erganz
Electricity Retailers' and Generators' Association of New Zealand

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Resource Policy
Ministry of Business, Innovation and Employment
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Via email: resourcesfeedback@mbie.govt.nz

ERGANZ SUBMISSION ON A DRAFT GEOTHERMAL STRATEGY

The Electricity Retailers' and Generators' Association of New Zealand ('ERGANZ') welcomes the opportunity to provide feedback on MBIE's draft geothermal strategy, 'From the Gound Up' from July 2025.

ERGANZ is the industry association representing companies that sell electricity to Kiwi households and businesses. Collectively, our members supply almost 90 per cent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

ERGANZ supports the proposed strategic outcomes to:

- Extend New Zealand's position as a world-leader in geothermal innovation.
- Accelerate energy resilience through the development of increased electricity generation and harnessing geothermal heat to support New Zealand's transition. With the goal of doubling geothermal use by 2040.
- Strengthen regional economies and te Ōhanga Māori by advancing geothermal development in collaboration with tāngata whenua, and unlock industrial growth, tourism and trade to support New Zealand's goal of doubling exports.

The target of doubling geothermal energy use by 2040 is ambitious and will require strong alignment between industry, local and central governments, landowners, energy users and iwi, alongside a supportive regulatory landscape.

Geothermal electricity generation plays a critical role in New Zealand's energy mix as a renewable, low-emission and 'always-on' source of energy. It continues to deliver increasing capacity. In the past 25 years total renewable capacity has increased by over 2,900 MW, of which 850MW was geothermal energy.[1]

In the past year, Contact Energy has already generated 1.5 TWh of baseload renewable output, independent of the weather, through its newly commissioned Tauhara and Te Huka 3 geothermal

[1] Concept Consulting, consulting report, "Past and future generation pipeline", 11 October 2024.

plants in Taupo. Together, these projects represent a $1.2 billion investment in additional geothermal capacity from the private sector.

More is to come. Mercury is building its 46 MW Ngā Tamariki geothermal plant expansion, and Contact is building its 101 MW Te Mihi Stage 2 geothermal plant.

Further expansion of geothermal generation has the potential not only to fulfil New Zealand's climate goals but also to positively contribute to the 'energy trilemma' through the provision of consistent, reliable, and low-cost energy.

Geothermal resources bring stability to the energy market by providing highly consistent baseload generation. Increasing geothermal's role in the energy mix would mean a reduced reliance on thermal generation, and would free up a greater proportion of hydro capacity to be kept in reserve.

Hydro currently plays a dual role, supplying baseload electricity and providing additional firming capacity during periods of high demand. A higher proportion of geothermal generation would relieve pressure on baseload hydro generation, and in turn increase firming capacity. The recent impact of gas shortages on price stability, alongside significant reductions in estimated national gas reserves, underscores the benefits of greater geothermal generation.

ERGANZ submits that streamlining planning and regulatory barriers will be a critical enabler of geothermal development, and as such, the proposed actions to 'Ensure geothermal regulatory frameworks are fit for purpose' and 'Explore the role of policy direction for managing geothermal resources' should be prioritised in 2025-26 (horizon one), rather than 2027-28 (horizon two).

Efficient planning, consenting and building of generation should be prioritised in environmental and spatial planning as part of reforms to the Resource Management Act. In addition to the resource management policy, existing geothermal regulatory settings should be reviewed.

Geothermal generation is a location-specific activity, in that development is only possible in accessible geothermal fields. Land use restrictions in areas of potential geothermal activity have the potential to stifle new energy generation. The October 2022 introduction of a new National Policy Statement for Highly Productive Land (NPS HPL) is one such example of a policy that prohibited the construction of new energy infrastructure on Highly Productive Land. The NPS HPL was later amended in September 2024 to include exceptions for the construction of specified infrastructure. ERGANZ recommends that the review of regulatory settings include engagement with industry to address the barriers they face in land acquisition and land use change.

ERGANZ supports the government's research into supercritical geothermal technologies. This is a new area of research best undertaken by the government rather than the private sector.

In summary, ERGANZ supports the direction of MBIE's draft geothermal strategy and its goal of accelerating energy resilience. Geothermal energy has significant potential to support a stable energy market, increasing reliable baseload generation, and improving renewable firming capacity. To achieve the strategy's objectives, we recommend further engagement with the industry on

barriers to exploration, land use and acquisition, consenting, planning, and construction. We look forward to engaging further with MBIE as the geothermal strategy takes shape.

ERANZ would like to thank MBIE for considering our submission.

If there are any outstanding questions or a need for further comments, please let me know.

Yours sincerely,

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