

1 October 2024

Dr Parmar Parmjeet  
Chairperson  
Economic Development, Science and Innovation Committee  
Parliament Buildings  
WELLINGTON

Sent via Parliament website

Dear Parmar

## Crown Minerals Amendment Bill

1. This is a brief submission from the Major Electricity Users' Group (MEUG) on the *Crown Minerals Amendment Bill*<sup>1</sup> currently under consideration by the Economic Development, Science and Innovation Committee.
2. MEUG members have been consulted on the approach to this submission. This submission does not contain any confidential information and can be published on the Parliament website unaltered. Members may lodge separate submissions.

### Importance of natural gas in enabling the energy transition and energy security

3. MEUG was established in the early 1990s to advocate for, and support, a well-functioning electricity market. Our 12 members directly employ over 25,000 people and make essential products like pulp and paper, steel, aluminium and dairy products such as milk powder.<sup>2</sup> A reliable and secure supply of electricity is essential for our members and a thriving economy.
4. MEUG supports the passing of the Crown Minerals Amendment Bill that will overturn the 2018 ban on offshore oil and gas exploration to provide confidence in the upstream sector and ensure a continued supply of affordable natural gas during the transition to a low-emissions future. The 2018 ban had a chilling effect on the investment environment in New Zealand.
5. As noted in the Ministry of Business, Innovation and Employment's regulatory impact statement for this Bill,<sup>3</sup> natural gas is critical to New Zealand's energy security as we transition to a highly renewable electricity system and a low carbon economy. MEUG supports the key role that natural gas currently plays in electricity generation – *"it provides a backstop in times of peak electricity demand (replacing coal) and is used to firm intermittent electricity generation, such as hydro (especially during dry years), and wind and solar energy."*

---

<sup>1</sup> [https://www.parliament.nz/en/pb/sc/make-a-submission/document/54SCEDSI\\_SCF\\_81DBD590-6E68-48D1-8BE4-08DCDC4C6A57/crown-minerals-amendment-bill](https://www.parliament.nz/en/pb/sc/make-a-submission/document/54SCEDSI_SCF_81DBD590-6E68-48D1-8BE4-08DCDC4C6A57/crown-minerals-amendment-bill)

<sup>2</sup> Information on MEUG is available here: <https://www.meug.co.nz/>

<sup>3</sup> <https://www.mbie.govt.nz/dmsdocument/28877-regulatory-impact-statement-amendments-to-the-crown-minerals-act-1991-relating-to-petroleum-exploration-and-mining-proactiverelase-pdf>

6. We expect natural gas to play a continued role out to 2050, as New Zealand develops greater levels of renewable electricity generation, and until renewable firming options are available to support the country with intermittent supply and dry years. MEUG notes that the energy security crisis that New Zealand experienced over July – August 2024 highlights starkly the issues the electricity system, and broader economy can face, when there is limited availability of natural gas available for electricity generation. The electricity system had to rely on greater levels of coal and diesel, several large industrial players provided demand response, hydro generators were looking to access contingent water storage, and wholesale electricity spot prices increased to \$853.57 per megawatt hour (MWh), compared to maximum daily average price of \$168.43 per MWh in August 2023.<sup>4</sup>
7. It is important that New Zealand has a secure and affordable supply of electricity and businesses can be confident to continue investing in New Zealand, growing our economy and doubling exports, in line with the Government's targets. This Bill is an important part of this work, alongside the other actions the Government has announced to address energy security and affordability.<sup>5</sup>

### Next steps

8. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at [karen@meug.co.nz](mailto:karen@meug.co.nz).

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Boyes', with a long horizontal flourish extending to the right.

**Karen Boyes**  
Major Electricity Users' Group

---

<sup>4</sup> <https://www.rnz.co.nz/news/on-the-inside/526455/nz-energy-crisis-electricity-demand-will-jump-as-nz-decarbonises-can-renewable-generation-keep-up>

<sup>5</sup> <https://www.beehive.govt.nz/release/urgent-action-taken-bolster-energy-security>