

22 August 2023

By email: competition@comcom.govt.nz

Re: Collaboration and Sustainability Guidelines

Thank you for the opportunity to provide feedback on the draft Collaboration and Sustainability Guidelines. We commend the Commerce Commission for taking a proactive approach to this issue.

Airports around New Zealand are committed to sustainability. They have significant roles to play in New Zealand's decarbonisation, both as enabling partners in the aviation ecosystem and as critical regional infrastructure in their own right.

Airports are focused on reducing their scope 1 and 2 emissions, including phasing out gas boilers, electrifying vehicle fleets, using renewable energy and harnessing sustainable building materials and methods.

Airports must also contribute to reducing their scope 3 emissions by providing the infrastructure and support for emissions reductions by aviation partners, including airlines and ground handlers. Initiatives in this space include providing EV chargers on the airfield for ground handlers to use EV equipment, ground power units at international gates for aircraft to connect to renewable electricity, working with Airways and airlines to reduce aircraft fuel burn, and partnering with airlines on major aircraft technology and infrastructure development projects to explore new alternative fuel options for zero and low-emission flight.

Airports are also developing infrastructure to contribute to renewable electricity generation through solar farms and green hydrogen projects. This is essential due to the massive renewable electricity requirements of zero emission flight. The ability of airports to generate and utilise their own power may be critical to securing consistent energy provision for electric and hydrogen aircraft.

While there are sustainability and decarbonisation projects each individual airport can lead, airports exist in a network. Ultimately aviation decarbonisation requires network solutions and collaboration will be essential. We are also dealing with significant uncertainty. While technology solutions evolve, we need to foster an environment of innovation, creativity and cooperation, and mitigate first mover disadvantage as new technology is tested and rolled out.

With this context in mind, it would be useful for the Commerce Commission's guidance – whether through this piece of work or future pieces of work – could consider more infrastructure-related (transport and energy) examples and insights.

We have brainstormed some hypothetical examples of how airports might look to collaborate in the future, which could be helpful for the Commission to consider.

- There could be a decision by a set of airports to procure a one type of decarbonisation technology over another (e.g. standardised aircraft charging ports) to facilitate network

decarbonisation. This technology will be expensive and airport decisions will be guided by their largest airline customer and the requirements of the new generation aircraft they choose to procure. Airlines could look to cooperate on their aircraft procurement to facilitate standardisation across the network. Equally, a decision by one airline to procure one type of aircraft with specific requirements, and the airport infrastructure decisions that follow, could affect the viability of another airline's aircraft platform if it has alternative requirements.

- Some airports will have the land and diversified revenue to develop renewable energy infrastructure, but most will not. Zero emissions flight is therefore likely to require the cooperation of 'hub' and 'spoke' airports who take different roles in providing charging infrastructure and electricity access for airline customers. Airports could look to collaborate on renewable energy generation and use each other's generation capacity to put themselves into a better position for hosting electric aircraft. There could be other scenarios for utilising each other's infrastructure at a scale that improves respective competitiveness. In this way, in a decarbonised airport network, the structure, routes, capabilities and commercial relationships airports manage could look different to what we see now.
- There are potential scenarios to consider around the major task and cost of developing hydrogen generation infrastructure around the airport network. Airports could consider some kind of collaborative ownership model for this infrastructure, such as a multi-party joint venture, to invest in production capacity across the network.
- Looking more broadly at the aviation sector, globally there is significant competition for access to sustainable aviation fuel (SAF). Airlines operating in New Zealand could look to collaborate on procuring supplies of SAF from offshore providers, or on developing New Zealand-based SAF production and distribution facilities.

These ideas highlight the extent of collaboration that may be required for aviation decarbonisation to be successful in New Zealand. While we feel comfortable that airports are well attuned to competition issues and will be able to navigate any issues with appropriate expert advice, we would welcome the Commission's analysis being further grounded in the transport and energy infrastructure context.

We also note in the guidance that the scale of the perceived 'sustainability benefit' is material to whether anti-competitive collaboration is considered to be allowable. That is, if public interest outweighs the impact on competition then collaboration can be approved. It would be helpful in the guidance to have further examples (if not the actual criteria) of how this threshold is assessed.

Thank you for sharing the draft and we would be pleased to support further engagement with the team working on this project.

Yours sincerely

