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National Direction Consultation
Ministry for the Environment
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Tēnā koutou

Powerco Submission on National Direction Package 4: Going for Housing Growth

Powerco is New Zealand's largest electricity and second-largest gas distributor by network length. Our networks span the upper and lower central North Island, servicing approximately 1.1 million customers across 450,000 homes, businesses, and industries. This represents 46% of the country's gas connections and 16% of its electricity connections.

Our electricity distribution network extends over 28,000 km, and our gas network covers more than 6,170 km. With this wide geographical reach, our infrastructure traverses a diverse range of environments - urban, rural, and remote. For example, our networks on the Coromandel Peninsula pass through Outstanding Natural Features and Landscapes, Significant Natural Areas, the Coastal Marine Area, conservation land, wetlands, and multiple planning zones.

We are a requiring authority, operating across six regions, under 29 district plans, and pursuant to numerous resource consents and designations. Powerco is also listed as a "Lifeline Utility" under the Civil Defence Emergency Management Act 2002, reflecting the essential role of our services in supporting community resilience and emergency response.

We support the intention of Going for Housing Growth to provide greater policy clarity and certainty for councils, developers, and infrastructure providers. Long-term certainty is critical to enable efficient investment in electricity infrastructure, provided flexibility is built into the system to accommodate evolving demand patterns. Our summary views are:

Ensuring development is appropriate and considered

- Our main concern lies in ensuring that new development is appropriate and does not compromise the safe and efficient operation of critical infrastructure. In particular, setbacks from overhead electricity distribution lines must be recognised in capacity assessments, housing intensification, and urban expansion decisions. Without this, there is a risk that development potential will be overstated, unsafe buildings could be constructed, and ongoing access for operation and maintenance of electricity assets may be compromised.

- Managed urban expansion through spatial planning, supported by infrastructure corridors and buffer zones, will be key to ensuring safe, reliable, and sustainable growth.
- Recognition of the electricity distribution sector as a qualifying matter within the NPS-UD.

This submission is focused only on the questions that pertain to the electricity distribution network, it 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 the author (planning@powerco.co.nz).

Ngā mihi,
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Urban development in the new resource management system

Question 1 – What does the new resource management system need to do to enable good housing and urban development outcomes?

1. To enable good urban development outcomes while ensuring the safety and reliability of critical infrastructure, the new resource management system must provide a balanced, integrated approach that:

2. Recognises and protects critical infrastructure, including electricity distribution networks, within intensification provisions such as the Medium Density Residential Standards. For example, the MDRS currently permits up to three dwellings of up to three storeys per site as a permitted activity in relevant residential zones. While this supports housing supply, it also increases the potential for development to encroach upon existing electricity infrastructure. Without safeguards, such proximity can result in operational issues, maintenance constraints, and safety risks. The planning system must ensure that critical infrastructure is appropriately factored into intensification rules, including through setbacks, height restrictions, or Qualifying Matters.

3. Explicitly incorporates New Zealand Electrical Code of Practice 34 (NZECP34) safe setback distances into urban development legislation or standards. NZECP34 is a key safeguard for public safety and operational reliability. Its requirements must be embedded within the legislative and regulatory framework to avoid ambiguity in local interpretation and reduce conflict between development aspirations and infrastructure safety needs.

4. Requires planning activities on land containing or adjacent to critical infrastructure to account for infrastructure constraints early in the process. This includes recognising electricity distribution assets as Qualifying Matters where intensification may conflict with safety, operational, or maintenance requirements.

5. Addresses current gaps in practice, as illustrated in our experience submitting on Tauranga City Council's Plan Change 33. Despite raising evidence-based concerns regarding residential intensification encroaching within NZECP34 safe setback zones, our request to recognise electricity distribution infrastructure as a Qualifying Matter was ultimately rejected. This outcome demonstrates the need for stronger national direction that ensures electricity infrastructure is consistently considered in plan-making processes.

6. The new system must not simply prioritise housing numbers at the expense of safe and resilient urban environments. Achieving development that is sustainable, safe, and future-proofed requires a planning framework that actively supports the co-existence of housing growth and critical services like electricity distribution.

Future development strategies and spatial planning

Question 2 – How should spatial planning requirements be designed to promote good housing and urban outcomes in the new resource management system?

7. We support the use of spatial planning as a tool to inform development decisions and guide urban growth, particularly where it helps to coordinate infrastructure and land use. However, for spatial planning to be effective and realistic from an electricity distribution perspective, the following design considerations are essential:

8. Spatial planning must recognise the operational nature of the electricity distribution system, which is largely reactive to demand. Forecasts are inherently uncertain and subject to change due to factors such as delayed developments, unplanned growth, shifts in political priorities, or renewable energy initiatives. Unlike some infrastructure sectors, electricity distribution cannot always anticipate demand on long horizons with high accuracy. A 50-year forecast, for instance, would exceed our current regulatory planning obligations, which require 30-year asset management plans that provide indicative, area-based demand forecasts.

