

[REDACTED]

5 September 2023

Dear [REDACTED]

**Re: Official Information Act Request:
Letters of Expectation from the Minister of Energy and Resources to EECA**

Thank you for your online request on Sunday 3 September 2023, in which you requested information under the Official Information Act 1982. You requested:

Copies of the two most recent Letters of Expectation from the Minister of Energy and Resources to EECA.

Both letters are released in full, with no redactions. Please find the letters attached as Appendices.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note that it is our policy to proactively release our responses to official information requests where possible. Our response to your request will be published shortly at <https://www.eeca.govt.nz/about/news-and-corporate/official-information/> with your personal information removed.

Yours sincerely



Andrew Caseley
EECA Chief Executive

Hon Dr Megan Woods

MP for Wigram

Minister of Housing

Minister for Infrastructure

Minister of Energy and Resources

Minister for Building and Construction

Associate Minister of Finance



Elena Trout
Chair
Energy Efficiency and Conservation Authority
PO Box 388
WELLINGTON 6140

06 APR 2023

By email to: TroutEJ@outlook.com

Dear Elena

2023/24 Letter of Expectations for the Energy Efficiency and Conservation Authority

As is usual for Crown entities, I am writing to set out my expectations for the Board of the Energy Efficiency and Conservation Authority (EECA).

Government priorities

The Government's economic plan is to support New Zealand to become a high wage, low emissions economy that provides economic security in good times and bad. This is being achieved through the Government's support of businesses to retain jobs and support to Crown companies and entities to protect and maintain important services.

We acknowledge that the current operating environment and the economic outlook are challenging and uncertain. However, this environment makes the focus on delivering value even more important along with addressing the 'bread and butter' issues. Investing in critical infrastructure and public services will be important to our economic success, along with a focus on renewable energy, waste reduction, sustainability, resilience, and pursuing carbon neutrality.

Crown-owned companies and entities through their operations will play an important role in the social and economic success of New Zealand. Responsible management of assets and finances, including careful control of debt, capital expenditure and investments are part of the contribution EECA makes to the Government's goals.

Sector-related issues

The Government is focused on a just transition to net zero carbon emissions by 2050, and building a more productive, sustainable, and inclusive economy. The Government has published the first Emissions Reduction Plan (ERP) that incorporates sector-specific policies to meet the first emissions budget for 2022 to 2025, including for the energy sector.

The ERP sets out the Government's 2050 vision for energy and industry, which is that Aotearoa New Zealand has a highly renewable, sustainable, and efficient energy system supporting a low-emissions economy. The policies in the ERP will support Aotearoa's transition to low-emissions energy and make progress towards the Government's goal of 50 per cent of all energy consumption to come from renewable sources by 2035.

The ERP commits to the development of a New Zealand Energy Strategy (the Energy Strategy) by the end of 2024, and sets actions intended to reduce fossil fuel use in industry and roll out low-emissions fuels such as bioenergy and hydrogen. A replacement New Zealand Energy Efficiency and Conservation Strategy (NZEECS) that guides EECA's work programme will be developed alongside the Energy Strategy. EECA will need to work collaboratively with the Ministry for Business, Innovation and Employment (MBIE) on key strategy projects, including development of an Energy Strategy, the replacement NZEECS, and the Hydrogen Roadmap.

EECA is playing a critical role in delivering on policies set out in the ERP, alongside MBIE and other agencies. As a leading voice in the energy sector, EECA will be able to provide unique insights and technical expertise to assist in the development of the Energy Strategy.

EECA also has a key role to play in our energy transition by continuing to encourage innovation in energy efficiency and renewable energy both within and outside government. I also note EECA's significant role in accelerating the transition to low-emissions vehicles and technologies. Working well with MBIE and other agencies and industry participants to facilitate this transition to a low-carbon economy will be vital.

EECA continues to have a strong record in delivering its programme objectives while maintaining high standards of good governance and robust operating systems. EECA received significant new funding in Budget 2022, and it will be particularly important for EECA to maintain these high standards.

Entity-specific expectations

My specific expectations for EECA are as follows:

- Work effectively with other agencies across the wider work programme, for example, working with MBIE on the Energy Strategy and engagement with the Ministry of Transport on zero-emission vehicles.
- Effective and efficient delivery of current EECA programmes, particularly GIDI and EECA's role supporting decisions and oversight of delivery of investments made. I also expect to see an increased emphasis on supporting the uptake of green fuels, particularly hydrogen.
- Ensuring EECA is best utilising data and intelligence to understand progress of policy programmes and their effectiveness and providing timely reporting on these to MBIE and Ministers.
- Ensure EECA is well prepared to implement anticipated changes to its regulatory regime as a result of the Energy Efficiency Regulatory Amendment Project.
- Ensure public communications and education programmes focus on practical, tangible actions that help households achieve warm and healthy homes and reduce their energy costs. Public education and communications should also highlight wider benefits such as the reduction of greenhouse gas emissions, and reduction of peak electricity load. I would like to acknowledge your quick efforts to stand up a campaign for Winter 2023 to support consumers to reduce their energy costs as requested by me in a previous letter.

