Energy Resources Aotearoa
POWERING A BETTER NEW ZEALAND TOGETHER

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The Environment Committee
Parliament Buildings
Wellington

via e-mail: en@parliament.govt.nz

Submission on the *Inquiry into Climate Adaptation*

Introduction

1. Energy Resources Aotearoa is New Zealand's peak energy sector advocacy organisation. Our mission is to create a successful and sustainable energy resources sector that makes New Zealand a better place, through and beyond the transition to lower emissions. Our purpose is to enable constructive collaboration across the energy sector through and beyond New Zealand's transition to net zero carbon emissions in 2050. With 42 members, Energy Resources Aotearoa represents energy intensive businesses, from explorers and producers to distributors, sellers, and users, of energy resources like oil, LPG, natural gas, biomass, refined products, and hydrogen.

2. New Zealand's diverse energy sector provides a vital role for all New Zealanders, their livelihoods, prosperity, social, environmental, and sustainable development, including towards achieving climate mitigation and adaptation goals and climate resilience in the face of increasing and more intense climate impacts.

3. At the time of writing, the shape and composition of the incoming Government is yet to be finalised (special votes will be announced after the closing date of this consultation process, and formation of a government will come sometime thereafter). We note that whether and how each component of the *Inquiry into Climate Adaptation* package will proceed is subject to consideration by the new Minister and Government.

4. Energy Resources Aotearoa would like to appear before the Select Committee, should this item be continued under the new Government.

Climate Change Adaptation and New Zealand's Energy Sector

Efficacy of the Current Approach to Adapting to the Impacts of Climate Change

5. Energy Resources Aotearoa cannot understate the importance of 'getting adaptation right' for New Zealand. The current approach to adaptation in New Zealand is inadequate with too much focus on existing efforts, disaster-risk reduction approaches, and comparing the opportunity of adapting systems to climate change to 'responding to earthquakes'.[1] These approaches will not allow New Zealand to make the most of the opportunity of investing in and benefitting from long-term, effective climate change adaptation measures.

6. In preference, we recognise the Intergovernmental Panel on Climate Change (IPCC) definition of adaptation, which goes beyond disaster risk reduction, and responding to natural hazards such as earthquakes:

> 'Adaptation In human systems, the process of adjustment to actual or expected climate and its effects, in order to moderate harm or exploit beneficial opportunities. In natural systems, the process of adjustment to actual climate and its effects; human intervention may facilitate adjustment to expected climate and its effect'.[2]

7. We note that Adaptation options entail:

> 'The array of strategies and measures that are available and appropriate for addressing adaptation. They include a wide range of actions that can be categorised as structural, institutional, ecological, or behavioural'.[3]

8. We further note the IPCC definition of adaptive capacity:

> 'The ability of systems, institutions, humans, and other organisms to adjust to potential damage, to take advantage of opportunities, or to respond to consequences'.[4]

9. Energy Resources Aotearoa also recognises that New Zealand's investment in climate change adaptation should avoid maladaptation and maladaptive actions:

> 'Maladaptation: Actions that may lead to increased risk of adverse climate-related outcomes, including via increased greenhouse gas (GHG) emissions, increased or shifted vulnerability to climate change, more inequitable

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1 Not to mention the almost myopic focus on mitigation, when New Zealand's mitigation efforts, while important, will make little difference to globally driven climate impacts that will be felt in New Zealand. Although we can take climate action to synergistically achieve our mitigation and adaptation goals, our mitigation efforts are not directly linked to the climate impacts that we have and will experience in New Zealand.

2 IPCC Glossary

3 *ibid*

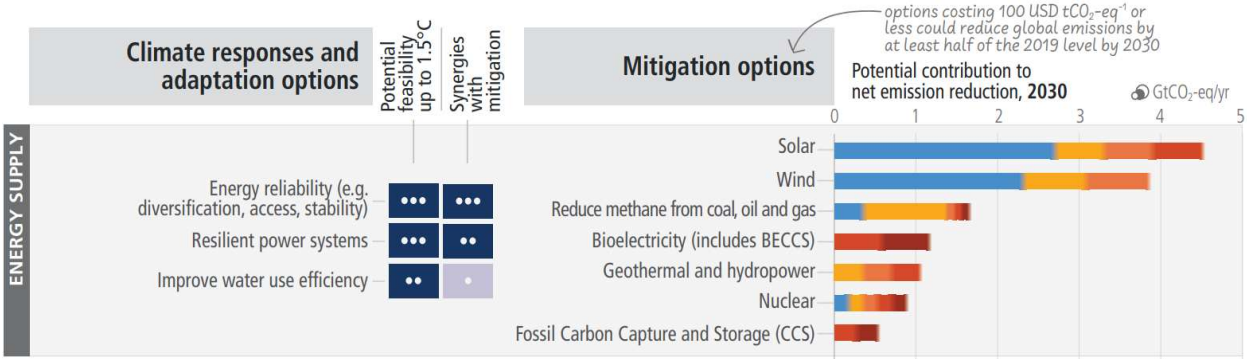
4 *ibid*

outcomes, or diminished welfare, now or in the future. Most often, maladaptation is an unintended consequence'.[5]

