

Interim Regulatory Impact Statement: Proposed National Policy Statement – Renewable Electricity Generation

Decision sought	<i>Analysis produced for proposed amendments to the National Policy Statement for Renewable Electricity Generation to inform Cabinet, with public engagement to follow.</i>
Agency responsible	<i>Ministry for the Environment, Ministry of Business, Innovation and Employment</i>
Proposing Ministers	<i>Hon Chris Bishop, Minister Responsible for RMA Reform and Minister for Infrastructure</i> <i>Hon Simon Watts, Minister of Energy</i>
Date finalised	<i>8 April 2025</i>

These proposed amendments are intended to provide direction to enable and protect renewable electricity generation assets and activities, whilst being consistent with RMA requirements to protect certain environmental values from inappropriate development.

Summary: Problem definition and options

What is the policy problem?

The current resource management system does not sufficiently enable and protect renewable electricity generation (REG) to the degree needed to achieve New Zealand's electrification, electricity security and emissions reduction targets.

The current National Policy Statement for Renewable Electricity Generation (NPS-REG) was gazetted in 2011, before emission reduction plans were introduced under the Climate Change Response Amendment Act, and is therefore no longer fit-for-purpose. It does not appear to have had a significant impact on planning outcomes, or the time, cost and complexity of obtaining consent. The key challenges that contribute to these have been identified that

- Decision makers do not fully or consistently recognise the significance and benefits of renewable electricity generation in RMA decision making processes;
- There is a lack of strong and enabling policy guidance across much of New Zealand in relation to REG;
- There is no clear direction on key issues around consenting decisions for renewable electricity projects. This includes how to resolve competing national and local interests, and how to manage interactions with other values the RMA deems important – for example, protecting the country's outstanding natural landscapes;
- There is increased uncertainty, consenting costs and resource consent conditions that can reduce the efficiency of existing renewable electricity generation and make projects difficult to consent;

<ul style="list-style-type: none"> • The costs and processes associated with resource consent acquisition can discourage investment in smaller-scale projects that tend to have less significant adverse effects.
<p>What is the policy objective?</p> <ul style="list-style-type: none"> • The primary objective of the proposed amendments is to enable a substantial increase in renewable electricity generation output by providing a more certain and enabling consenting environment, while also managing the adverse effects on the environment.
<p>What policy options have been considered, including any alternatives to regulation?</p> <ul style="list-style-type: none"> • In June 2024, Cabinet agreed for the NPS-REG to be updated as part of the national direction phase 2 programme. Other regulatory and non-regulatory interventions are therefore not considered within scope of this interim RIS. • The policy options that have been considered are those that meet the policy intent of the coalition government’s objectives and Electrify NZ, within the scope of the amendments to national direction Phase 2 of the RM Reform programme
<p>What partners and stakeholders think</p> <p>There has been targeted engagement with key industry stakeholders via the Electricity Sector Environmental Group (ESEG), the New Zealand Planning Institute, the Resource Management Law Association, local government practitioners and environmental NGOs.</p> <p>Industry supported proposals to strengthen the NPS-REG and recommended it be given greater status under the RMA.</p> <p>Local authorities noted the need to balance national direction with retaining some ability to apply local factors in decision making.</p> <p>Māori groups are concerned about the potential impacts on values specified in section 6 of the RMA and ensuring their Treaty settlement provisions are upheld (noting that policy proposals have advanced since the time of engagement and these risks are now substantially reduced) .</p> <p>ENGOS sought to ensure that the enablement of REG activities was necessary to meet the objectives, in the context of potential adverse effects on the environment, and also identified the need for spatial planning to support the intent of the proposals.</p>
<p>Is the preferred option in the Cabinet paper the same as preferred option in the RIS? This is to be confirmed.</p>

Summary: Minister’s preferred option in the Cabinet paper

<p>Costs (Core information)</p>
<p>Outline the key monetised and non-monetised costs, where those costs fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)</p> <p>The main monetised costs (compared to the status quo) relate to implementation costs and opportunity costs. Non-monetised costs are environmental, social and cultural.</p> <p>Implementation costs relate to the costs to local government / consent authorities that are required to give effect to the NPS-REG. Some costs will fall to applicants; these are likely to be cost-recoverable by the consent authority (at least in part), though overall these are anticipated to be reduced.</p>

Opportunity costs potentially exist in terms of greater enablement that the NPS amendments could have pursued. In particular, early policy development that sought to direct decision-makers on the management of effects in relation to matters of national importance areas and values addressed by other national policy statements, will now be addressed in phase 3 of the resource management reforms. However, there are additional risks (and therefore costs) that could arise from this approach, in terms of additional uncertainty and litigation. In addition, such opportunity costs are likely to be short-lived as further amendments through Phase 3 reforms will address some of the potential uncertainties and risks.

Non-monetised environmental costs arise from the increased potential for adverse effects on the environment of enabling REG activities. The policy proposals for the NPS-REG aim to strike a balance between the need for increased REG and the potential for such effects, particularly where those values are recognised as matters of national importance.

While we have engaged with a few interested Māori groups (Post Settlement Governance Entities, some iwi and Te Tai Kaha), further engagement is recommended with iwi / Māori in order to meet the Crown's obligations as some Treaty settlement legislation specifically requires that local iwi / Māori are provided decision-making opportunities on matters that are addressed in the settlement legislation.

Benefits (Core information)

Potential impact of proposed amendments

The proposed amendments provide greater enablement and protection of REG infrastructure across the planning system.

The precise impacts will play at a project-specific, case by case level, meaning it is not possible to precisely quantify the costs and benefits. For example, it is possible that some future REG projects may be declined consent under the new national direction, or that some projects are fully capable of receiving consent under the status quo without the need for these reforms. The intent of the proposals is to 'shift the needle' of RMA decision making toward enabling REG development outcomes – resulting in a net effect of greater investment certainty.

Balance of benefits and costs (Core information)

Does the RIS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?

Do the benefits outweigh the costs when considering quantitative and/or qualitative evidence?

- There is insufficient quantitative or qualitative evidence to accurately determine the extent to which the proposals will enable an increase in REG supply (and therefore the cost/benefit ratio); however, the proposals will provide greater direction to decision-makers to enable REG projects when considering individual consent applications.

How will the benefit-cost ratio change over time?
(as above)

If you are unable to make a judgement on the balance of benefits and costs, why is that?
(as above)

Implementation

How will the proposal be implemented, who will implement it, and what are the risks?

Who will be responsible for ongoing operation and enforcement of the new arrangements?

- The proposals are given effect by gazettal and will be implemented by council decision-makers at a local level.
- In addition, local authorities may undertake plan changes to give effect to the proposals by amending local plans.

What are the implementation risks (including possible unintended consequences) and how will the risks be mitigated?

- Implementation is prescribed by statutory process; therefore, the implementation risks for decisions are low, although there is a risk that local authorities may not advance plan changes at pace to give effect to this national direction.
- When is it planned to come into effect? Will transitional arrangements be required?
- Following gazettal, with no transitional arrangements required. Transition occurs through the statutory process.

Limitations and Constraints on Analysis

The cumulative impact of these proposals alongside the full suite of other proposals included in the national direction work programme has not been considered

At this stage we have not considered how the policy proposals for REG will be aligned across the full suite of national direction. Work to date has focussed on ensuring integration with the National Policy Statement on electricity networks (NPS-EN) and the national policy statement for Infrastructure (NPS-I). Analysis on the broader changes across all national direction will be included in separate analysis by the Ministry for the Environment.

Further consultation

Further consultation on the proposals is needed to fully understand the costs, benefits and implementation challenges. The proposals will be released for public consultation in mid-2025.

Treaty of Waitangi considerations

There has so far been limited engagement with Treaty partners to inform the proposed policy. A webinar was held with representatives of some PSGEs, who expressed considerable interest in the NPS-REG and support for a specific policy on Māori rights and interests, and asked questions about definitions and policies on sites of significance to Māori. Online engagement was also held with Ngai Tahu, Te Tai Kaha and Tairāwhiti and Te Matau-a-Māui iwi whose key concerns were the impact on taonga in section 6 and other sites and values of significance, rights and interests (including in geothermal and freshwater resources), and upholding Treaty settlements and other arrangements.

A Treaty Impact Analysis (TIA) has been undertaken on the proposals to amend the NPS-REG but will not accompany the Cabinet package for approval and consultation document for release in mid- 2025. A summary of the key findings of the TIA is set out below.

Treaty Impact Analysis - Summary

Renewable electricity generation projects can have both positive and adverse effects for tangata whenua and for land, water, and other taonga. While the proposals do give rise to potential impacts on taonga, decision-makers are required to consider REG benefits and other provisions alongside other relevant national direction (e.g NZCPS, NPS-FM), regional policy statements, and regional and district plans. This helps decision-makers effectively weigh up the positive and adverse effects of REG activities when considering an application for consent.

In terms of giving effect to RMA s.8, the proposals are an improvement on NPS-REG 2011, which does not include any policies that provide for Māori values, aspirations and engagement. The proposals are also more enabling of iwi-led REG activities which has been a consistent request from Māori seeking greater electricity options and self-sufficiency. The proposals will not directly impact the decision-making process requirements under the RMA and Treaty settlements.