Changes to EECA priorities arising from Budget 2023

I note some of EECA's programmes may be affected by funding decisions to be made in Budget 2023. I will write to you at a later point if Budget decisions require a reassessment of priorities.

Preparation of accountability documents

As you will be aware, the Crown Entities Act 2004 mandates the requirements for the accountability documents of Crown entities.

Could you please arrange for EECA to prepare a draft Statement of Performance Expectations and provide this by 1 May 2023 for my consideration.

General governance and reporting expectations

Ministers expect all boards to be cognisant of the Government's 2019 *Enduring Letter of Expectations* to all statutory Crown entities, which asks that boards and their agencies:

- Support a unified, value-based government for all New Zealanders.
- Support future-focussed Māori Crown relations.
- Contribute to improving wellbeing.

In addition, MBIE's publication titled *Monitoring arrangements for MBIE-monitored Crown entities* sets out general governance, 'no surprises' and reporting expectations for Crown entities. Consistent with this, please continue to provide quarterly reports on EECA's progress one month after the end of each quarter.

Board self-evaluation

Boards are expected to evaluate their performance as a whole and that of individual members on an annual basis, and to advise Ministers and MBIE of the results of this assessment. This helps MBIE when providing advice to the Minister on board reappointments. Some tools for board performance review are available from the Institute of Directors in New Zealand.

Other matters

The Government expects all Crown entity boards to operate with a high standard of integrity and to have procedures in place to appropriately manage conflicts of interest, should any arise.

Thank you in advance for your contribution to the successful operation of EECA and for its contribution to the Government's wider objectives. Should you have any questions about any of the above, please do not hesitate to contact my officials at MBIE.

Response

Your advice on how you propose to respond to the expectations set out in this letter would be appreciated.

I look forward to continuing our working relationship over the coming year.

Yours sincerely



Hon Dr Megan Woods
Minister of Energy and Resources

Copy to: Mr Andrew Caseley, Chief Executive, Andrew.Caseley@eeca.govt.nz

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



Elena Trout
Chair
Energy Efficiency and Conservation Authority
PO Box 388
Wellington 6140
Email: T.troutEJ@outlook.com

Dear Elena

ANNUAL LETTER OF EXPECTATIONS FOR 2022/23

I write to convey my strategic and performance expectations for the Energy Efficiency and Conservation Authority (EECA) in relation to the 2022/23 financial year and beyond.

The Government's vision is for an affordable, secure, and sustainable energy system that provides for New Zealanders' wellbeing in a low emissions, climate resilient future.

The Government is focused on a just transition to net zero carbon emissions by 2050, and building a more productive, sustainable and inclusive economy. It will soon publish the first Emissions Reduction Plan (ERP) that will incorporate sector specific policies to meet the first emissions budget for 2022 to 2025, including for the energy sector.

These policies will support Aotearoa's transition to low emissions energy and make progress towards the Government's aspirational goal of 100 per cent renewable electricity by 2030.

I have already signalled that I intend to develop an energy strategy and have decided to replace the New Zealand Energy Efficiency and Conservation Strategy (NZECS), both of which will set out government priorities for the sector.

EECA will play a critical role delivering on policies that will be set out in the ERP, alongside the Ministry for Business, Innovation and Employment (MBIE) and other agencies. As a leading voice in the energy sector, EECA can provide unique insights and technical expertise to assist in the development of an energy strategy, work collaboratively with MBIE officials on the replacement NZECS, and support work to reform the Resource Management Act.

EECA also has a key role to play in our energy transition by continuing to encourage innovation in energy efficiency and renewable energy both within and outside government. Working well with MBIE and other agencies and industry participants to facilitate this transition to a low-carbon economy will be vital.

EECA continues to have a strong record in delivering its programme objectives while maintaining high standards of good governance and robust operating systems. This will be particularly important to maintain as businesses and individuals continue to traverse and respond to the ongoing uncertainty caused by COVID-19.

Specific priorities and expectations for EECA

During the 2022/23 financial year, I expect EECA to continue to develop and execute its programmes in line with the Government's priorities for the energy sector.

My specific expectations for EECA during 2022/23 are:

Contributing to the energy transition

- Prioritise implementation and delivery of the policies and strategies that are planned to be set out in the ERP including through collaboration with other parties and supporting cross government actions.
- Contribute to the development of an energy strategy and continue engagement with MBIE on the replacement of the NZEECS, including consideration of how EECA's existing or planned work programmes can support this.
- Leverage behaviour change expertise, by effective engagement with other organisations to support delivery of the government's energy goals.