10. In the absence of appropriate consideration of these issues, we are concerned that the vital role that the energy sector plays in ensuring New Zealand's climate resilience will be underestimated. Without appropriate central government leadership the sector may also not be adequately prepared to adapt to the impacts of climate change, now and in the future, resulting in increased economic and non-economic costs for New Zealanders, energy shocks, and missed opportunities for the development of adaptation innovations and technologies. Simply setting up a fund for adaptation action and/or managed retreat without appropriate framing and consideration of long-term systemic climate adaptation needs, as well as adequate collaboration across levels and sectors may result in lack of action, maladaptation, and moral hazard.

11. Energy Resources Aotearoa further recognises the wealth of useful activity, knowledge resources and efforts internationally on climate adaptation in the private sector and energy sector, including under the UNFCCC and as captured by recent IPCC analysis.[6] The diagram below shows that specific climate actions in the energy sector can have both mitigation and adaptation benefits synergistically. The use of natural gas in the early stages of the transition of a low carbon future as well as the inclusion of carbon capture and storage (CCS), alongside renewables, will not only lower emissions in the long term, but will also ensure energy reliability (e.g. diversification, access and stability) as a key adaptation response.

Figure 1. Multiple Opportunities for scaling up climate action[7]



5 *op cit*, IPCC Glossary

6 IPCC, 2023: Summary for Policymakers. In: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland

7 *ibid*, Figure SPM.7: Pg 27.

The Vital Role of the Energy Sector in Adaptation Has Not Been Given Adequate Recognition

12. Energy Resources Aotearoa observes that the energy sector is not mentioned *at all* in the Ministry for the Environment's issues and options paper, even though the sector plays an obvious and vital role in New Zealand's climate resilience and achievement of climate mitigation and adaptation goals. We note the crucial role that the energy sector plays in responding to extreme weather events and climate impacts, and ensuring New Zealand's prosperity, sustainable development, and transition to a low carbon future, for all New Zealanders, including adapting energy systems and supporting managed retreat.

The Interests of the Energy Sector

13. Energy Resources Aotearoa expresses deep and active interest in engaging and collaborating across all sectors and levels, as relevant on climate adaptation and resilience efforts, including with central and local government, Iwi/Māori, and local communities.

14. In particular, Energy Resources Aotearoa and its members has an interest in, and expectation of collaborating on the following:

    a. better understanding climate risk on New Zealand's energy sector, including data and science to better inform decision making;

    b. development of standardised risk assessment methodology;

    c. building climate resilience in the energy sector, for the benefit of all New Zealanders, for instance ensuring supply of energy in extreme weather events, as well as a future-proof, resilient energy system;

    d. developing new innovation and technology on climate adaptation in the energy sector and exploiting market potential to help grow New Zealand's economy; and

    e. contributing to supporting communities, Iwi/Māori with community and ecosystem-based adaptation

    f. ensuring a context-specific approach to adaptation is available, recognising the localised nature of climate impacts, and therefore the responses needed.

15. To showcase some of the adaptation actions already underway in the energy sector in New Zealand, which take a long-term, effective and systems approach to climate adaptation, a compilation of examples of relevant activities has been included in Appendix One. This compilation is not comprehensive, but merely captures work of some of our members, amongst the numerous examples of activity on adaptation in New Zealand's energy sector. We have explained the adaptation links in relation to the examples.

Summary

16. Energy Resources Aotearoa's members understand the importance of adaptation, and the risks and opportunities associated with it. We look forward to fruitful engagement on this submission, as well as on the next steps on advancing New Zealand's climate change adaptation efforts.

Appendix One: Current Examples of Adaptation Actions Already Underway in the Energy Sector in New Zealand

Methanex - NZ$2 million Investment in Neonatal Unit to Support Taranaki, New Zealand Community.
https://www.methanex.com/news/release/methanex-makes-nz2-million-investment-in-neonatal-unit-to-support-taranaki-new-zealand-community/

Methanex Corporation, the world's largest producer and supplier of methanol, is pleased to announce it has made a NZ$2 million investment to support the building of the new neonatal unit at Taranaki Base Hospital in New Zealand. The 10-year partnership provides funding for state-of-the-art treatment to care for the most vulnerable newborns and their families, including in the face of climate impacts such as heatwaves and risks to unborn children. As part of this investment, the new unit will be called The Methanex Neonatal Unit and is expected to be completed in 2025.