Treaty settlement agreements and legislation continue to apply. Some specific Treaty settlements require action by the Ministry for the Environment during policy development of national direction that have not yet been fulfilled. Other Treaty settlements place obligations on Councils, including involving iwi / Māori in plan development and decision-making and inclusion of policies in plans. The proposals do not present a risk to existing Treaty settlement commitments, however the policy development process to date has not upheld commitments relating to engagement. The forthcoming consultation period is an opportunity to fulfil these commitments

I have read the Regulatory Impact Statement, and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Responsible Managers' signature:



Managers' names and titles

Michael Tucker

Manager,
Urban & Infrastructure Policy
Ministry for the Environment

Daniel Brown

Manager,
Electrify New Zealand
Ministry for Business,
Innovation & Employment

Date

24 March 2025

8 April 2025

Quality Assurance Statement

[Note this isn't included in the four-page limit]

Reviewing Agency:

QA rating: [Meets, partially meets, does not meet]

Panel Comment:

A quality assurance panel with officials from the Ministry for the Environment and the Ministry of Business, Innovation and Employment has reviewed the Interim Regulatory Impact Statement "Proposed National Policy Statement – Renewable Electricity Generation" and considers that it partially meets the quality assurance requirements.

The panel assessed the Interim Regulatory Impact Statement using standard assessment criteria (complete, convincing, clear and concise, and consulted). The panel considers that the document clearly articulates the problem and objectives, and relevant past consultation on the issue. However, policy options considered were constrained and consultation on the

revised policy scope limited. The case for the proposed policy options to be a significant improvement to the status quo is less convincing in the absence of a mechanism such as the effects management hierarchy to consider trade-offs. We expect some of these limitations will be addressed following consultation and as the wider reform program progresses.

Section 1: Diagnosing the policy problem – NPS-REG 2011 needs to be updated

Supporting climate change, energy security and economic development requires significant upscaling of electricity infrastructure

1. To deliver on New Zealand's climate goals, whole sectors of the New Zealand economy must switch to renewable energy, mostly in the form of electricity. Electrifying the energy and transport sectors with clean electricity could deliver almost a third of the emissions reductions New Zealand needs to reach Net Zero by 2050.
2. The Ministry for Business, Innovation and Employment's (MBIE) latest electricity demand and generation scenario (EDGS) suggests that electricity generation will need to grow between 35 to 82 per cent by 2050¹ to meet future demand from electrification and provide opportunities for economic growth.
3. Modelling indicates that to meet future electricity demand and to replace existing generation, 9.4GW of new generation capacity will be required by 2050 if current trends continue. MBIE data records New Zealand's current capacity at 9.85GW in 2022, so a 95% increase in capacity is likely to be needed.
4. To support these outcomes, the regulatory environment must enable rapid, sustained growth in renewable energy generation, transmission and distribution infrastructure.
5. An increased supply in generation also supports New Zealand's security of electricity supply. Tight electricity supplies are currently driving high power prices, posing risks to electrification and economic growth. Forecasts by the electricity system operator suggest that the security of the electricity system over the next ten years will depend on more renewable generation projects being consented and built swiftly.
6. Diversification of the electricity supply supports energy security and resilience, through the development of multiple (comparatively) smaller scale wind and solar farms (rather than large-scale hydro, coal fired plants etc.), as well as small and community-scale generation. Diversification also reduces the need for imported fossil fuels, which in turn reduces exposure to global volatility and also benefits to the trade balance. This is particularly true for areas that are farther from the main trunk line where generation is farther from demand and more vulnerable to supply issues along the transmission route.
7. Increased electrification is also anticipated to lead to economic benefits through downward pressure on wholesale and consequently retail prices. Although it is not possible to quantify these benefits (due to unknown future uptake of generation opportunities by the private sector), failure to offer such opportunities is almost certain to have the opposite effect on prices. Economic benefits can also be anticipated in the form of employment opportunities across the sector.
8. To support this increased level of electrification, the Government has a target to double renewable electricity generation and better enable the development of supporting infrastructure for transmission and distribution of this electricity. The Government's strategy to meet this target is to provide greater investment certainty by removing consenting barriers and making it easier and cheaper to build and maintain renewable electricity generation and electricity distribution and transmission.

¹ [Electricity Demand and Generation Scenarios: Results summary. Ministry for Business, Innovation and Employment, July 2024.](#)

The extent with which the demand projections range from 35.3% and 82% depend on the scenario that was modelled in the EDGS 2024. Total electricity demand peaks in the 'innovation' scenario (72.1 TWh) where current trends continue alongside accelerated technological uptake and learning, in contrast to a reference demand of 62.1 TWh just if current trends continue. pp 1, 8-9.

9. In December 2024, the Government published the second Emissions Reduction Plan (ERP2), which sets out the Government’s plan to meet the second emissions budget (EB2) for the period 2026-30. Delivering Electrify NZ to help achieve the goal of doubling renewable energy is one of the key policies in the plan. A key initiative of the Electrify NZ work programme is amendments to RMA national direction for renewable electricity generation and transmission, which is intended to provide a more certain and enabling consenting framework.²
10. ERP2 modelling estimates that Electrify NZ reforms could result in a 50% reduction in consenting time, which would bring forward and deliver emissions reductions of 0.1 Mt CO₂-e in EB2. This has been informed by the following expected outcomes for Electrify NZ.³
 - a. reduced time and cost and increased likelihood of consents and re-consents being granted for renewable electricity generation and transmission projects, and increased revenue available to support additional transmission and local lines
 - b. more support for renewables projects to become viable faster, and more existing renewables assets to stay in service for longer (for example, Waitaki and Manapouri dams). This may accelerate displacement of coal- and gas-fired generation, particularly for baseload and intermediate generation.
 - c. more renewable electricity available to support electrification of transport and process heat compared with the counterfactual, helping to mitigate price spikes or security disruptions that could affect the pace of electrification.

The status quo does not allow for renewable electricity infrastructure to be consented at the rate and scale needed

11. RMA approvals are critical to the responsiveness of the supply side of the market. If obtaining consent is difficult or slow, then the supply of renewable energy will be constrained accordingly. Without consent, new generation cannot be built or operated, and existing generation activity cannot continue. Demand may first be needed before supply comes forward. But that demand may only come forward if consumers can reasonably expect a supply of reliable, renewable, and affordable electricity – and this requires a suitable consenting environment.
12. Research into consenting of infrastructure by Te Waihanga (the New Zealand Infrastructure Commission) found that consenting costs and timeframes have been increasing over recent years. For example, the time it takes to get consent has increased by 150 percent over a 5-year period. The cost of consenting (as a proportion of a project’s overall budget) has increased by 70 percent over the last 7 years.⁴ This data covers all types of infrastructure, but is highly likely to be relevant to renewable electricity generation and transmission.
13. More specifically, a recent report commissioned by Te Waihanga on infrastructure consenting for climate targets⁵ modelled how long it would take to process the necessary

² Our Journey to Net Zero: New Zealand’s second emissions reduction plan 2026 – 2030. Ministry for the Environment: Wellington. December 2024, p. 37.

³

<https://environment.govt.nz/assets/publications/climate-change/ERP2/New-Zealands-second-emissions-reduction-plan-2026-30-Technical-Annex.pdf>

⁴ Te Waihanga (New Zealand Infrastructure Commission) 2022, [New Zealand Infrastructure Strategy](#). p.136

⁵ Sapere Research Group, *Infrastructure Consenting for Climate Targets report* (2022)

consents under the RMA and what it might cost if New Zealand failed to develop the necessary infrastructure.

14. This report found that by 2050:

- renewable generation capacity and storage will need to increase by 156% to meet New Zealand's net zero emissions target.
- Most of the consent applications through to 2050 will be for new projects (including re-consenting of new projects).

Context – Part 2 of the RMA

15. Part 2 of the RMA outlines the purpose and principles of the Act. It comprises section 5, which defines 'sustainable management' as the purpose of the Act, and sections 6, 7 and 8, which expand the purpose and provide direction to decision-makers on how sustainable management must be achieved.
16. In 2004, section 7 of the RMA was amended to include 'the benefits derived from the use and development of renewable energy'. This change meant that decision-makers must have particular regard to the benefits of renewable energy when managing the use, development, and protection of natural and physical resources.
17. Further direction on Part 2 can also be provided via National Policy Statements (NPSs). Many of the proposed policies addressed in this RIS aim to give effect to this direction, such that decision-makers will be better able to give particular regard to these benefits, as well as the needs of REG activities to be able to locate and operate where renewable resources are available.

The role of national direction

18. National Policy Statements (NPS) set out national objectives and policies on matters of national significance and provide the highest level of direction within the RMA framework. Lower order planning documents, such as regional policy statements or plans, must give effect to NPS and consent authorities must "have regard to" an NPS when considering resource consent applications. NPSs are not mandatory, with the exception of the New Zealand Coastal Policy Statement (NZCPS).
19. The National Policy Statement for Renewable Electricity Generation (NPS-REG) was gazetted in 2011. It was intended to provide clear government direction on the benefits of renewable electricity generation and require all councils to make provision for it in their plans.