Efficient delivery of Initiatives

- Maintain efficient allocation and funding processes to ensure programme benefits are realised as quickly as possible, while meeting the specific funds criteria and objectives.
- Information and evidence is collected for all programmes, including a focus on monitoring the continued broad impacts of COVID-19 and supply chain interruptions on major initiatives and programme outcomes. I expect thorough evaluations be undertaken at appropriate times for your programmes. In particular, I request you report to me on the evaluation of the Gen Less campaign by 20 December 2022.
- Support MBIE with progressing the review of the energy efficiency regulatory system for products and services.
- Continue to progress the Equipment Energy Efficiency (E3) program, including pursuing high-priority opportunities for new and improved standards, such as demand response and EV charging.
- Continue to build momentum to support the efficient delivery of the Carbon Neutral Government Programme and deliver the State Sector Decarbonisation Fund.
- Accelerate initiatives to assist and motivate industry to switch from burning fossil fuels for process heat to low-emission alternatives, including profiling these technologies to encourage deployment across sectors.
- Continue to accelerate the low-emissions transport transition through demonstration and infrastructure projects supported by the Low Emissions Transport Fund.
- Continue to deliver heating and insulation grants to low-income households through the Warmer Kiwi Homes programme, ensuring that the available funding is allocated as efficiently as possible to maximise the health and energy benefits of the programme.

Collaborate with other Stakeholders

- Leverage your key role to share market intelligence, insights and expertise within and outside government including by identifying better ways to work together and taking opportunities to partner with the wider energy sector, climate change forums, transport, health, education, investment funds and iwi agencies.
- Engage on government initiatives to support a cohesive government approach and investment strategy for the required energy transition, including on reform of the Resource Management Act.
- Continue your work building energy and emissions awareness and capability among smaller-scale consumers, households and groups, particularly through the Warmer Kiwi Homes programme and the Northland and Otago Home Energy Retrofit pilot projects. I also expect you to ensure that any data or insights generated through these initiatives is made available to inform our understanding of the distributional impacts and benefits, particularly for Māori and Pacific Peoples communities.

Changes to EECA priorities arising from Budget 2022

I note some of EECA's programmes may be affected by funding decisions to be made in Budget 2022. I will write to you at a later point if Budget decisions require a reassessment of priorities.

Enduring letter of expectations and general governance expectations

I reiterate the Government's 2019 [Enduring letter of expectations](#) to all statutory Crown entities, which asks that EECA:

- Support a unified value-based government for all New Zealanders.
- Support future-focussed Māori Crown relations.
- Contribute to improving wellbeing.

I ask that EECA consider and provide information to MBIE about how these expectations are given effect in your organisation through the business planning process.

I expect EECA and MBIE to continue working closely together and with regular communication and strong alignment of respective, and overlapping, work programmes.

In addition, I expect EECA to follow governance and monitoring expectations contained in the *Monitoring arrangements for MBIE-monitored Crown entities*.

Further enduring expectations and general governance expectations are set out in **Annex 1**.

Response

Your advice on how you propose to respond to the expectations set out in this letter would be appreciated.

I look forward to continuing our working relationship over the coming year.

Yours sincerely



Hon Dr Megan Woods
Minister of Energy and Resources

Copy to: Mr Andrew Caseley, Chief Executive, Andrew.Caseley@eeca.govt.nz

Annex 1: Further enduring expectations and general governance expectations

Enduring expectations

Below are recently issued or amended Government statements, policies and plans that apply to EECA.

Government Workforce Policy Statement

On 5 May 2021 a [Government Workforce Policy Statement](#) (Workforce Policy) was issued, which sets out the Government's expectations about public sector agencies' management of employment relations and emphasises the importance of pay restraint in the COVID-19 environment and the fiscal context of the Government.

Public Service Pay Gap Action Plan

Consistent with the Government's support for diversity, gender balance and wider ethnicity on boards, boards are encouraged to support diversity and inclusion in the workplace and in leadership teams. On 15 November 2021, the Government launched The [Public Service Pay Gap Action Plan](#) (Action Plan), which aims to help close pay gaps and create fairer workplaces for all employees. I look forward to seeing your progress as you implement the Action Plan.

Carbon Neutral Government Programme

In pursuit of our carbon reduction ambitions, the Carbon Neutral Government Programme (CNGP) has been set up to accelerate the reduction of emissions within the public sector. Crown Agents are required to disclose emissions and take other carbon reduction actions. I look forward to seeing your carbon reduction progress.

General governance expectations

Board self-evaluation

Boards are expected to evaluate their performance as a whole and that of individual members on an annual basis, and to advise responsible Ministers and MBIE of the results of this assessment. This helps MBIE when providing advice to the Minister on board appointments. Some tools for board performance review are available from the Institute of Directors in New Zealand.