9. The effectiveness of spatial planning is currently limited to existing infrastructure corridors and strategic sites such as substations. While these areas can be reasonably incorporated into spatial plans, distribution networks are highly dispersed and adapt over time based on emerging needs. Therefore, spatial planning should guide, not predetermine, infrastructure outcomes.

10. We support spatial planning as a mechanism to manage land use around infrastructure corridors and strategic electricity sites. This includes ensuring that development is appropriately staged, avoids reverse sensitivity risks, and provides for continued safe operation, maintenance, and potential expansion of critical assets.

11. Spatial planning must balance development rights with the functional needs of infrastructure. We have some reservations about the potential implications of the Regulatory Standards Bill, particularly in a system increasingly centered around the protection of private property rights. Land use decisions around infrastructure corridors or critical sites must weigh the essential public function these assets provide.

12. We support the proposal to include minimum infrastructure content requirements in spatial plans, but this content must be updated regularly to reflect changing conditions, forecasts, and development pathways. Outdated infrastructure assumptions risk undermining the relevance and usefulness of the spatial plan.

Housing growth targets

Question 3 – Do you support the proposed high-level design of the housing growth targets? Why or why not?

13. We have some reservations with how councils will determine *feasible* and *realistic* development capacity. Under the MDRS provisions, the distribution sector faced challenges in having infrastructure recognised as a qualifying matter. This lack of recognition risked development occurring in inappropriate areas, leading to unsafe outcomes and no effective regulatory oversight.

14. The proposed system must ensure that areas identified for development or intensification are either:

    - Development ready – with no infrastructure constraints to navigate, or
    - Flagged as development potential – provided onsite hazards are mitigated and infrastructure capacity or safety issues are addressed before development proceeds.

15. When considering zones for intensification, councils should explicitly take into account the location and capacity of existing infrastructure. We support retaining the concept of qualifying matters from the MDRS (with expansion to include the electricity distribution network) as a means of ensuring that land is zoned appropriately, and that infill development occurs in suitable locations.

16. Spatial planning could be a valuable tool to manage these decisions and to ensure that housing growth targets are aligned with safe, feasible, and sustainable infrastructure outcomes.

Providing an agile land release mechanism

Question 4 – How can the new resource management system better enable a streamlined release of land previously identified as suitable for urban development or a greater intensity of development?

17. We support the proposed agile land release mechanism and recommend that the trigger framework be expanded to clearly address infrastructure considerations. In particular, triggers should include criteria that:

    - **Identify** potential effects on existing infrastructure located on or adjacent to the development area, including applicable standards (ie ECP34), safety risks, and operational access requirements.
    - **Require** mitigation measures to be agreed and secured prior to land release, to ensure the continued safe and reliable operation of the infrastructure.
    - **Ensure** clear communication of infrastructure constraints to plan users through the regulatory plan, so that the implications for development feasibility are transparent and understood.

18. This approach would ensure that land is only released for development when it can be supported by surrounding infrastructure, avoiding unsafe outcomes, unexpected costs, and delays. It is particularly important to integrate this into the new system to maintain both infrastructure resilience and public confidence in development readiness.

Determining housing growth targets

Question 5. Do you agree with the proposed methodology for how housing growth targets are calculated and applied across the country?

19. We support a consistent approach to calculating housing growth targets.

Calculating development capacity

Question 7. How should feasibility be defined in the new system?

20. We encourage the new system to avoid repeating the shortcomings of the MDRS, which permitted up to three dwellings of up to three storeys per site with a setback of only 1.5m from the road frontage. In many urban environments, this would have enabled buildings to be established that breached safe electrical setback requirements under ECP34. Feasibility should be clearly defined to ensure that proposed developments are not only economically viable but also physically and legally achievable within safety and infrastructure constraints. We recommend that either:

- a level of regulatory oversight is retained to verify compliance with ECP34; or
- ECP34 is explicitly included as a compliance requirement within any permissive development framework.

Question 9. Do you agree with the proposal to replace the current 'reasonably expected to be realised' test with a higher-level requirement for capacity to be 'realistic'?

21. Yes we agree with the proposal to shift to a more high-level approach.

Question 10. What aspects of capacity assessments would benefit from greater prescription and consistency?

22. While we support measures that improve the transparency and consistency of capacity assessments, we caution that greater prescription could inadvertently lead to overstated development capacity, as can occur under the MDRS.

23. For example, properties along transport corridors may be identified as suitable for infill intensification, but actual development potential in these areas could be significantly reduced once required safety setbacks from overhead electricity lines are applied. If these constraints are not factored into calculations, capacity figures will not reflect the true, feasible level of development.

24. We recommend that any prescribed methodology for capacity assessments explicitly require:

- identification and inclusion of infrastructure-related constraints (such as ECP34 setbacks) in plan-enabled capacity calculations; and
- transparent reporting of how such constraints affect the final capacity figures.

25. This will ensure that capacity assessments are realistic, safe, and aligned with infrastructure realities.

Infrastructure requirements

Question 11. Should Councils be able to use the growth projection they consider to be most likely for assessing whether there is sufficient infrastructure-ready capacity?
Question 12. How can we balance the need to set minimum levels of quality for demonstrating infrastructure capacity with the flexibility required to ensure they are implementable by all applicable councils?
Question 13. What level of detail should be required when assessing whether capacity is infrastructure-ready? For instance, should this be limited to plant equipment (eg treatment plants, pumping station) and trunk mains / key roads, or should it also include local pipes and roads?

