provides a number of career pathways across multiple professional and technical disciplines throughout the entire lifecycle management of geothermal projects and facilities.
29. Central to the development of geothermal resources are the earth sciences and the recent merging of GNS and NIWA should strengthen New Zealand's capacity and capability in the future. However, funding needs to be made available with long term certainty to retain talent that is focused on key problems and issues for developing geothermal fields.
30. Earth sciences also have an "image problem" with low levels of engagement in schools leading to low levels of entries to university courses. There is also a perception of a lack of career paths available to students and uncertainty over long term prospects. A key task for the Geothermal Centre of Excellence would be to address this perception and encourage earth sciences and other supporting engineering and technical fields as exciting and rewarding careers for young people.
31. In the short to medium term, and to help achieve the overall goal of doubling geothermal use by 2040, consideration should also be given to immigration setting and providing pathways to attract overseas talent to New Zealand for roles in geothermal development. While New Zealand already attracts many people from overseas to study or have short term roles, staying in the country can be difficult and complex and providing specific pathways for geothermal professionals to stay in New Zealand may help fill the talent pipeline.

¹ Geological Society of New Zealand, www.gsnz.org.nz



Geothermal Centre of Excellence

32. Eastland believes the creation of a Geothermal Centre of Excellence would be a positive and beneficial initiative and should be established as soon as possible. The Centre of Excellence would also be the ideal entity to drive the implementation of the Geothermal Strategy.
33. However, this Centre of Excellence should not be established within either academia or an existing industry association but be a stand alone entity.
34. The Centre of Excellence should be established with a clear commercial geothermal development imperative and a mandate to promote and facilitate geothermal development while promoting New Zealand as a world leader in geothermal, strengthening bilateral relationships and investment opportunities.
35. Appropriate, professional Governance of the Centre will be crucial to its success and should draw on iwi, technical, funding and crown representatives to ensure an appropriate balance of skills and experience to drive the Geothermal strategy forward.

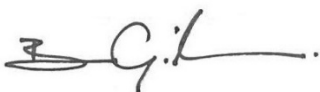
Geothermal tourism opportunities

36. The inclusion of geothermal tourism in the draft strategy is commended as this is major contributor to regional economies in the Taupo Volcanic Zone. Tourism directly and indirectly employ many people and requires significant levels of investment and development to provide the facilities and infrastructure that international visitor value. Geothermal tourism also provides a unique point of difference to our global offering and is a major drawcard for visitors.
37. However, geothermal tourism is limited to a relatively small number of operators and enabling other new entrants to provide unique or niche offerings over wider parts of the TVZ and areas that currently have low levels of visitors is seen as beneficial. This could be through assistance in the development of business and marketing plans, investment strategies and potentially seed funding for new operators.

Conclusion

38. Eastland would like to reiterate it's support for the development of the Draft Geothermal Strategy. It has the potential to be transformative for New Zealand's energy landscape providing sustainable and resilient energy for generations to come.

Yours sincerely



Ben Gibson

Strategic Project Manager