RM reform & Electrify NZ work programmes

20. The Government's Electrify NZ proposals seek to reduce regulatory barriers to drive investment in renewable electricity generation, so New Zealand can double its supply of affordable, clean energy and become a lower emissions economy. The Electrify NZ work programme includes a range of regulatory initiatives focused on how renewable energy consent applications are treated under the Resource Management Act. Electrify NZ aims to:
- significantly accelerate decision-making process for consenting of renewable electricity generation, transmission and distribution projects, so consents are made within a year
 - significantly increase the likelihood of consents being granted for renewable electricity generation and electricity transmissions compared to the status quo

- streamline the outdated rules and regulations that govern electricity transmission and distribution infrastructure, and
 - unleash investment in offshore wind generation.
21. Phase 2 and 3 of the Government's RM reform programme will help deliver Electrify NZ. Phase 2 includes:
- The newly enacted Fast-track approvals Act. The Act provides an alternative pathway for obtaining consent for nationally or regionally significant projects, including energy and transmission projects. The legislation lists 22 renewable generation projects, which will receive a more rapid consideration by Fast-track decision panels.
 - Updating a suite of national direction (which includes the NPS-REG, NPS-ET and NES-ETA), and
 - Amending the RMA to speed up resource consenting for energy infrastructure.
22. Phase 3 will replace the RMA, which could alter the purpose and/or scope of national direction.

Fast-Track Approvals Act

23. The Fast-Track Approvals Act came into force in December 2024. The purpose is to facilitate the delivery of infrastructure and development projects with significant regional or national benefits. The legislation lists 22 renewable generation and two transmission projects, which will receive a more rapid consideration by fast-track decision panels. Renewable energy developers can also apply to the Minister for Infrastructure for fast-track consideration.
24. The Fast-Track Act provides an alternative approach to obtaining resource consents and a range of other regulatory approvals. Renewable energy projects (and any other projects) may apply for fast-tracking. We expect Fast-track will go a long way to addressing the concerns raised by energy developers with the existing national direction.
25. There has been a high level of interest from energy developers to list their projects in the legislation. Listed projects may proceed directly to panel consideration, without the need for referral by the Minister for Infrastructure.
26. The fast-track regime is one Government intervention to reduce consenting barriers, provide investment certainty and reduce consenting timeframes for infrastructure projects. It is an enabling framework that is complimentary to the NPS-REG, rather than a substitute.
27. The fast-track regime will not be a feasible alternative for all electricity generators. The reasons for this include:
- Eligibility: only projects with significant regional or national benefits are eligible for fast-track consideration. This means proposals that do not meet this criterion will be required to use the standard consenting processes (which the NPS-REG can influence).
 - Business case: Generators are likely to consider a range of factors when deciding whether or not to use the fast-track regime. Factors such as cost, existing stakeholder relationships and perceived risks are likely to influence whether or not the fast-track regime is a feasible option.

What is the policy problem or opportunity?

28. The current National Policy Statement for Renewable Electricity Generation (NPS-REG) is not fit for purpose to enable renewable electricity infrastructure to be consented and built at the scale and rate required to meet the coalition government objectives and Electrify NZ.
29. The key issues with the existing national direction have been covered by previous reports and inquiries, including Government evaluations, the Climate Change Commission⁶ (and its predecessor the interim Climate Change Committee⁷), the Productivity Commission⁸, Te Waihanga (Infrastructure Commission)⁹ and the Electricity Authority^{10,11}. Their key findings and recommendations are summarised below:
 - The NPS-REG does not change the fundamental way that REG projects are treated through the consenting process. It does not appear to have had a significant impact on council planning outcomes and decision-making in relation to REG projects.
 - As a less directive policy tool, the NPS-REG is given less weight in planning and consenting decisions than more directive tools. For example, adverse effects on outstanding natural features and landscapes can restrict the development of renewable electricity generation.
 - The NPS-REG has not significantly reduced the time, complexity and cost of obtaining resource consents for renewable electricity generation investments.
 - The NPS-REG does not provide clear direction on key issues for consenting decisions for renewable electricity projects. Those issues include how to resolve competing national and local interests, and how to manage interactions with other issues that the RMA identifies as important – for example, protecting the country’s outstanding natural landscapes and the relationship of Māori with their taonga¹².
30. If no changes are made to the status quo, these issues can be expected to continue, exacerbating the current situation.

Limitations of evidence and analysis

31. There is a lack of quantitative evidence to determine the extent to which barriers in the resource management system are constraining REG delivery. This is largely due to:
 - The national monitoring system for consents does not categorise consent applications based on activity, but rather the type of consent applied for and activity status. The activity status of different infrastructure activities varies between consenting authorities and between district plan zones within a district.
 - There is anecdotal evidence, but no statistics for projects that never applied for consents. There are many reasons for projects not progressing to consent application. Information about the perceived barriers in the resource management system is therefore based on individual consent applications which may have multiple reasons for not proceeding.

6 Climate Change Commission (2021) *Ināia tonu nei: a low emissions future for Aotearoa*

7 Interim Climate Change Committee (2019) *Accelerated electrification*

8 New Zealand Productivity Commission (2018) *Low-emissions economy: Final report*

9 Te Waihanga/New Zealand Infrastructure Commission (2022) *Rautaki Hanganga o Aotearoa 2022 - 2052 New Zealand Infrastructure Strategy*

10 Electricity Authority (2022). *Promoting competition in the wholesale electricity market in the transition toward 100% renewable electricity*.

11 Concept Consulting (2022). *Generation Investment survey*. Prepared for the Electricity Authority, July 2022. [PowerPoint Presentation \(ea.govt.nz\)](#)

12 The Resource Management Act 1991 does this in sections 6(b) and 6(e).

- Consent analysis undertaken by the Department of Conservation has identified that, even in areas of high environmental value, the vast majority of consents for REG activities are granted.¹³
32. In general, the impacts of national policy statements on consents are hard to quantify, because the RMA is subjective and complex, and every decision will be influenced by the unique aspects of the project, the location and the decision-maker.

Factors outside the resource management system influence REG development decisions

33. There are many factors that influence the business case for developing and maintaining an energy project. The resource management regulatory system is only one, albeit crucial, factor.
34. Changes to the NPS-REG (and changes to broader resource management settings) will help to rebalance the current suite of national direction toward greater enablement of REG and provide some investment certainty. However, these changes will not address other, non-RM barriers to REG development.
35. The Electricity Authority's 2023 Generation Investment Survey¹⁴ identifies a range of factors outside the resource management system which are hindering faster REG development. This includes transmission capacity constraints in some areas (e.g. the Castle Hill Wind Farm consented in 2013 has yet to be built due to transmission costs), demand outlook and wholesale electricity market prices, labour and materials markets and supply, exchange rates and investment barriers (e.g., Overseas Investment Office requirements).
36. These factors cannot be directly addressed through changes to the resource management system.

What objectives are sought in relation to the policy problem?

37. The primary objective of the proposed amendments is to enable a substantial increase in renewable electricity generation output by providing a more certain and enabling consenting environment, while also managing adverse effects on the environment.

What consultation has been undertaken?

Summary of engagement to date

38. Draft amendments to the NPS REG were publicly consulted in 2023. These amendments strengthened the policies and objectives in the NPS to give greater weight to matters such as the benefits of REG and climate change impacts. The proposals did not address inconsistencies and overlaps with other RMA national direction. Feedback from this consultation has informed the proposals addressed in this RIS. In particular, a key message from this consultation was that the NPS was unlikely to have a significant positive impact of REG investment without better integration and alignment between all of the different national direction instruments that affect projects (in particular, direction around biodiversity, freshwater and coastal management).
39. However, in some respects, the outcomes of consultations have been superseded by the narrower scope outlined above. As the consultation focused on a wider range of policy proposals, less detailed feedback has been provided on the remaining policy proposals in the current national direction package.

¹³ Department of Conservation, draft REG consent analysis, February 2024.

¹⁴ https://www.ea.govt.nz/documents/4414/Generation_Investment_Survey_-_2023_update.pdf (page 3)

Engagement with iwi / Māori

40. Engagement with Māori highlighted the importance of REG in meeting climate changes goals – an area of interest for Māori investment. It also was highlighted that REG projects can have considerable impact on other values of importance to Māori – such as freshwater bodies and native biodiversity.
41. So far there has been limited engagement with Treaty partners to inform the proposed policy. A webinar was held with representatives of some PSGEs, who expressed considerable interest in the NPS-REG and support for a specific policy on Māori rights and interests, and asked questions about definitions and policies on sites of significance to Māori.
42. Online engagement was also held with Ngai Tahu (29 October 2024), Te Tai Kaha (31 October 2024) and Tairāwhiti and Te Matau-a-Māui iwi (8 November 2024) whose key concerns were rights and interests (including in geothermal and freshwater resources), the impact on taonga in section 6 and other sites and values of significance, and upholding Treaty settlements and other arrangements.

Engagement with local government

43. MBIE / MfE have had several workshops with local government groups. Local government have expressed a range of views that include the benefits of having consistent national direction, as well as concerns about the loss of local perspectives and priorities in local planning instruments and processes. They also raised the costs of implementation, particularly the ‘rolling’ reviews required of them by amendments to multiple national instruments.

