

28 May 2025

Waste policy team  
Ministry for the Environment  
Via consultation portal

Tēnā koe,

## Promoting resource recovery through waste management legislation and tools

Powerco is one of Aotearoa's largest gas and electricity distributors, supplying around 360,000 (electricity) and 114,000 (gas) urban and rural homes and businesses in the North Island. Powerco is also actively pursuing renewable gas opportunities, and we see the role of renewable gas growing significantly in the next ten years. Resource recovery from landfill waste is an opportunity to upgrade biogas for New Zealand's gas transmission and distribution system. It is important that waste legislation amendments treat this evolving form of resource recovery appropriately. We have answered the relevant consultation questions in the attached table. Our summary views are:

### **A waste levy aligned with waste minimisation priorities**

- The waste levy should account for changing technology and support national waste priorities (eg ERP2) as well as local waste priorities. Use of the waste levy should be targeted at waste minimisation activities. For example, a regional resource recovery project involving anaerobic digestion of organic waste and upgrading to biomethane should be eligible
- Any changes to exclusions for waste-to-energy facilities will require careful targeting. Some waste-to-energy facilities are resource recovery and reuse for energy production. For example, anaerobic digestion of organic material should not be subject to the waste disposal levy
- A regular 3 yearly review of the waste levy effectiveness is important.

Information about Powerco is in Attachment 2. This submission does not contain any confidential information and may be published in full. If you have any questions regarding this submission or would like to talk further on the points we have raised, please contact Irene Clarke ([Irene.Clarke@powerco.co.nz](mailto:Irene.Clarke@powerco.co.nz)).

Nāku noa, nā,



**Emma Wilson**  
Head of Policy, Regulation and Markets  
**POWERCO**

## Powerco feedback on consultation questions

Table 1 Powerco responses

Topic	Powerco response
<b>Improving the waste levy system</b>	
<b>Distribution of waste levy funds</b>  (consultation Q 3)	<p>We <b>support an altered approach to distribution</b> of the levy enabling smaller territorial authorities to receive a scale of waste levy providing for investment across New Zealand in waste reduction, reuse, recycling and recovery activities.</p>
<b>Scope of use of waste levy funds</b>  (consultation Q 4-5)	<p>Technology and waste practice is evolving and any criteria for use of the levy, or criteria in a decision-making framework, would need to be <b>flexible enough to account for changing technology and a range of waste practices</b> achieving waste minimisation.</p> <p>The Emissions Reduction Plan 2 (ERP2) committed to waste minimisation fund priorities such as investment in projects and systems that reduce organic waste emissions and divert/process organic waste. The proposals in the consultation document do not appear to align with the ERP2 priorities. We <b>do not think it's appropriate to allow territorial authorities to use their portion of the waste levy for activities that are not related to waste minimisation</b>.</p> <p>For clarity, the scope of the <b>waste levy should enable projects that support national waste priorities (such as in the ERP2) and local waste minimisation priorities</b> in a local authority's waste management and minimisation plan.</p> <p>For example, a project involving anaerobic digestion of organic waste and upgrading of biogas to biomethane, is a resource recovery project with beneficial outputs. It is likely, but not entirely clear that such a project would meet the waste minimisation fund criteria around diversion from landfill (although it is technically achieving this). The scope of use of waste levy funds should be clear that such projects are eligible.</p> <p>We would encourage <b>consideration of multiple funding/application processes as part of a framework or criteria</b>. For example, a project receiving some funding through a government's regional infrastructure fund should still be eligible to apply for some funding through the central government waste minimisation fund. A process for streamlining applications to be submitted and assessed once under multiple funding options is recommended.</p>
<b>Waste levy effectiveness</b>  (consultation Q 6-8)	<p>We <b>do not support removal of the current blanket exclusion from the levy for waste-to-energy facilities if this results in all waste-to-energy facilities being subject to a waste levy</b>. This would not be appropriate as some waste-to-energy facilities are not waste disposal but are resource recovery and reuse for energy production. For example, a waste-to-energy facility could be one with anaerobic digestion of organic material and upgrading of biogas to biomethane for use in place of (or blended with) natural gas in New Zealand's gas distribution system. While such a facility is 'waste-to-energy', it is also resource recovery and diversion of organic waste from landfill disposal.</p> <p>The consultation document refers to different types of waste-to-energy facility but implies that some amount of waste levy would be payable in all cases. Applying the waste levy to those waste-to-energy facilities that are resource recovery is counter-intuitive as a purpose of the waste levy is to fund investment in resource recovery.</p>