26. This section is aimed at development infrastructure; however, we suggest that 'additional infrastructure' as defined under the NPS-UD is expanded from '*Local authorities must be satisfied that the additional infrastructure to service the development capacity is likely to be available*' to be more directive so council's approach to infrastructure providers is consistent.

Responsive planning – Current status and case for change

Question 16. Are mechanisms needed in the new resource management system to ensure councils are responsive to unanticipated or out-of-sequence developments? If so, how should these be designed?

27. We are agnostic as to whether specific responsiveness mechanisms are needed in the new resource management system. However, if such mechanisms are introduced, it is essential that any assessment of private plan change "capacity" reflects the true, feasible development potential of the land.

28. In particular, capacity estimates must factor in infrastructure-related constraints, such as safety setbacks from overhead electricity lines, which can significantly reduce the area available for development. Without this consideration, there is a risk that a proposal could appear to meet the "significance" threshold in principle, yet in practice be unable to deliver the stated capacity due to restrictions associated with existing electricity assets.

29. We recommend that any responsiveness mechanism require:

- clear identification of infrastructure constraints (including compliance with ECP34);
- realistic adjustment of development capacity to reflect these constraints;
- transparent reporting of how such constraints have been applied in determining whether the significance threshold has been met; or
- Confirmation from the asset owner that a satisfactory arrangement is in place that reduces or eliminates risk to the asset – for example, relocation of the asset(s) or undergrounding; and
- *Additional infrastructure* can service the development.

Rural-urban boundaries – Current status and case for change

Question 18. Do you agree with the proposal that the new resource management system is clear that councils are not able to include a policy, objective or rule that sets an urban limit or a rural-urban boundary line in their planning documents for the purposes or urban containment? If not, how should the system best give effect to Cabinet direction to not have rural-urban boundary lines in plan?

30. We are concerned with the proposal to remove rural–urban boundaries entirely, as the rural environment is typically where strategic high-voltage distribution lines are located. These lines connect Grid Exit Points to substations (often on the fringes of towns and cities) and are sometimes single, end-to-end connections with no redundancy. Unchecked expansion into rural areas has the potential to compromise these assets and their continued operation and maintenance. Leapfrogging also risks high upfront infrastructure investment, which can be difficult to quantify when development proposals lack robust timelines. Spatial planning could help alleviate these risks by clearly identifying nationally and regionally significant infrastructure, including electricity distribution lines, and establishing appropriate buffer corridors to protect them. It could also highlight areas that are already infrastructure-ready, those with limited remaining capacity, and those where significant new infrastructure would be required before development could proceed.

Intensification – Current status and case for change

Question 21. Do you agree with proposed definitions for the two categories of 'key public transport corridors'? If not, why not?
Question 22. Do you agree with the intensification provisions applying to each category? If not, what should the requirements be?
Question 23. Do you agree with councils being responsible for determining which corridors meet the definition of each of these categories?

31. We are concerned that the proposals could continue shortcomings within the existing MDRS provisions. While it is encouraging to see that the MDRS will not form part of the future system, we are concerned that intensification will still be enabled without appropriate regulatory oversight. To ensure that development does not occur in this manner, we recommend that the cabinet agreed changes expand the qualifying matters considerations. Currently, qualifying matters are limited to a section 6 matter, a matter required to give effect to a National Policy Statement, nationally significant infrastructure, open space, heritage, iwi participation, business land and any other matter that makes higher density development as directed by Policy 3 inappropriate in an area, but only if the requirements of clause 3.33(3) are met.

32. Electricity distributors have had to rely on the section 32 report to see if safe setbacks from overhead electricity infrastructure have been determined by the territorial authority as a qualifying matter. Our experience in this area is that this has not been the case. We recommend that safe setbacks required under NZECP34 are explicitly called out as a qualifying matter, this isn't to say that intensification cannot occur in these areas where overhead electricity lines are present; rather that intensification is managed appropriately and that a layer of regulatory oversight remains to ensure safe outcomes.

Intensification – Current status and case for change

Question 37. Should Tier 1 and 2 councils be required to prepare or review their HBA and FDS in accordance with current NPS-UD requirements ahead of 2027 long-term plans? Why or why not?

33. We recommend that Tier 1 and 2 councils continue to prepare their HBA and FDS ahead of the 2027 long-term plans, but that these are prepared in line with the changes proposed within this consultation rather than solely under the current NPS-UD framework. This is particularly important to ensure that capacity assessments and growth strategies give proper consideration to regionally significant infrastructure that is currently not captured as a *Qualifying Matter*, including safe setbacks from overhead electricity distribution lines. Without this, there is a risk that development potential will be overstated, and in some cases unsafe or non-compliant buildings could be enabled due to the absence of regulatory oversight. Aligning the HBA and FDS requirements with the new framework will help ensure that growth is both realistic and safe while avoiding duplication of effort for councils during the transition.