Engagement with NGOs and RM practitioners

44. MBIE / MfE have also met with the New Zealand Planning Institute (NZPI), Resource Management Law Association (RMLA), and the Environmental Defence Society (EDS). Feedback from these groups, based on proposals at the time of engagement, related to ensuring the regulatory response appropriately responded to the extent of the problem (with respect to effectively enabling REG activities without unnecessarily allowing adverse effects on values identified as matters of national importance by section 6 of the RMA. These groups were also strongly in favour of enabling the benefits of spatial planning.

Section 2: Assessing options to address the policy problem

Criteria for selecting options to address the policy problem

45. Options for change will be assessed using the criteria below. This set of criteria is consistent across the national direction programme and are equally weighted.

<i>Criteria</i>	<i>Questions to guide application of criteria</i>
Effectiveness	Does the option achieve the objectives? Does the option provide a solution to the identified problem? Have trade-offs between the objectives been factored into the assessment of the proposal’s overall effectiveness?
Efficiency	To what extent does the proposal achieve the intended outcomes/objectives at the least cost to applicants, the regulator and, where appropriate, the courts.

	<p>Is the regulatory burden (cost) proportionate to the anticipated benefits?</p> <p>Is the option cost-effective?</p>
System alignment	<p>Does the option integrate well with other proposals and the wider statutory framework?</p> <p>What is the impact on existing objectives in current national direction instruments?</p> <p>Does the option reduce complexity and provide clarity for local government to address tensions/conflicts between ND instruments?</p>
Implementation complexity	<p>Is the option clear about what is required for implementation by local government, and can it be easily implemented?</p> <p>Does the option provide enough flexibility to allow local circumstances to be adequately taken into account / addressed at the local level?</p> <p>To what extent does the proposal present implementation risks that are low or within acceptable parameters (e.g. Is the proposal a new or novel solution or is it a tried and tested approach that has been successfully applied elsewhere?).</p> <p>To what extent can the proposal be successfully implemented within reasonable timeframes?</p> <p>Do regulated parties have the flexibility to adopt efficient and innovative approaches to meeting their regulatory obligations? (NB: A regulatory system is flexible if the underlying regulatory approach is principles or performance based).</p> <p>To what extent does the proposal ensure regulated parties have certainty about their legal obligations, and does the regulatory system provides predictability over time?</p> <p>Are legislative requirements clear and able to be applied consistently and fairly by regulators?</p> <p>Do all participants in the regulatory system understand their roles, responsibilities and legal obligations?</p>
Te Tiriti o Waitangi outcomes	<p>Does the option take into account the principles of Te Tiriti o Waitangi and Māori rights and interests?</p> <p>Does the option align with the Treaty Impact Analysis (TIA)?</p>

What scope will options be considered within?

46. The Government has made the following decisions, which direct the scope of this work:

- In June 2024, Cabinet agreed for the NPS-REG to be updated as part of the national direction phase 2 programme. Other regulatory and non-regulatory interventions are therefore not considered within scope of this interim RIS.
- The Government has decided to address major infrastructure development interactions with natural environment features such as outstanding natural landscapes, freshwater and indigenous biodiversity in its Phase 3 replacement of the RMA.

- This means that in the meantime other national direction will continue to apply so other NPSs (such as the New Zealand Coastal Policy Statement, National Policy Statement for Freshwater Management, and the National Policy Statement on Indigenous Biodiversity) will be read alongside NPS-REG to manage effects on those values articulated in section 6 of the RMA. This approach is consistent with proposals for the NPS-Infrastructure and NPS-Electricity Networks.
 - Note that the current National Policy Statement on Indigenous Biodiversity excludes REG and electricity transmission (ET) and that this regulatory gap will remain until a replacement RMA regime comes into force. Regional policy statements and plans continue to manage the effects of REG and ET on biodiversity in the meantime.
47. On that basis, this RIS focuses on the regulatory impacts of either retaining the status quo or amending the NPS-REG to achieve the government's objectives for REG, rather than other regulatory interventions such as amending the primary legislation, non-statutory guidance etc.

The need for integrated strategic spatial planning

48. The lack of integrated, strategic spatial planning is a barrier identified by some industry, professional bodies, NGOs and local government alike. While not within scope of the NPS-REG amendments, there are clear benefits to long-term planning for development, the infrastructure and infrastructure providers needed to support that development (including funding and financing), and identifying spatial opportunities and constraints for inclusion in local planning instruments.
49. Spatial planning reforms are best undertaken at a system-wide level and are anticipated to be included in the Phase 3 RMA reforms.

Section 3: Issues and options analysis

50. The table below provides an overview of the two key issues and recommended options.

<i>Issue</i>	<i>Policy proposal</i>
The NPS does not adequately direct decision makers to sufficiently recognise and provide for the national significance and benefits of renewable electricity generation	<p>Amending the NPS-REG to include policies that direct decision makers to:</p> <ul style="list-style-type: none"> • Recognise and provide for the national significance and benefits of all REG activities at a national, regional and local scale. • Recognise and provide for REG activities that have an operational need or functional need to be in particular environments. • Enable REG activities in areas that are not constrained by values recognised as matters of national importance provided effects can be practicably managed • Provide for the ongoing maintenance, upgrade and repowering¹⁵ of REG activities • Recognise other requirements for REG activities, e.g. reverse sensitivity from other 'incompatible' or sensitive activities.

¹⁵ Repowering, in relation to existing REG assets generating electricity from wind or solar sources, means the whole or partial replacement of REG assets within an existing REG site to increase generation output and/or extend the operational life of the REG asset.

Lack of direction on providing for Māori interests	Inserting policies to recognise and provide for Māori interests. These provide for consideration of Māori REG aspirations and Māori engagement in project scoping, development and decision making.
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Policy development process and preferred proposals

51. Due to the confined scope of the policy development process (in accordance with coalition agreements and Cabinet directions), this RIS provides analysis only of the policy proposals that have been identified as meeting that scope for inclusion in the NPS (rather than analysis of 'discarded options').
52. In particular, early policy development considered addressing potential conflicts across national direction instruments, through direction to decision-makers on the management of effects on values addressed by other national policy statements (via an 'effects management hierarchy'). Broadly, those values are identified as matters of national importance in s.6 of the RMA (although not all s.6 matters are addressed by national direction).
53. Cabinet has now directed that this policy development will now take place as part of the Phase 3 reforms. Phase 3 will include consideration of the effects management hierarchy (previously considered as part of the Phase 2 national direction policy development), subject to its fitness for purpose in the new legislation.
54. Therefore, this RIS does not consider the regulatory impacts of those earlier policy proposals, nor their comparative benefits or costs with respect to options that have been progressed.
55. The options that have been progressed are those that will better enable REG activities and increase certainty and national consistency on decision-making and the appropriate management of effects on the environment (other than effects on values identified as matters of national importance in s.6) . Additionally, the options are those considered to be within the lawful scope of an NPS and Part 2 of the RMA. Until the Phase 3 reforms have been completed, the proposed amendments to the NPS-REG will continue to be read alongside any relevant provisions of other national policy statements.

Issue 1 – The existing NPS-REG does not adequately recognise and provide for the national significance and benefits of renewable electricity generation

56. The NPS-REG 2011 was developed before New Zealand's targets for reducing emissions became law. Climate action is now urgent globally and domestically, and electrification of our economy is an important driver to decarbonise New Zealand's energy system.
57. The original intent of the existing national policy statement is now outdated given the way in which NPSs are now drafted, modern case law interpretation of national direction, and the need to significantly increase REG to increase energy security and respond to climate change. As a result, the NPS-REG does not sufficiently direct decision makers to recognise and provide for the national significance of renewable electricity generation, nor does it contain direction on key consenting matters. Accordingly, it does not change the fundamental way that REG projects are treated through the consenting process and does not appear to have had a significant impact on council planning outcomes and decision-making in relation to REG projects.

Options considered for consultation

Option 1 – Status quo: rely on existing NPS-REG policies

58. Under the status quo, the existing policies would be unchanged. While many of the existing policies are still relevant, they are not sufficiently directive to achieve the intended objectives for REG.

Option 2 – Strengthened policy direction (preferred)

59. This option proposed amending the NPS-REG to include more enabling and directive policies. This requires strengthening existing policies and adding new policies. The policies, which are explained in detail below, would direct resource management decision makers to:
- Recognise and provide for the national significance and benefits of all REG activities at a national, regional and local scale.
 - Recognise and provide for REG activities that have an operational need or functional need to be in sensitive environments (subject to other relevant national direction).
 - Enable REG activities in areas that are not constrained by values recognised as matters of national importance provided effects can be practicably managed
 - Provide for the ongoing operation, maintenance, upgrade and repowering of REG.
 - Recognise other requirements for REG activities, such as protection from reverse sensitivity.