Topic	Powerco response
	<p>We understand that the proposal is to remove the blanket exclusion and enable regulations to describe which waste-to-energy facilities are subject to a waste levy. But no certainty is yet available on the principle or considerations for those regulations. Any <b>changes to the current exclusion will require careful targeting to ensure a new waste levy is not applied to organic waste going to anaerobic digestion</b> facilities. Projects that Powerco is investigating to produce biomethane are already marginal in economic feasibility, and additional government levies could make the difference to overall project feasibility. If the exclusion is removed from the Act, we would seek <b>inclusion of appropriate provisions in the Act for waste levy regulation-making so that it is only applied to waste disposal facilities and not resource recovery.</b></p> <p>The Minister's review of the effectiveness of the levy should be guided by a review framework that mirrors the purpose, priorities and parameters of the waste levy. This should include review of levy effectiveness in achieving government programmes that are relying on the waste levy for outcomes, such as ERP2. Our view is that <b>a regular 3 yearly review of the levy effectiveness is important. A review every 5 years would not be adequate to track outcomes and assess further adjustments required.</b></p>
<b>Clarifying roles and responsibilities and creating an effective compliance regime</b>	
<b>Roles &amp; responsibilities</b> of the Minister, MfE and territorial authorities  (consultation Q 17-18)	<p>We <b>support the proposed changes to roles and responsibilities</b>, particularly to enable specifying minimum obligations of territorial authorities or directing particular activities for territorial authorities.</p>
<b>Data sharing</b>  (consultation Q 20)	<p>The consultation document identifies that sharing of data on waste management between regulators is a critical enabler for effective enforcement. More effective sharing of waste data is also an enabler for broader government policy work as well as private sector initiatives to minimise waste and implement the waste minimisation fund. <b>We support powers for sharing of data between regulators but also recommend increased obligations for sharing data publicly.</b> We acknowledge that this would not be at an operator or commercially sensitive level but improved regional and national waste data will contribute to an improved waste system.</p>

## Information about Powerco and our network

### Providing an essential service

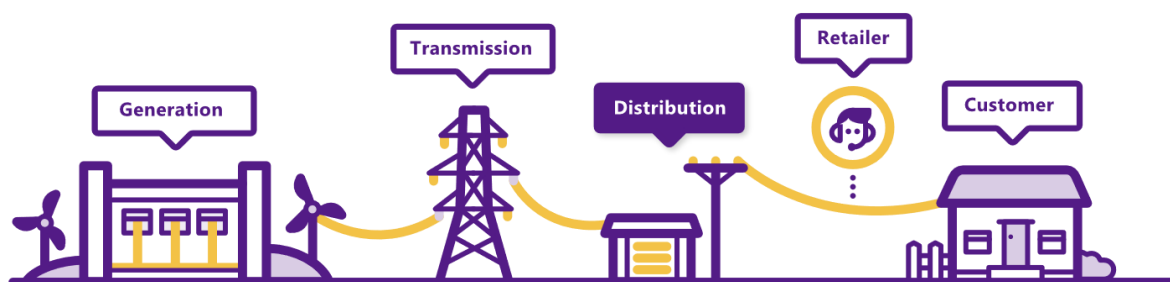
We bring electricity and gas to around 1 million kiwis across the North Island. We're one part of the energy supply chain. We own and maintain the local lines, cables and pipes that deliver energy to the people and businesses who use it. Our networks extend across the North Island, serving urban and rural homes, businesses, and major industrial and commercial sites. We are also a lifeline utility. This means that we have a duty to maintain operations 24/7, including in the case of a major event like an earthquake or a flood.

