ALENZ
Aluminium Extruders Association of New Zealand

ALENZ submission to the New Zealand's second Emissions Reductions Plan

General questions

0.1. What do you think is working well in New Zealand to reduce our emissions and achieve the 2050 net zero target?

New Zealand now lacks a consistent and collaborative commitment to our emissions reductions meeting 2030 and 2050 targets.
The current Coalition government's unwinding previous administrations regulations to: bring all sectors into the ETS; to take a lead in decarbonising the built environment; and to electrify our public and private transport; has succeeded
• in confusing the general public as to the importance of addressing climate change,
• effectively pitching sector against sector and
• clearly will not enable New Zealand to meet subsequent Emissions Budgets and our International commitments.

0.2 The Government is taking a 'net-based approach' that uses both emissions reductions and removals to reduce overall emissions in the atmosphere (rather than an approach that focuses only on reducing emissions at the source). A net-based approach is helpful for managing emissions in a cost-effective way that helps grow the economy and increase productivity in New Zealand.

What do you see as the key advantages of taking a net-based approach?
While the net emissions approach, reducing emissions at source, would seem to be a logical approach, it fails to account for all emissions - ignoring those emissions embodied in imports.
Current steps by Government to remove the barriers to imported building materials ignores the impact of embodied carbon in imported materials from countries who rely on fossil fuels for manufacture and transportation to New Zealand.

What do you see as the key challenges to taking a net-based approach?
As above. The Net approach ignores embodied carbon in imports.
For example, locally manufactured windows and doors, manufactured from locally smelted or locally recycled aluminium will have a carbon footprint which is 1/4 that of imported windows from Asia. (refer https://www.eboss.co.nz/assets/EBOSSNOWFiles-2/Technoform_UCFAnalysis_231212.pdf)

0.3. What, if any, other sectors or areas do you think have significant opportunities for cost-effective emissions reduction?
The current proposed policies in the ERP2 discussion document cover the following sectors and areas:

- *strengthening the New Zealand Emissions Trading Scheme*

- *private investment in climate change*
- *energy sector*
- *transport sector*
- *agriculture sector*
- *forestry and wood-processing sector*
- *non-forestry removals*
- *waste sector.*

Please write your answer here

New Zealand's built environment is reputed to account for 20% of New Zealand's emissions, yet it is missing from your priority sectors.
MBIE, working in constructive partnerships with the building & construction sector have successfully delivered

- pathways to lower operational carbon / energy efficiency (recent H1 reforms)
- frameworks to measure and reduce embodied carbon.

Emissions reduction plans **need to include the built environment** and include

- Freeing up natural gas supply for industrial users by phasing out gas in homes and buildings, including ending new residential gas connections from 2026, effectively free up energy for manufacturing and other more productive uses.
- Further improving the Building Code to deliver lower-carbon homes and buildings
- Requiring energy labels on homes and buildings
- Expanding the Warmer Kiwi Homes programme to subsidise electrification of home heating and cooking.
- Implementing a concerted programme, building on the successful replacement of coal boilers in schools and hospitals, to subsidise 10% of commercial buildings per year from 2026 to electrify space and water heating.
- Incentivising improved home insulation and home solar generation.

0.4. What Māori- and iwi-led action to reduce emissions could benefit from government support?

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Energy questions

5.1. What three main barriers/challenges that are not addressed in this chapter do businesses face related to investing in renewable electricity supply (generation and network infrastructure)?

Recent events demonstrate the pillars of the energy strategy in the ERP don't currently exist in New Zealand.

Pillars of the strategy

- *Clean energy is abundant and affordable*.
- *Credible markets support the climate transition*.

We have an energy crisis where wholesale energy prices make our export manufacturers uncompetitive globally.
The Electricity market is not credible for today's purposes let alone enabling a climate transition.

New Zealand lacks an energy strategy to deliver a climate transition.

New Zealand has abundant stocks of rainfall, wind and sunshine. Our energy strategy for transition needs to deliver globally affordable energy enabling not just an effective transition but a source of competitive advantage.

The dysfunction in energy infrastructure needs to be immediately addressed to enable businesses to transition. Current infrastructure network connection costs are doubling the of capital expense costs to retire old fossil fuel powered manufacturing machinery.

5.2. How much will the Government's approach to driving investment in renewable energy support businesses to switch their energy use during 2026–30 (the second emissions budget period)?
A lot – it will make a large difference
A moderate amount - there will still be other barriers
Little to none – it will make no meaningful difference
Unsure

Current failure of electricity market to deliver **abundant** and **affordable** energy for manufacturing businesses doesn't provide confidence for business.

5.3. What three main barriers/challenges do businesses and households face related to electrifying or improving energy efficiency, in addition to those already covered in the discussion document?

Lack of long term affordable and internationally competitive energy supply

Abundant and affordable alternative high heat sources to fossil fuels.

Affordable new connections to electricity networks for those businesses wishing to transition from fossil fuels

5.4. How much will existing policies support private investment in low-emissions fuels and carbon-capture technologies?
A lot – it will make a large difference
A moderate amount – there will still be some barriers
Little to no difference – it will make no meaningful difference
Unsure

5.5. What three main additional actions could the Government do to enable businesses to take up low-emissions fuels and carbon-capture technology?

5.6. If you are an electricity generator, please explain and/or provide evidence of how Electrify NZ could affect projects already planned or underway.

5.7. If you are an electricity generator, please explain and/or provide evidence of how Electrify NZ could increase the likelihood that new projects will be investigated.

5.8. Please provide any additional feedback on the Government's proposals to reduce emissions in the energy sector and the industrial processes and product use sector.