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Ministry of Transport
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Genesis Energy submission on Ministry of Transport document: *Moving the light vehicle fleet to low emissions: discussion paper on Clean Car Standard and Clean Car Discount*

Introduction

Genesis Energy is New Zealand's largest electricity and natural gas retailer and one of New Zealand's leading generators of electricity.

As a generator of electricity from both renewable and thermal sources, Genesis is committed to continuing to shift its generation portfolio towards renewables while ensuring that the electrification of the New Zealand economy delivers emissions reductions in the areas where the most material cuts can be made.

With New Zealand's largely renewable electricity generation base, Genesis believes the electrification of the New Zealand economy represents a unique opportunity for New Zealand to build a genuinely low carbon economy. It is in this context that Genesis welcomes the opportunity to make some brief 'in-principle' comments in support of the clean car standard and clean car discount proposal.

The proposed clean car standard and clean car discount

Emissions reductions efforts must focus on addressing the largest sources of emissions if New Zealand is to meet its international Paris Climate Accord commitments.

The most obvious area of focus, as the area in which emissions reductions can most readily be made, is road transport. Road transport emissions have nearly doubled over the last 30 years and now make up 20 per cent of New Zealand's emissions profile. The light vehicle fleet contributes the majority of these emissions, reinforcing that the light vehicle fleet should be prioritised as a policy target.

Genesis notes that, within the OECD, New Zealand imports some of the most inefficient vehicles every year and is one of a very small number of developed countries not to have policy incentivising low emissions vehicles. Every vehicle that New Zealand imports and which is emissions intensive slows the country's progress towards emissions reductions by decades. Further, the scale of the benefit available to New Zealand through shifting its fleet to

increasingly electric vehicles is greater than for almost any other country in the world because of our largely renewable electricity system.

In short, we have the greatest opportunity in transforming our light vehicle fleet. Yet we lag the rest of the developed world in doing so. By contrast (to transportation), electricity emissions have halved¹ while continuing to generate at the same or higher levels, with increased demand from electrification likely to be met by renewables such as wind and solar.

Genesis supports this proposal as it:

- (a) retains a market-based structure and enables consumers to continue to make choices but with appropriate incentives and disincentives to change behaviour; and
- (b) seeks to minimise the cost impacts on those members of our society that are vulnerable or less able to bear these costs.

At Genesis, we have set ourselves a goal of having our light vehicles being EV or hybrid by the end of 2020 and by 2025 are planning for 50% of our heavy vehicles to be EV or hybrid. While we already have a large number of EVs and hybrids in our light vehicle fleet, finding EV and hybrid options for Utes and heavy vehicles is currently more challenging.

Conclusion

Modelling undertaken by Transpower in its *Te Mauri Hiko* work suggests the electrification of New Zealand's vehicle fleet could reach 85 per cent by 2050. However, the consultation document notes that "*Ministry of Transport projections suggest that only around 40 percent of vehicles entering New Zealand will be electric in 2030 without further government intervention or incentives*".

Genesis believes that, given the scale of the benefits of vehicle electrification for New Zealand's economy and its international climate obligations, there will need to be an integrated approach to emissions reductions from business, consumers and government.

Genesis supports the proposed clean car standard and clean car discount, identified by the Productivity Commission in their *Low Emissions Economy Report* as a sensible, modest first policy step in starting to address the fastest growing area of New Zealand's emissions.

Yours faithfully

GENESIS ENERGY LIMITED

Louise Griffin

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¹ Cost-effective energy options for transitioning New Zealand to a low carbon economy Prepared for the Parliamentary Commissioner for the Environment by Concept Consulting – September 2017 available at <https://www.pce.parliament.nz/media/1725/emissions-in-the-energy-sector-technical-working-papercompressed.pdf>