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Dear Ms Brouwer

### **Submission on Climate Change (Emissions Trading and Renewable Preference) Bill**

The Greater Wellington Regional Council (Greater Wellington) supports the general thrust of the Climate Change (Emissions Trading and Renewable Preference) Bill.

However, we are very concerned that the Bill as it is currently drafted includes provisions that will have consequences that are totally antithetical to the Government's policies on sustainability. In particular, we would like to highlight the conflict between the Bill and the government's renewable energy target.

The Council has a range of policies to promote sustainable development in the Wellington region and to improve the environment, and we have actively implemented sustainability policies on our own land as a means of showing leadership to the community. The unfortunate consequence of this Bill will be that we will face a cost of between \$1.3m and \$1.5m to clear ridge tops of plantation forestry in order to make way for a wind farm that is proposed.

### **Forestry**

One of the predecessor organisations to the Greater Wellington was the Wellington Regional Water Board. This Board was active in creating plantation forests and since the current Council was formed about 20 years ago, it too has planted exotic trees on its land. Currently, the Council owns approximately 5,000 hectares of plantation forests in the Wellington region. These are harvested on a sustainable basis.

We are concerned about the implementation of the emissions trading scheme and, in particular, how the carbon sequestered in trees is measured. The Council has in excess of 100 forestry blocks that make up our total forestry estate. These are virtually all irregular in shape and, in some cases, start at the bottom of a gully, which is often yielding good trees and go to the top of a ridge, where the trees can more likely to be either be firewood or pulp grade.

## Clause 62 Monitoring of emissions and removals

Greater Wellington is particularly concerned about this clause of the Bill as we will be classified as a participant by virtue of any forests that were planted prior to 1990. Clause 62 (b) states:

*Calculate the emissions and the removals from the activity in accordance with the methodologies prescribed in regulations made under this Act: and*

We believe that this clause is far too loose and there is a danger that the regulations could be overly detailed and prescriptive. If this were to be the case, the cost of acquiring the information could be excessive in relation to the value of the trees, particularly where they are of a low grade.

For some of its forestry blocks, Greater Wellington would prefer to trade off an underestimation of the carbon sequestered in its trees for a simple method of calculating the quantity.

- **We recommend that the Bill should specify that regulations made under the Act must take into account the economic cost of measuring the carbon sequestered.**

## Renewable energy development

The Council owns approximately 50,000 hectares of land which is predominantly existing and future water catchments and regional parks. A few years ago, it was recognised that there was potential for wind energy generation, particularly on some of the ridges on land set aside for future water catchments. Following investigations, Greater Wellington let a contract to RES NZ Ltd to develop a wind farm at Puketiro, which is part of the Akatarawa Forest and about 35 minutes drive from the centre of Wellington city. The parent company of RES is a substantial wind farm developer. The Council is only making its land available and is not an investor in the wind farm.

Some of the ridges on the wind farm site are covered with mature or near-mature *pinus radiata*. Because these trees were planted before 1990, a liability will accrue once the trees are removed for the wind farm development. Trees will not be replanted as this would impede the flow of air around the turbines. The liability arising is expected to be in the range of \$1.3-1.5M, depending on the exact area to be cleared and the cost of carbon units. The Council acknowledges that under the various proposals, it will receive a small free allocation of units to partly offset this.

Currently, RES is planning a wind farm development of approximately 150 megawatts which is a similar size to Meridian Energy's wind farm at Makara to the southwest of Wellington city centre.

Given the Government policy target of achieving 90% renewable electricity energy by 2025, it seems inequitable that a liability should arise as part of the land clearance. From a carbon sequestration point of view, the wind energy development, which can displace hydrocarbon generation, is an "order of magnitude" more effective at reducing CO<sub>2</sub> emissions than absorbing carbon in the trees at the wind farm site over a 30 year growing period.

It is expected that these particular circumstances will be relatively rare, but they could also arise where, say, a small lake behind a hydro dam displaced a plantation forestry area.

- **The Council recommends the creation of new exemptions under clause 160A of the Bill for renewable energy developments.**

The suggested wording is as follows:

*Clause 160A Exemptions for deforestation of land to facilitate the development of renewable energy projects*

*(1) A landowner who intends to use pre-1990 forest land for renewable electricity generation may apply to the chief executive for the land to be declared exempt land for an interim period.*

*(2) An application under subsection (1) must -*

*(a) be in the prescribed form and accompanied by the prescribed fee (if any); and*

*(b) contain details about the land to which the application relates; and*

*(c) be accompanied by evidence showing that the land is pre-1990 forest land; and*

*(d) be accompanied by a copy of the relevant approved resource consents for the renewable energy project; and*

*(e) be signed by the landowner and accompanied by a statutory declaration verifying that the information contained in the application*

*is true and correct.*

*(3) If the chief executive is satisfied that the land described in an application under subsection (1) is a pre-1990 forest land, and that the proposed renewable electricity generation project is an appropriate alternative use of the land the chief executive must -*

*(a) declare the land to be exempt land on an interim basis for a reasonable period to allow construction of the renewable energy project; and*

*(b) notify the landowner that the land has been declared exempt land on an interim basis.*

*(4) Once the renewable energy generation project has been substantially completed so that it can generate at least 95 percent of its rated output, the landowner may apply for a final exemption.*

*(5) An application under subsection (4) must -*

*(a) be in the prescribed form and accompanied by the prescribed fee (if any); and*

*(b) contain details about the land to which the application relates; and*

*(c) provide evidence that the renewable energy development can sustain at least 95 percent of its rated output; and*

*(d) be signed by the landowner and accompanied by a statutory declaration verifying that the information contained in the application*

*is true and correct.*

*(6) If the chief executive is satisfied that the renewable electricity generation project can sustain 95% of its rated output, the chief executive must -*

*(a) declare the land to be exempt land; and*

*(b) notify the landowner that the land has been declared exempt land.*

By including these changes, owners of forestry land which is suitable for renewable energy developments will not be penalised if they proceed. There may be other cases where renewable energy developments do not proceed if the Bill is not changed.

## **Public transport**

The Council notes emission trading will apply to liquid fossil fuels from January 2009. We support the emissions trading scheme, which is consistent with the region's policy to reduce transport-generated greenhouse gas emissions identified in our Regional Land Transport Strategy. In relation to the transport sector, we believe that pricing emissions will improve the feasibility of new technologies to reduce emissions.

We note, however, that the cost of running public transport services that operate on liquid fossil fuels will increase as a result of this scheme and that this cost is likely to be passed down to ratepayers and users. Significant increases in the price of diesel over the last year or so has already impacted heavily on the rates the Council needs to collect to fund public transport.

- **Given the desirability of encouraging public transport use to reduce emissions and increase transport efficiency, we request that consideration be given to how this issue can be addressed to ensure that any impacts of the scheme on public transport services are minimised.**

The Council requests the opportunity to appear before the Finance and Expenditure Committee in support of its submission.

Yours sincerely

**Hon Fran Wilde**

Chair

Greater Wellington Regional Council