Recognising the significance and benefits of REG activities

60. The NPS-REG 2011 includes policies that identify some of the benefits of REG activities and requires decision-makers to recognise and provide for those benefits. Therefore, the status quo does not require much change to achieve the objectives, and the regulatory impact is accordingly limited in scale, except to the extent that decision-makers are required to apply these policies in relation to locations that would otherwise have been inaccessible due to the protective policies in other national direction or plans.
61. The key substantive changes proposed are to recognise the benefits of REG activities, resilience and energy security through diverse REG sources and locations, and to emphasise the positive effects of REG activities by reducing climate emissions.
62. Additional policies are proposed to recognise health and safety benefits, the benefits of maximising existing REG assets, and the benefits of locating new REG activities near to existing demand and transmission / distribution.
63. Collectively, these policies provide a comprehensive supporting policy framework that more accurately identifies the benefits of REG activities to a human and natural environment which is facing new and increased challenges from climate change and electricity supply instability.

Recognising that REG activities may have functional or operational need to locate in sensitive areas

64. The NPS-REG 2011 also includes policies that recognise that REG activities need to locate where the resource is available (functional need), the need to connect to the national grid, and the specific requirements of existing REG activities in terms of maintenance and upgrading (including access requirements, operational need).

65. The existing NPS-REG does not specifically address the issue that REG activities may sometimes need to locate in sensitive environmental areas (including areas comprising values identified as matters of national importance in section 6 of the RMA).
66. However, there must be a balance between enabling REG activities and ensuring that the identified matters of national importance are sufficiently protected, in accordance with the significance afforded to them by their inclusion in section 6, and the sustainable management purpose of Part II of the Act.
67. Where REG activities are enabled by this NPS, the regulatory impacts of these policies on the values identified in section 6 must be carefully considered alongside the benefits that these policies seek to achieve. This is particularly important where the values are finite in nature, and even more so where these values are already under significant pressure, such as threatened indigenous species.
68. The consideration is made more challenging by the fact that many of these values are difficult to quantify, and in many cases, there is insufficient data to effectively understand the extent and implications of the potential impacts.
69. For these reasons, any existing national direction on section 6 values, as well as provisions addressing these values in local plans (e.g. outstanding natural landscapes), will continue to apply and be read alongside the provisions of the NPS-REG.
70. Unless national direction or plans require avoidance of adverse effects on these values, these supporting policies will allow decision-makers to consider the benefits of REG activity against the values in the local context. As noted above, national direction that addresses the relationship between REG activities and s.6 matters will be considered as part of the Phase 3 reform package.

Providing for the suite of REG activities including maintenance, upgrade and repowering

71. The NPS-REG 2011 includes policies that require decision-makers to have particular regard to the needs of REG activities with respect to maintenance, operation and upgrading, and the impacts. However, these policies are targeted at locational aspects of the REG activities, ensuring that REG capacity is not reduced, rather than actively requiring decision-makers to enable these 'ongoing' activities to occur.
72. The proposals include requiring decision-makers to recognise and provide for existing activities (including upgrading/repowering) and ancillary activities, to have particular regard to the efficiencies of increasing output from existing REG activity on the same site, and limiting consideration to the changes to the effects of the existing consented activity.
73. Collectively these policies support existing REG activities and assets by actively requiring decision-makers to enable existing REG activities to operate, upgrade or repower. This approach is significantly more enabling and supportive than the NPS-REG 2011.
74. From a regulatory impact perspective, these policies will therefore increase certainty for REG providers, both in terms of initial investment and investment in continuing existing operations. Where extensive upgrades or repowering would have significant environmental impacts, the proposals also provide a nationally consistent process for managing effects and reaching consistent decisions.
75. The proposals seek to manage the environmental impacts by placing guardrails around the extent of 'allowable' changes to existing operations. In particular, the proposals provide for changes to activities within the same or similar footprint rather than attempting to define whether upgrades etc. are major or minor.

76. However, the proposals also limit considerations to the additional effects of the change (i.e. accepting the existing REG infrastructure as part of the current environment).

Recognising other requirements of REG activities

77. Existing and consented REG activities can be negatively impacted by other activities, and future REG activities can benefit from strategic spatial planning.
78. The NPS-REG 2011 includes policies relating to reverse sensitivity, and this policy approach will continue. Additional proposed policies require decision-makers to consider the benefits of locating REG activities close to electricity demand and transmission or distribution networks, co-locating with other appropriate REG and infrastructure activities and assets, locating REG activities and assets to minimise effects on other activities, and locating where there can be an appropriate buffer between the REG activities and other 'incompatible' activities.
79. As with the other recognised benefits and requirements of REG activities addressed above, the regulatory impact of these proposals largely builds on existing policies, providing greater certainty and consistency by ensuring that decision-makers actively consider these policies when making decisions on resource consents. The policy framework will also ensure that regional and district plans give effect to these policies at the plan-making level.
80. Regulatory impacts also include greater certainty for other parties seeking to undertake land uses in areas where there may be conflicts with REG activities, on the basis that when consenting REG activities, decision-makers will need to consider these potential conflicts.
81. The regulatory impacts on the environment of this package of policies is limited as the policies apply to other land use activities rather than environmental values. However, there are benefits to the environment from reducing the distance from electricity demand to REG activities, from REG activities to transmission and distribution, and reducing the overall development footprint by co-locating REG activities and other infrastructure.
82. Conversely, there may be negative impacts on other land users arising from restrictions on land uses that would otherwise be available as of right (i.e. in accordance with the underlying zoning).

Directing decision-makers to enable REG activities where effects can be practicably managed

83. In areas that do not comprise values identified as matters of national importance under s.6 of the Act, but which are nonetheless 'protected' by local plan provisions, REG activities can benefit from strengthened national direction.
84. By directing decision-makers to enable REG activities provided that adverse effects are 'avoided, remedied or mitigated, where practicable', the proposals provide a nationally consistent, more enabling framework.
85. In this context, decision-makers will consider the applicable provisions of regional policy statements, and regional and district plans, but will be strongly directed by the NPS-REG to enable REG activities provided the adverse can be practicably managed.
86. This framework is consistent with the purpose of the Act, as it does not contradict the protections inherent in s.6 or in established national direction such as the NZCPS, NPS-FM or NPS-IB. It also builds on the sustainable management purpose of the Act in s.516 and the general duty in s.17 of the Act to avoid, remedy or mitigate adverse effects, by

¹⁶ s.5(2)(c)

providing more specific (and enabling) direction to decision-makers on REG activity applications. As noted above, national direction that addresses the relationship between REG activities and s.6 matters will be considered as part of the Phase 3 reform package

How have the criteria been applied in the context of Issue 1?

<i>Criteria</i>	<i>Application of criteria</i>
Effectiveness	<p>Explicitly requiring decision-makers to recognise the significance, benefits and functional and operational requirements of REG activities achieves the objectives (in part) and is a solution to the identified problem that the NPS-REG 2011 policies are insufficiently directive to enable REG activities, particularly in areas that comprise values identified as matters of national importance under s.6 of the RMA.</p> <p>The policies also identify the necessary ancillary activities (maintenance) and further development to increase the output of the REG assets (upgrade and repowering).</p> <p>There are clear trade-offs required between achieving the objective of increasing REG delivery and being consistent with the sustainable management purpose of the RMA by protecting matters of national importance. Those trade-offs have been considered to reduce significant impacts on the natural environment while meeting the government's direction on enablement.</p> <p>However, the overall impact of these enabling policies on the natural environment (including people's relationship with the environment and economic benefits from the environment) cannot be quantified at this point, as the impacts will vary case-by-case and depend on a range of factors such as project location, or environmental mitigation measures.</p>
Efficiency	<p>The group of policies, in conjunction with the other policy proposals, will increase efficiency of consenting by reducing uncertainty in the preparation of the application and decision-making process. This will also reduce the likely number of submissions and appeals.</p> <p>The proposed approach is designed to reduce regulatory costs by providing strengthened direction that leads to greater enablement of REG activities. However, this must be considered in the context of a potential reduction in the protection of the natural environment values that the RMA identifies as nationally important. This approach seeks to ensure that the regulatory burden (i.e. cost) is proportionate to the anticipated benefits of enabling REG activities.</p> <p>Collectively, the policy proposals create greater cost-effectiveness than the status quo by increasing enablement of REG activities and increasing certainty in the consenting process.</p>
System alignment	<p>The proposal to strengthen the supporting policy framework for REG activities aligns well with the existing RMA system and national direction. The intent of most of the proposed policy amendments is already present in the NPS-REG</p>

	<p>2011; however, the proposed amendments take this intent further by more explicitly requiring decision-makers to apply the intent in decision-making.</p> <p>The proposed policy framework is expected to align with the approach taken in other ‘activity-based’ national direction; in particular, the NPS for infrastructure (NPS-I) and the NPS for electricity networks (NPS-EN).</p>
Implementation complexity	<p>The purpose of including these strengthened policies in the NPS-REG as proposed is to reduce local flexibility i.e. increase national consistency and certainty. Therefore, there is limited local flexibility. However, these policies will need to be read alongside policies included in local planning instruments that reflect matters of importance to the local community.</p> <p>As noted above, the purpose of a national policy statement is generally to provide a nationally consistent, mandated approach. Therefore, there is limited scope for flexibility for regulated parties. There will still be some flexibility in terms of the applicable plan objectives and policies, though these will need to be consistent i.e. not conflict with the NPS.</p> <p>The proposed policy package increases certainty and provides predictability about regulatory requirements. It does this through strengthening nationally consistent policies. This consistency benefits applicants, local authorities and decision-makers. It also provides greater certainty for affected parties who may wish to submit on a resource consent application. Collectively, this certainty is also likely to result in fewer appeals.</p> <p>Each consent application for REG activities will have site-specific context. Therefore, there is always the potential that there will be some degree of variability in the application of the policy package proposed for the NPS-REG, the purpose of the proposals is to remove inconsistency in the way that REG consent applications are considered.</p> <p>There are no proposals to change roles, responsibilities or legal obligations.</p>
Te Tiriti o Waitangi outcomes	<p>The option aligns with the Treaty Impact Analysis (TIA) at the time of writing. However, as noted in the TIA, there has not been comprehensive consultation with PSGEs or iwi / Māori, and therefore the proposals cannot be considered to be consistent with the principles of te Tiriti. This inconsistency can be addressed through direct, meaningful engagement with PSGEs, and broader consultation with iwi / Māori through the release of the discussion document.</p>

How do the options compare to the status quo/counterfactual?

