

1. The National Policy Statement for Greenhouse Gas Emissions from Industrial Process Heat 2023¹ (NPS-GGEIPH) came into effect on 27 July 2023. This impacts on EIT-EN-P5 as recommended by officers. The definitions used in the NPS-GGEIPH are set out in the Resource Management (National Environmental Standards for Greenhouse Gas Emissions from Industrial Process Heat) Regulations 2023 (NES-GGEIPH).²
2. The NPS addresses the discharge from heat devices used in industry. Heat devices are defined in the NES-GGEIPH as follows:
 - (a) *means a device that produces industrial process heat (for example, a boiler, furnace, engine, or other combustion device); but*
 - (b) *does not include a device used for the primary purpose of—*
 - (i) *generating electricity, including a generator used for back-up electricity or for maintaining the electricity network; or*
 - (ii) *transmitting electricity, including in mobile and fixed substations.*
3. The key elements of Policy 1 of the NPS are:

New heat devices

1. Avoiding discharges from new heat devices that burn coal and deliver heat at or above 300 degrees Celsius, unless there is no technically feasible and financially viable lower emissions alternative.
2. Avoiding discharges from new heat devices that burn coal and deliver heat below 300 degrees Celsius.
3. Avoiding discharges from new heat devices that burn any fossil fuel other than coal, unless there is no technically feasible and financially viable lower emissions alternative.

Existing heat devices

4. Restricting discharges from existing heat devices that burn coal and deliver heat at or above 300 degrees Celsius.
 5. Restricting and phasing out discharges from existing heat devices that burn coal and deliver heat below 300 degrees Celsius.
 6. Restricting discharges from existing heat devices that burn any fossil fuel other than coal.
4. EIT-EN-P5 addresses both industrial process heat, and use of non-renewable energy for electricity generation, under the broad umbrella of “non-renewable energy generation”. As such, EIT-EN-P5 is impacted by the new NPS. Given the complexity of the Policy in the NPS, it is recommended that the policy is split into two, to address energy generation, and industrial process heat. No changes are recommended in relation to Policy 2 and Policy 3 of the NPS, given these provide directions to regional plans (refer to Clause 3.2 and 3.3 of the NPS).

¹ <https://environment.govt.nz/assets/publications/climate-change/National-Policy-Statement-for-Greenhouse-Gas-Emissions-from-Industrial-Process-Heat-2023.pdf>

² At Clause 3 - <https://www.legislation.govt.nz/regulation/public/2023/0165/latest/LMS605249.html?src=qs>

5. Scope for the changes is provided by a wide range of submissions. The initial notified version of EIT-EN-P5 provided for avoidance of non-renewable energy generation activities, and facilitation of the replacement of non-renewable energy generation activities. This was sought to be amended by a number of submitters seeking flexibility in the application of the provisions.³ DCC and QLDC sought that more specific language be used, including to specify if it is electricity or heat that is generated, or both.⁴ As such, it is considered that there is scope within the submissions to make amendments that give effect to the NPS-GGEIPH.

EIT-EN-P5 – Non-renewable energy generation

In relation to non-renewable energy generation:

- (1) Except as provided for in (2) below, Avoid the development of **new** non-renewable energy generation activities in Otago, **unless no other renewable energy alternatives exist,**⁵ and facilitate the replacement of non-renewable energy sources, including the use of fossil fuels, in energy generation; and
- (2) In relation to new heat devices for industrial process heat:
 - a. Avoid discharges from new heat devices that burn coal and deliver heat at or above 300 degrees Celsius, unless there is no technically feasible and financially viable lower emissions alternative;
 - b. Avoid discharges from new heat devices that burn coal and deliver heat below 300 degrees Celsius; and
 - c. Avoid discharges from new heat devices that burn any fossil fuel other than coal, unless there is no technically feasible and financially viable lower emissions alternative.
- (3) In relation to existing heat devices for industrial process heat:
 - a. Restrict discharges from existing heat devices that burn coal and deliver heat at or above 300 degrees Celsius.
 - b. Restrict and phase out discharges from existing heat devices that burn coal and deliver heat below 300 degrees Celsius.
 - c. Restrict discharges from existing heat devices that burn any fossil fuel other than coal.

Add the following new definitions as defined in the NES-GGEIPH to assist with interpretation of Policy EIT-EN-P5

- Existing (for the interpretation of EIT-EN-P5)
- Fossil fuel
- Heat device
- Industrial process heat
- New (for the interpretation of EIT-EN-P5)

³ 00121.072 Ravensdown, 00321.046 Te Waihanga, 00239.118 Federated Farmers, 00206.048 Wayfare

⁴ 00139.150 DCC, 00138.107 QLDC

⁵ 00121.072 Ravensdown, 00239.118 Federated Farmers, 00411.061 Wayfare