"We truly believe in the vision of the Taranaki Health Foundation and the neonatal unit is an area of the hospital that so many of us have had personal experience with, including members of our Methanex New Zealand team," said Stuart McCall, Managing Director of Methanex New Zealand. "Our operation in New Zealand employs over 200 people and represents almost 10% of the Taranaki economy. Our approach is to look to our region and provide as much assistance as we can to projects that will be most beneficial to Taranaki for decades to come."

Powerco – Ensuring reliable and resilient energy networks and supporting vulnerable customer groups to be resilient to weather events and climate change
https://www.powerco.co.nz/what-we-do/ensuring-reliable-and-resilient-networks**;**
https://www.powerco.co.nz/what-we-do/engaging-with-communities

Powerco are committed to ensuring networks are reliable for our customers and resilient to weather events, climate change and cyber threats. Powerco are also supporting customers to be more energy efficient. Powerco will implement a support plan for vulnerable customer groups by the 2023 financial year and have partnered with WISE Charitable Trust to provide free coaching for households at risk of energy hardship.

Mobil Auckland join Conservation Volunteers New Zealand
https://www.exxonmobil.com.au/community-engagement/local-outreach/new-zealand-community-news/mobil-team-joins-conservation-volunteers-new-zealand-tree-rescue-effort

Mobil Oil New Zealand's Auckland team recently joined Conservation Volunteers New Zealand (CVNZ) for a day of tree rescue work along the Papakura stream restoration project in Brookby. Mobil is proud to be a long-time supporter of CVNZ's work and over the years, the partnership has resulted in many positive outcomes in addition to

volunteer work including for biodiversity and climate adaptation. Mobil's support has assisted with CVNZ's youth education programme around the longfin eel, educational resources for classrooms and on-site conservation experiences for school children. This large-scale restoration project aims to restore and protect stream banks and water quality through fencing, planting of native trees, shrubs and grasses, water quality monitoring, weed control and community engagement on both public and private land. Last winter, approximately 41,000 trees and shrubs were planted by CVNZ along the stream to protect stream banks, water quality and to provide important food and habitat to the creatures that call the area home.

Genesis Energy - protecting nature and advancing climate goals for a sustainable, equitable and low-carbon future
https://www.genesisenergy.co.nz/about/sustainability

Genesis Energy have a Sustainability Framework to six of the UN SDGs, including SDG 13 on climate action, chosen as areas that Genesis can make the most positive impact in for New Zealand. This includes a focus on SDG targets 13.1 'Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries'; 13.2 'Integrate climate change measures into national policies, strategies and planning' and 13.3 'Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning'.

To achieve these targets, Genesis Energy are undertaking a number of actions:

- Science Based Targets to reduce annual carbon emissions by 1.2 million tonnes by FY25 tied to the international benchmark of limiting global warming to below 1.5C;
- Investment in renewable energy generation;
- Understanding and adapting to climate change risks and opportunities;
- Supporting a just and equitable transition;
- Disclosing climate risks in line with the Task Force on Climate-Related Financial Disclosures (TCFD) since FY20; and
- Educating and engaging New Zealanders on climate change through our Climate Hub.

OMV NZ – supporting long term, sustainable community initiatives
Our approach | Sustainability targets & commitments | OMV.com

Sustainability and circularity are at the centre of OMV's Strategy 2030, a strategy that is underpinned by its sustainability framework which focuses on five areas: Climate Change; Natural Resources Management; Health, Safety & Security; People and Ethical Business Practices.

In New Zealand, OMV aims to contribute to the sustainability and wellbeing of the communities that they operate in, with a focus on long term partnerships that support the communities needs and contribute to the UN sustainable development goals and

the themes of; Environment and Sustainability, Community Development, Health and Wellbeing and Education and Culture. For example:

- Through a 1.5million NZD partnership with Project Crimson, OMV NZ enabled 193,417 native trees to be planted over two years, via two large scale planting and restoration projects in Taranaki and Wairarapa;
- OMV's long-term support of Rotokare Scenic Reserve assists with sanctuary biosecurity and the reintroduction of vulnerable native birds and lizards to the area;
- The Moawhitu Wetland Restoration Project on D'Urville island is another long standing partnership between OMV, Ngāti Koata and DOC, to restore the lake and wetlands on this remote island, by improving the water quality and habitat through planting native trees; and
- To help address the healthy homes issue in Aotearoa, OMV partnered with WISE Charitable Trust to provide insulation and energy solutions to low-income families whilst creating employment and training opportunities throughout Taranaki.