	Option 1 – Status quo	Option 2 – Recognise benefits and requirements of REG activities
Effectiveness	0	+
Efficiency	0	+
System alignment	0	+

Implementation complexity	0	+
Te Tiriti o Waitangi outcomes	0	0
Overall assessment	0	+

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

87. Option Two is likely to best address the problem, as it would provide greater consistency across the planning system, as well as clarity and certainty that in turn could reduce the time and costs associated with planning and consenting processes and reduce the risk of litigation.

Issue 2 - Policies that relate to Māori values, engagement and aspirations

Context - Māori-Crown partnership and Te Tiriti obligations and commitments

Māori interests in renewable electricity generation and electricity transmission

88. Renewable electricity generation and electricity transmission projects can have both positive and adverse effects for tangata whenua and for the land, water, and other taonga that are sacred to them. For example, feedback from iwi on MBIE's discussion document Accelerating Renewable and Energy Efficiency indicated strong support for the growth of community-scale renewable generation. Some iwi submissions also indicated support for the role of renewable electricity generation in reducing emissions, with one stating "As kaitiaki, we also think it is incredibly important we play our role in reducing emissions and addressing the climate crisis."
89. Iwi / Māori interest in small and community-scale renewable energy can also be seen in applications to the Māori and Public Housing Renewable Energy Fund administered by MBIE. Since 2021, this has funded numerous iwi / Māori organisations for a range of renewable energy projects, including solar generation for Māori housing in more remote locations, and feasibility studies for community-scale generation for Māori households.
90. Some successful geothermal generation projects have also been developed by or iwi or iwi in partnership with other companies e.g. Tuwharetoa produces renewable energy from the Kawerau Geothermal System, while many of the electricity-producing geothermal systems have been developed in partnership with Māori trusts.
91. Conversely, renewable electricity generation and electricity transmission projects can adversely affect Māori rights and interests and cultural values, particularly where these are located in areas of significance to tangata whenua. For example, in the case of a recent Transpower realignment proposal in Rangataua Bay, in Tauranga Harbour: the High Court found that the proposal would have significant adverse effect on an area of cultural significance. More recently, iwi have raised concerns about approval for a wind energy facility in Kapuni, in south Taranaki. The decision-making panel for the proposal noted the significance for local iwi of the maunga affected by the proposal.

Treaty of Waitangi Settlements

92. There are some significant cultural concerns and historical grievances associated with existing hydro and geothermal generation schemes, and these are reflected in several Treaty Settlements. These settlements have included the Crown acknowledging the impact of the construction of hydro and geothermal schemes on affected iwi through causing significant, and generally irreversible, changes in waterbodies and widespread environmental degradation, and with limited or no engagement with iwi. All waterbodies affected by the large hydro schemes are taonga to tangata whenua and are subject to various obligations in Treaty of Waitangi and Settlement legislation.
93. During consultation on the proposed 2023 NPS-REG and NPS-ET, some iwi raised these historical grievances, including both economic constraints and the cultural and environmental impacts of these schemes, as well as the impact on their role as kaitiaki. Some expressed a desire to see changes in how water in the awa is used.
94. The proposed NPS-REG does not make it easier to 'reconsent' hydro schemes or establish new ones in relation to the allocation of water. The allocation of freshwater falls under the National Policy Statement on Freshwater Management (noting that the Government is proposing to amend the NPS-FM).

Policy proposals

95. The NPS-REG 2011 does not include any policies that specifically provide for Māori values, engagement and aspirations. The 2023 consultation draft included policies to address Māori values, interests and engagement, and we propose further amendments so that these matters are addressed at the appropriate (national and local) level and the NPS-REG better reflects the purpose and principles of the RMA.
96. The proposed policy is based on the policy in the NPS on Urban Development and is that:
Decision makers must recognise and provide for Māori interests in relation to REG activities, including by:
 - a) *taking into account the outcome of any engagement with tangata whenua on a resource consent, notice of requirement, or request for a private plan change*
 - b) *recognising the opportunities tangata whenua may have in developing and operating their own REG at any scale or in partnership*
 - c) *providing opportunities in appropriate circumstances for tangata whenua involvement in decision-making, including in relation to sites of significance to Māori and issues of cultural significance*
 - d) *operating in a way that is consistent with iwi participation legislation, Mana Whakahono ā Rohe and Joint Management Agreements.*¹⁷
97. Many Treaty settlements include statutory obligations to involve Māori in resource management processes. These requirements apply either at the consent decision-making stage which include requirements for decision-makers to have regard to, or recognise and provide for, strategy documents or values in the settlement, or at the plan making stage which generally require councils to incorporate strategies or values into council plans.¹⁸

¹⁷ Iwi participation legislation is defined in s.58L of the RMA as 'legislation (other than this Act), including legislation listed in Schedule 3 of the Treaty of Waitangi Act 1975, that provides a role for iwi or hapū in processes under this Act.'

¹⁸ An example of this requirement is s.137 of the Ngāti Rangitahi Claims Settlement Act 2022 which requires local authorities in preparing, approving, varying, or changing a regional policy statement, regional plan or district plan, to recognise and provide for the common vision, objectives, and desired outcomes contained in the Strategy Document. The local authority must comply with this each time it proposes a change to a relevant plan, which would be overridden in the case of NPS provisions being directly incorporated into the plan.

98. Mana Whakahono ā Rohe also provide for iwi and hapū to have participation arrangements with councils relating to both plan making and consent decision making.
99. The proposals will not directly impact these decision-making process requirements under the RMA, Treaty settlements, the Takutai Moana Act, and the Ngā Rohe Moana o Ngā Hapū o Ngāti Porou Act.
100. However, further work will be required (post-consultation) to ensure these mechanisms are upheld.

Early engagement with tangata whenua

101. The intent of this policy is to direct decision-makers to (actively) consider the outcomes of any engagement undertaken with iwi / Māori. The purpose of this policy direction is two-fold – to give effect to the principles of te Tiriti in accordance with section 8 of the RMA, and to ensure there is a meaningful opportunity and rationale for iwi / Māori to identify and provide information on local sites and values of significance to them.
102. This policy does not require engagement (i.e. it does not impose a duty to consult) but it does require decision-makers to recognise and provide for the outcomes identified in any engagement that has occurred.
103. While this is generally considered good practice by the electricity sector, including this provision in the NPS implements local planning provisions that identify the circumstances in which, and with whom, applicants should engage prior to making an application (or other parties such as requiring authorities or private plan change requestors).

Taking into account the values and aspirations of tangata whenua for REG activities at any scale

104. The purpose of this policy is to provide direction where iwi / Māori wish to undertake commercial opportunities for REG developments, either on their own or in collaboration with other parties. The policy does not limit the scale of such opportunities.

Providing opportunities for Māori involvement in decision-making, including in relation to sites of significance to Māori and issues of cultural significance

105. Some Treaty settlement legislation specifically requires that local iwi / Māori are provided decision-making opportunities on matters that are addressed in the settlement legislation. This policy restates that requirement, but also goes further to direct decision-making opportunities where values local of significance to local iwi / Māori may be impacted.

Operating in a way that is consistent with iwi participation legislation Mana Whakahono a Rohe and Joint Management Agreements.

106. Sections 58L-58N of the RMA set out core provisions relating to Mana Whakahono a Rohe.
107. Section 58L includes the following definitions:

iwi participation legislation means legislation (other than this Act), including any legislation listed in Schedule 3 of the Treaty of Waitangi Act 1975, that provides a role for iwi or hapū in processes under this Act

Mana Whakahono a Rohe means an iwi participation arrangement entered into under this subpart

108. Section 58M of the RMA provides that:

The purpose of a Mana Whakahono a Rohe is—

(a) to provide a mechanism for iwi authorities and local authorities to discuss, agree, and record ways in which tangata whenua may, through their iwi authorities, participate in resource management and decision-making processes under this Act; and

(b) to assist local authorities to comply with their statutory duties under this Act, including through the implementation of sections 6(e), 7(a), and 8.

109. Inclusion of a specific policy in the NPS-REG is intended to clarify that the NPS-REG does not purport to prevail over arrangements made under iwi participation legislation / Mana Whakahono a Rohe.