The cost of operating our business is not dependent on the amount of gas or electricity we distribute in our networks. These costs reflect the need to maintain the safe operation of the network and are mostly driven by compliance with safety regulations. This includes replacing assets when they reach their end of life. Additional costs to grow the size or the capacity of the network are often met by customers requiring the upgrade or new connection.

Under Part 4 of the Commerce Act, Powerco's revenue and expenditure are set by the Commerce Commission as part of monopoly regulation. We are also subject to significant information disclosure requirements, publicly publishing our investment plans, technical and financial performance, and prices. The regulatory regime allows us to recover the value of our asset base using a regulated cost of capital (WACC) set by the Commission, and a forecast of our expenditure. Every five years, the Commission reviews its forecasts and resets our allowable revenue. This process is designed to ensure the costs paid by customers for us to manage and operate our network is efficient given we are a monopoly and an essential service.

### Our electricity customers

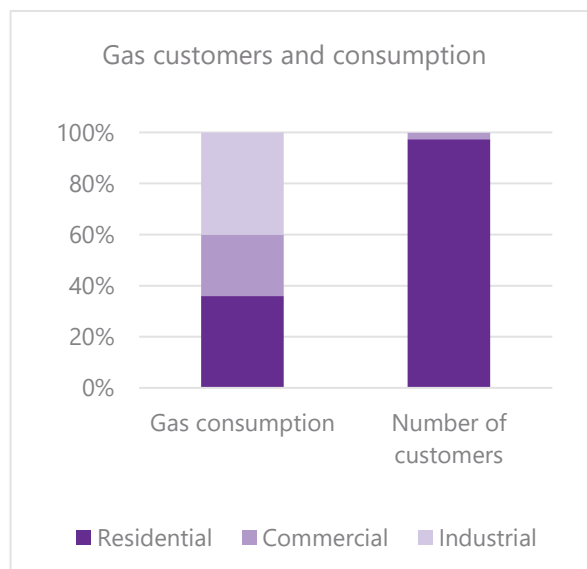
Powerco is New Zealand's largest electricity utility by the area we serve. Our electricity networks are in Western Bay of Plenty, Thames, Coromandel, Eastern and Southern Waikato, Taranaki, Whanganui, Rangitikei, Manawatu and Wairarapa. We have over 29,000 km of electricity lines and cables connecting around 360,000 homes and businesses. Our place in the electricity sector is illustrated below.



Our network contains a range of urban and rural areas, although is predominantly rural. Geographic, demographic, and load characteristics vary significantly across our supply area. Our development as a utility included several mergers and acquisitions that have led to a wide range of legacy asset types and architecture across the network.

Powerco is one of 29 electricity distribution companies. Our customers represent around 13% of electricity consumption (similar in magnitude to the Tiwai aluminium smelter) and around 14% of system demand. Powerco's network is almost three times the size of Transpower's in terms of circuit length. The peak demand on our combined networks (2023) was 974 MW, with an energy throughput of 5,225 GWh.

## Our gas customers



Powerco is New Zealand's largest gas distribution utility. Our gas pipeline networks are in Taranaki, Hutt Valley, Porirua, Wellington, Horowhenua, Manawatu and Hawke's Bay. We have over 6,200 km of gas pipes connecting to around 114,000 homes and businesses. Our customers consume around 8.1 PJ of gas per year.

Our industrial customers are less than 1% of our customer base and consumer approx. 40% of gas on our network. Our residential customers are 97% of our customer base and consume approx. 35% of gas on our network. The remaining 25% of gas is consumed by our commercial customers.

Around 30% of our larger customers are in the food processing sector, around 20% in the manufacturing sector and around 10% in the healthcare sector.

## Our network footprint

Our network represents 46% of the gas connections and 16% of the electricity connections in New Zealand. We operate assets within six regions and across 29 district or city council areas.

