

Hon Dr Megan Woods

MP for Wigram

Minister of Housing

Minister of Energy and Resources

Minister of Research, Science and Innovation

Associate Minister of Finance

19 JUL 2021



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Dear Jenny

Thank you for your letter of 26 January 2021, to Hon Grant Robertson, Hon James Shaw and myself, regarding the Block Offer tender processes for petroleum exploration permits (PEPs) for 2019 and 2020. Please note that I responded to the Official Information Act 1982 (OIA) request included that letter.

Your letter raises very interesting points for me to consider as part of decision-making under the Crown Minerals Act 1991 (CMA). In particular, how decision-making under the CMA, and the issuance of PEPs, relates to New Zealand's obligations under the UNFCCC and the Paris Agreement, the Climate Change Response Act 2002 (CCRA), the Climate Change Emergency Declaration, Te Tiriti o Waitangi, and the New Zealand Bill of Rights Act 1990.

Decision-making for Block Offer 2019

When the Government announced a ban on new offshore oil and gas exploration in 2018, it did so to provide certainty for industry and communities that rely on fossil fuels so they can plan for the future. It struck a balance to protect existing industry, and protect future generations from the impact of climate change. As part of that, the Government committed to hold a Block Offer for onshore Blocks in Taranaki for 2018, and again in 2019 and 2020.

The CMA is part of a wider regulatory framework. Other legislation focuses on regulating the effects of the activities to prospect, explore or mine the Crown-owned minerals. This includes discharges of greenhouse emissions, through the CCRA. The Resource Management Amendment Act 2020 will also provide the ability for councils to consider greenhouse gas emissions during resource consent processes.

The advice of the Climate Change Commission

As you know, this Government is committed to the transition to a low emissions economy and the 2050 emissions reduction target, as set out under the CCRA. As per the process set out in the CCRA, prior to 31 December 2021, the Minister for Climate Change will:

- (a) respond to the advice of the Climate Change Commission,

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(b) set the first three annual emissions budgets, and,

(c) release the New Zealand's first emissions reduction plan detailing the policies it will use to achieve the budgets.

Phase-out of fossil fuels

Steps have been taken in recent years to amend the CMA to align it with a phase-out of fossil fuel use in a smooth, sequenced and equitable way.

In 2018, the CMA was amended to substantially reduce the amount of acreage available for new petroleum permitting. New PEPs may now only be granted within the onshore Taranaki Region. Consequently, the numbers of PEPs granted in New Zealand has been in general decline (e.g. 15 permits granted under Block Offer 2014; one permit granted under Block Offer 2018; two permits granted under Block Offer 2019).

Reducing emissions from process heat is a key area for meeting our emissions budgets and targets and presents a significant opportunity for industry to modernise operations and improve energy productivity. The Government is delivering on its next phase of climate action in this area through two key initiatives – phasing out fossil fuels in process heat using national direction instruments under the Resource Management Act 1991, and partnering with industry to help to transition away from fossil fuels through the Government Investment in Decarbonising Industry (GIDI) fund.

Reviewing the Crown Minerals Act 1991

It will be important to ensure regulatory coherence, specifically in the CMA regime, as the policy landscape shifts to respond to the emissions budget and the emissions reduction plans.

As I outlined in my letter on the OIA request, the CMA is currently under review to ensure that the petroleum and minerals sectors can contribute to New Zealand's productive, sustainable and inclusive economy.

Thank you again for taking the time to write.

Regards

A handwritten signature in blue ink, appearing to read 'M. Woods'.

Hon Dr Megan Woods

Minister of Energy and Resources