Limitations on policy proposals

Engagement

110. There was limited engagement with tangata whenua and PSGEs carried out for these options. Most of the engagement for this workstream was carried out in 2023, prior to the NPS-FM being amended and when the new RM system (under the Natural and Built Environments Act and Spatial Planning Act) was expected to be implemented. The options presented above were not suggested at that time.
111. Engagement in 2024 occurred during the policy development stage and was carried out during a single workshop with PSGEs that wanted to attend as well as online engagement with Ngai Tahu, Te Tai Kaha and Tairāwhiti and Te Matau-a-Māui iwi whose key concerns were the impact on taonga in section 6 and other sites and values of significance, rights and interests (including in geothermal and freshwater resources), and upholding Treaty settlements and other arrangements. This means the Ministry has not received a comprehensive assessment of the impacts of these options from all affected stakeholders.

Waitangi Tribunal cases

112. The Waitangi Tribunal inquiry (Wai 2358) into water and geothermal resources is still underway and could have significant implications for the NPS-REG and NPS-ET workstreams. These proposals are likely to go through cabinet before the inquiry runs its course.
113. Prior to final decisions, consultation with Māori and PSGEs would reduce the risk of negative Treaty impacts from the proposals outlined above.

How have the criteria above been applied in the context of Issue 2?

<i>Criteria</i>	<i>Application of criteria</i>
Effectiveness	The overall policy objective focuses largely on enabling delivery of REG activities at pace. The inclusion of Māori-related policies in the NPS-REG is therefore more related to exercise of the Crown's obligations under the Treaty of Waitangi as well as the additional considerations of taonga and kaitiakitanga, which are required under Part 2. To that extent, the proposed policies to address Māori engagement, values and aspirations give strong direction to decision-makers to consider any engagement undertaken 'at place' with Māori on a case-by-case basis. The extent to which this satisfies expectations and obligations for engagement will depend on implementation by local government and applicants.

	<p>The option does not directly respond to the identified problem for REG but responds to system-wide requirements and objectives around Māori engagement, partnership and protection.</p> <p>To an extent, these policy proposals have the potential to reduce the effectiveness of some of the other policy proposals, by introducing additional information requirements on applicants and further considerations for decision-makers. This could be considered a ‘trade-off’ between recognising Māori in the consent process and expediting the consent decision. In some circumstances, it might also create grounds for appeal.</p> <p>In particular, in some circumstances, applicants would need to engage with local iwi / Māori groups for whom the land that is the subject of the consent application comprises values of significance. Arguably this is not an additional regulatory burden, as engagement is already required in other circumstances by the Act and Treaty settlements, and many REG developers advise that is considered good practice in any event. Engagement, particularly pre-application, can also reduce costs and delays at the back end of the consent process (i.e. when the application is under consideration), because applicants have had the opportunity to address potential issues raised by iwi / Māori groups and propose conditions to address those issues. This approach also reduces the likelihood of appeal by affected iwi / Māori groups.</p> <p>Separately, these policies contribute to achieving the objectives by supporting iwi / Māori to realise opportunities for self-development, including in partnerships.</p>
Efficiency	<p>As discussed immediately above, engagement with iwi / Māori can increase upfront costs and require time to undertake, which does not appear to align with the objectives for increasing REG capacity at pace. However, effective early engagement can increase efficiency by reducing applicants’ costs overall, may reduce processing time frames and can lower costs and avoid resourcing implications for local authorities, and the Courts on appeal.</p>
System alignment	<p>The policies recognising Māori engagement, values and aspirations reflect the objectives to an extent (and are therefore generally aligned with the proposals), but also address distinct issues such as obligations under the Treaty of Waitangi.</p> <p>For example, there are existing tensions within the objectives and even within a single objective, such as the tension between achieving the increase in REG while also managing adverse effects on the environment.</p> <p>In that regard, policies that flow from the objectives need not achieve all the objectives at once, but must be read together in the context of the particular application (or plan decision).</p> <p>The proposed policies in this group integrate well with the statutory framework, and in particular Part 2 of the Act, which seeks to provide for social, cultural and economic well-being while managing adverse effects on matters of national importance and give effect to the principles of te Tiriti o Waitangi.</p>

	Two of these policies are drawn directly from existing policies in the National Policy Statement for Urban Development (with minor alteration to fit the NPS-REG framework) so there is increased alignment in this regard.
Implementation complexity	<p>This relatively discrete nature of these policies means that they are more likely to be easily integrated into existing plans and are likely to reflect the policy framework in many local plans with respect to engagement and values in particular.</p> <p>The intent of this policy group is likely to align relatively closely local planning processes, which means that there has been local decision-making on the values of greatest importance to local iwi / Māori.</p> <p>As noted above, the purpose of a national policy statement is generally to provide a nationally consistent, mandated approach. Therefore, there is limited scope for flexibility for regulated parties. There will still some flexibility in terms of the applicable plan objectives and policies, though these will need to be consistent i.e. not conflict with the NPS.</p> <p>This group of policies increase certainty and provide predictability about regulatory requirements. It does this through providing nationally consistent policies. This consistency benefits iwi / Māori applicants, local authorities and decision-makers. It also provides greater certainty for affected parties who may wish to submit on a resource consent application. Collectively, this certainty is also likely to result in fewer appeals.</p> <p>Each consent application for REG activities will have site-specific context. Therefore, while there is always the potential that there will be some degree of variability in the application of the policy package proposed for the NPS-REG, the purpose of the proposals is to remove inconsistency in the way that REG consent applications are considered.</p> <p>Existing provisions in local planning instruments will assist in providing clarity as to obligations, though not national certainty.</p> <p>As discussed above, there is some variation in local context, which may create minor change to roles, responsibilities or legal obligations.</p>
Te Tiriti o Waitangi outcomes	<p>This group of policies is specifically designed to promote the principles of participation and active protection. However, further engagement is required in order to understand how these policies, and the NPS-REG as a whole, can better align with te Tiriti principles.</p> <p>The option aligns with the Treaty Impact Analysis (TIA) at the time of writing. However, as noted in the TIA, there has not been comprehensive consultation with PSGEs or iwi / Māori, and therefore the proposals cannot be considered to be consistent with the principles of te Tiriti.</p> <p>This inconsistency can be addressed through direct, meaningful engagement with PSGEs, and broader consultation with iwi / Māori through the release of the discussion document.</p>

How do the options compare to the status quo/counterfactual?

	Option 1 - Status quo	Option 2 – Include proposed policies
Effectiveness	0	+
Efficiency	0	+
System alignment	0	+
Implementation complexity	0	-
Te Tiriti o Waitangi outcomes	0	+
Overall assessment	0	+

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

114. Option 2, which addresses early engagement, recognising Māori aspirations and values and opportunities to be involved in decision making, is considered most likely to address the wider policy objectives, and deliver the highest net benefits.
115. Although the proposals create some change to the status quo, these policies integrate with other proposed national direction amendments and there are clearly identifiable overall benefits to applicants and iwi / Māori.

What are the marginal costs and benefits of the proposed NPS-REG amendments?

Affected groups	Impact	Comment	Evidence Certainty
Additional costs of the preferred option compared to taking no action			
Local government / regulators	<p>Operational costs to incorporate new policy direction into local planning instruments.</p> <p>This may take two forms; either through plan changes (including public notification, submissions, hearings, appeals) or via direct insertion (text of NPS provisions directly included in local plans without plan change process).</p> <p>Direct insertion is not being progressed through this process due to implementation complexities.</p> <p>Operational costs for local authority staff to become familiar with new policy requirements once incorporated into plans (including transitional requirements). Consenting costs to councils are unknown but are typically charged back to the consent applicant (and therefore form part of the project cost).</p> <p>The options aim to make the consenting process quicker and provide more clarity around the consenting process, although these costs are unlikely to substantially differ from existing consenting costs in any event.</p>	<p>Overall, direct insertion would likely reduce implementation costs and reduce the likelihood of litigation.</p> <p>However, given that the objective and policies will have immediate legal effect (upon gazettal) and must be considered by decision-makers from that point, the benefits of direct insertion are outweighed by the costs.</p> <p>In addition, direct insertion carries additional risk with respect to Treaty settlement legislation.</p>	Low – need further evidence from engagement
Electricity sector	Relatively minor additional engagement requirements with iwi / Māori.	The costs to REG providers will lessen overall due to the increased likelihood of applications gaining consent.	Medium – the extent to which the NPS amendments will result in additional REG supply are unknown, however gaining consent will become easier and therefore cheaper.

