



2 November 2023

Energy and Resource Markets Branch  
Ministry of Business, Innovation and Employment

By email: [electricitymarkets@mbie.govt.nz](mailto:electricitymarkets@mbie.govt.nz).

### **Implementing a ban on new fossil-fuel baseload electricity generation**

Meridian appreciates the opportunity to comment on the Government's consultation paper on implementing a ban on new fossil-fuel baseload electricity generation. Nothing in this submission is confidential.

Meridian's purpose is clean energy for a fairer and healthier world. Meridian is Aotearoa's largest electricity generator producing energy from 100 percent renewable sources – wind, water, and sun. Meridian is committed to meeting future energy needs with renewable energy and taking bold action to combat climate change. Meridian therefore naturally agrees that the future of energy in New Zealand is renewable and that there is no place for new fossil-fuelled baseload electricity generation. However, in Meridian's opinion, the current wholesale market design and emissions pricing already deliver this outcome and there does not appear to be any problem that needs to be addressed by a legislative ban.

As far as Meridian is aware, there are no developers in New Zealand with any intention to invest in the construction of new fossil-fuelled baseload generation. Due to expectations of rising emissions prices and significant investment in baseload renewable generation (reducing the running time of more expensive fossil-fuelled baseload generation) the economics of fossil-fuelled baseload generation are so weak that we would not expect any board or group of shareholders to contemplate a business case. Renewable generation options have a comparatively lower levelized cost of energy.

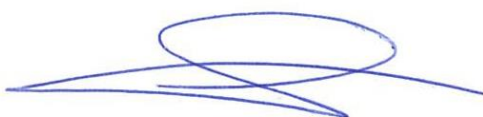
The prevailing outlook and modelling from various government bodies (including the Ministry of Business, Innovation and Employment, the Electricity Authority, and the Climate Change Commission) as well as from Transpower and major generators like Meridian, is that significant investment in renewable generation will displace existing baseload fossil-fuelled generation. No model predicts any investment in new fossil-fuelled baseload generation due to the unfavourable economics. In all modelling that we have seen, the only remaining use for fossil-fuelled electricity generation will be fast start gas peakers.

Legislating for a ban on an activity that is not occurring may not be a prudent use of public resources and could risk unintended consequences without delivering any benefit. Legislating is not a costless option. In addition to Parliamentary and departmental costs, any legislation could risk unintended consequences. For example, a legislative ban could inadvertently restricted non-baseload thermal generation, existing co-generation, non-fossil thermal generation, small-scale emergency generation, or other unforeseen activities. While the consultation paper seems alive to these risks, it may not be possible for legislation to perfectly foresee and mitigate all unintended consequences and the associated costs.

While Meridian supports no further investment in new fossil-fuel baseload electricity generation, in our opinion this outcome has already been secured. Meridian therefore queries whether a legislative ban should be a priority.

We would be happy to discuss the views in this submission with Ministers and officials.

Nāku noa, nā



Sam Fleming

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