Affected groups	Impact	Comment	Evidence Certainty
Local communities	Impacts on local environment values (including amenity) to be obtained from submissions.	The policy proposals strengthen the enablement of REG activities over local environmental values to the local community.	Medium – further evidence needed, though evidence of current REG consents shows local concern about impacts on environmental values of new REG projects
Iwi/Māori	The proposals may impose some additional monetised and non-monetised costs on iwi / Māori.	These costs include potential additional resourcing costs to engage in consenting processes, and potential impacts on environmental values considered as taonga.	Low-medium – no direct evidence available prior to policies becoming operative.
Environmental costs			
Environment	<p>The overall costs will be highly dependent on the nature of each specific project and its adverse effects. However, the proposals increase the likelihood of adverse effects on the environment, including biodiversity.</p> <p>Other potential environmental costs include impacts on landscapes and natural features, increased freshwater degradation (though this is not anticipated to increase significantly).</p>	The policy proposals prefer the enablement of REG activities over environmental values, although bottom lines remain for significant adverse effects on specified matters of national importance that frequently interact with REG activities.	Low - There is a lack of information on the extent to which the proposed amendments are likely to impact the specified environmental values, as these values have previously been protected by existing NPSs and local plans.
Total monetised costs	<p><i>Low - Medium</i></p> <p><i>Costs will generally fall to local government and regulators but some costs will be recoverable from applicants.</i></p> <p><i>Costs to other parties (iwi/ Māori, ENGOs) will remain similar to status quo.</i></p>		
Non-monetised costs	<p><i>Low-Medium</i></p> <p><i>Environmental costs may increase in some respects (e.g. impacts on landscapes, biodiversity impacts) but the proposals will have positive effects on climate mitigation and resilience.</i></p>		

Additional benefits of the preferred option compared to taking no action			
Affected groups	Impact	Comment	Evidence Certainty
Electricity sector	<p>A more enabling and nationally consistent consenting process for new renewable energy activities is expected to reduce ongoing consenting costs for industry.</p> <p>The quantum of impact will vary for each new investment and the specifics of the build.</p>	<p>The focus of the amendments is providing a strengthened, nationally consistent, set of policies that better enable REG activities.</p> <p>The proposals will provide greater certainty for generators, Transpower and other interested parties.</p> <p>This will increase predictability for applicants and other interested parties improving efficiency and timeliness for all parties.</p>	<p>Medium – the extent to which the NPS amendments will result in additional REG supply are unknown, however gaining consent will become easier and therefore cheaper.</p>
Iwi/Māori	<p>The proposals may give rise to some additional monetised and non-monetised benefits to iwi / Māori.</p>	<p>These benefits include potential additional engagement opportunities, including potential financial support (or compensation) for information provision, and potential additional development opportunities that provide financial and social support (via employment and security / affordability of supply).</p>	<p>Low-medium – no direct evidence available prior to policies becoming operative.</p>
Wider government	<p>.</p> <p>Collectively, the Electrify NZ actions are expected to accelerate the shift to renewables over the next 10 years. In modelling this policy, there is a baseline assumption that new electricity generation and transmission infrastructure will be built to meet demand.</p> <p>Lower consenting costs are expected to flow through to lower wholesale prices, and to affect electricity demand relative to other energy sources. These effects are</p>	<p>The proposed policy choices place rapid increase in generation at the centre of the rationale for change. All additional REG capacity (and support for existing REG) is considered beneficial.</p> <p>Emissions reductions will occur from the transition from fossil fuel sources to</p>	<p>Medium - Estimates assume a halving of consenting costs (which are about 2 to 5 per cent of capital costs) for renewables generation, but</p>

	<p>calculated using the ENZ model to estimate slightly lower emissions.</p> <p>Employment opportunities are also likely to arise from new roles in the REG sector, in terms of both the skilled and (comparatively) unskilled work force.</p>	renewable energy sources (but will not necessarily occur only from additional electricity generation).	no change to completion time of new build. This is because the models assume that generation is built to meet demand, consistent with market participants currently making investment decisions that account for consent delay.
Wholesale electricity consumers	<p>Reductions in wholesale electricity costs derived from more renewable energy plants being built 6 months earlier compared with the CCC's demonstration path. Building renewable energy plants 6 months earlier than the CCC's demonstration pathway is estimated to reduce future wholesale electricity costs resulting in PV savings of \$4,858m across the 2023-2035 period, based on expected demand.</p>	The proposed policy choices place secure and affordable electricity supply at the centre of the rationale for change. All additional REG capacity (and support for existing REG) is considered beneficial.	Medium- Estimates on electricity demand and wholesale electricity prices come from the CCC modelling for their ERP advice.
Retail consumers	<p>As emissions prices are expected to increase over time, electricity from fossil fuels will pass these costs onto consumers.</p> <p>Recent reports have estimated that the levelised cost of energy (LCOE, the average wholesale electricity price required over a plant's lifetime for the investment to break even) has been decreasing significantly for renewable energy, with wind and solar decreasing by around 50%-65% over the 2013-2020 period.^{19,20}</p> <p>According to the Electricity Authority, generation makes up 32% of the average electricity bill for residential consumers, with distribution and transmission making up another 27% and 10.5% respectively.</p> <p>Assuming a competitive retail electricity market, retail prices should reflect the underlying costs, so reductions in wholesale electricity prices should flow-on to reductions in retail electricity prices.</p> <p>Therefore, greater amounts of low emission generation from renewable sources will</p>	The proposed policy choices place secure and affordable electricity supply at the centre of the rationale for change. All additional REG capacity (and support for existing REG) is considered beneficial.	Medium – the extent to which the NPS amendments will result in additional REG supply are unknown. While gaining consent will become easier and therefore cheaper, the extent to which savings will be passed on to consumers is unclear.

¹⁹ Transpower, Electrification Roadmap, 2021

²⁰ The future is electric: A Decarbonisation Roadmap for New Zealand's Electricity Sector. Boston Consulting Group

	<p>reduce the overall costs passed on to consumers.</p> <p>Displacing fossil generation with renewables also improves air quality (reduces particulates) which in turn has significant health co-benefits.</p>		
Environmental benefits			
Environment	<p>Making the consenting process more enabling for new renewable energy activities is expected to reduce total carbon emissions produced from electricity generation over time.</p> <p>CCC modelling estimates a reduction of 1.98 MtCO₂e in total emissions produced over the 2023-2035 period under the scenario where new renewable energy plants are built 6 months earlier compared with the demonstration path.</p>	<p>The proposed policy choices place emissions reductions at the centre of the rationale for change (alongside affordability / resilience / security of supply).</p> <p>Impacts on other environmental values (i.e. excluding climate change mitigation) are likely to increase rather than realise benefits.</p>	Medium – modelling scenarios may differ from actual outcomes.
Total monetised benefits	<p><i>Medium -High</i></p> <p><i>Increasing REG supply can be anticipated to providing significant monetised benefits, in terms of incentivising REG developments, retail affordability, and employment benefits.</i></p>		
Non-monetised benefits	<p><i>Medium</i></p> <p><i>Increasing REG and transitioning to an electrified economy will reduce dependence on fossil fuels and thereby reduce associated emissions.</i></p> <p><i>Diversification of electricity generation will also increase security of supply and resilience.</i></p>		

Section 3: Delivering an option

How will the proposal be implemented?

This RIS informs Cabinet decisions on options that will be included in a discussion document for statutory public consultation

116. Cabinet is scheduled to consider all national direction proposals in May 2025. The analysis in this RIS will inform these Cabinet decisions.
117. Following Cabinet approval, a discussion document will be released for public consultation. Upon receiving public feedback, the proposals in this RIS will be refined for policy decisions by Ministers. Implementation will then follow.
118. Schedule 1 of the RMA sets out the requirements for territorial authorities to implement national policy statements by giving effect to the policies in plans using a specific plan change process that involves community consultation, hearings and rights of appeal.
119. Plan change processes can sometimes take several years to complete. There are 76 territorial authorities in New Zealand. How each gives effect to national direction policy can vary significantly, creating uncertainties for developers and increased risk of litigation on whether a proposed or operative plan gives sufficient effect to the policies in question.
120. If the NPS-REG is silent on the matter of implementation, Schedule 1 applies. This means that each regional and territorial authority must go through a plan change process to amend its plan to give effect to this NPS-REG. Plan changes would likely require expert evidence from various sources, many of whom may be required to testify in multiple plan changes on same or similar issues. Each territorial authority would develop their own policy wording for consultation with their community.
121. However, consent decisions must still be consistent with NPS-REG from date of gazetting. A Schedule 1 process regularly takes more than two years to complete, as there are multiple rounds of consultation and an opportunity for parties to challenge decisions. This would create uncertainty for both community and developers, as the final outcome of a Schedule 1 plan change process may not be known for some time.
122. Until councils amend their plans to reflect the updated NPS-REG, there is also a broader risk that REG projects defined as non-complying will not be able to be consented in some parts of New Zealand. This is because under s 104(d) of the Act, such projects cannot be consented if they have more than minor adverse effects and are contrary to the objectives and policies of the operative Regional or District Plan.
123. This implementation option would allow councils to interpret the NPS-REG policies in a way that fits with their unique plan, and to do this in consultation with iwi/Māori and the public.

How will the new arrangements be monitored, evaluated, and reviewed?

124. As a resource management tool, the proposed new national direction and amendments will be administered by MfE. MfE is responsible for monitoring and supporting the implementation and reviewing the effectiveness of the changes, and national direction generally, under the RMA.
125. Where consents are issued because of these changes, the RMA requires monitoring of those consents by local authorities. In terms of compliance and enforcement, data on implementation and operational issues, including enforcement, is already collected at a local level by council compliance teams and at a national level by MfE through its national monitoring system for consents.