

Energy Efficiency and Conservation Authority Statement of Intent 2009-2012

Contents

PART 1: STRATEGIC DIRECTION AND DELIVERY PROGRAMME	1
Chairman's Foreword	2
Statement of Responsibility	3
EECA's Operating Environment	4
Strategic Direction	8
Homes	10
Better Products	11
Energy Supply and Renewable Energy	12
Business	13
Central and Local Government	14
PART 2: FORECAST SERVICE PERFORMANCE 2009/10	15
Homes	17
Better Products	18
Energy Supply and Renewable Energy	19
Business	20
Central and Local Government	21
Forecast Service Performance (Output Expenses)	22
PART 3: FINANCIAL STATEMENTS	25
Statement of Prospective Financial Performance	26
Reconciliation to Statement of Service Performance	26
Statement of Prospective Financial Position	27
Statement of Prospective Movements in Taxpayers' Funds	28
Statement of Prospective Cash Flows	29
Statement of Accounting Policies	30
PART 4: FURTHER INFORMATION	37
EECA Profile	38

Part 1: Strategic Direction and Delivery Programme

Chairman's Foreword

As I release our Statement of Intent for the next three years, there is much talk about the changing world we now operate in.

The current global financial situation has prompted calls for investment in areas that stimulate the economy and create jobs. Add to this the increasing concern around the effects of climate change, and the focus turns to actions we can take to help us now, and that set us up for a more environmentally responsible future.

We need to look to areas that will stimulate and future proof our economy. We need to help our businesses ride the storm and come out the other side in a good position, and we need to make sure we protect the health and wellbeing of our families along the way.

The Energy Efficiency and Conservation Authority's (EECA) core programmes contribute to all of these outcomes.

Our work with New Zealand businesses will help reduce costs and emissions, which improves productivity, and in turn, international competitiveness.

Our residential programmes, insulating and improving the energy efficiency of our homes, will provide jobs, help families reduce their energy bills and create warmer, healthier homes that improve the health of occupants.

Our information programmes will make it easier for people to choose efficient products, appliances, cars and homes that will save them money in the long run.

Our work to advance both large- and small-scale renewable energy in New Zealand will deliver emissions reductions, help to stimulate new industries and contribute to a more diverse and robust energy system.

Locking in energy efficiency will deliver energy and emissions savings worth billions to our economy. Investing in large- and small-scale renewable energy will help meet our climate change objectives. These things are important at any time, but given the current situation, they are vital.

I believe EECA's programmes will deliver immediate benefits and contribute to a better future for all New Zealanders.



Roger Sutton

Chairman

Statement of Responsibility

This Statement of Intent sets out the medium-term intentions and undertakings of EECA, specifically the outcomes, impacts and outputs that EECA aims to deliver over the next three years.

The performance to be achieved by EECA for the year ending 30 June 2010 that is specified in the Statement of Intent is as agreed with the Minister of Energy and Resources, who is the Minister responsible for overseeing and managing the Crown's interests in EECA.

The Board acknowledges responsibility for the preparation of this Statement of Intent with consideration for EECA's strategic direction, Forecast Financial Statements and Forecast Service Performance for 2009/10 and the following two years.

The Board is satisfied that the Statement of Intent complies with sections 141 and 142 of the Crown Entities Act 2004.

EECA's Board and management are responsible for establishing and maintaining systems and processes that support high-quality service delivery and regulatory decision-making, and provide reasonable assurance as to the integrity and reliability of financial reporting.



Roger Sutton
Chairman
27 May 2009



Toni Owen
Chair of Risk and Audit Committee
27 May 2009

EECA's Operating Environment



In the year ending March 2007 New Zealand consumed 506 petajoules¹ (PJ) of energy, of which 150 PJ (or 30%) came from renewable sources². Since 2001, New Zealand's national energy use has increased at an average rate of 2.4% per annum, contributing to our total current energy costs of \$15.4 billion per year. Oil accounts for nearly half of our total energy use.



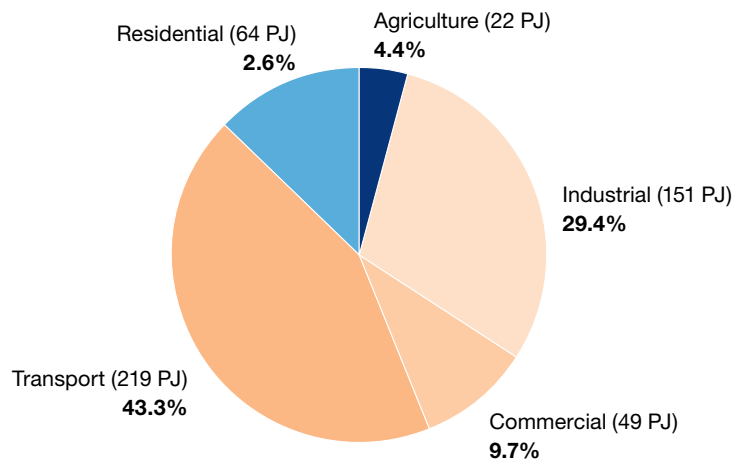
Through the adoption of available energy-saving technologies and better energy management, New Zealand has the potential to save around 15% (or 75 PJ) of energy use in the next 10 years³.

1. A petajoule is the unit most often used to measure energy production and use on a national scale. A petajoule is 10^{15} (or 1,000,000,000,000,000) joules. A petajoule is also equivalent to 277.78 million KWh of electricity or the approximate amount of electricity used by a city the size of Nelson each year.

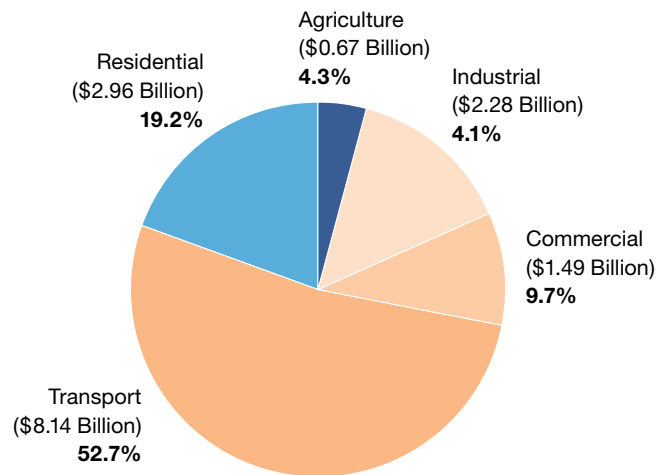
2. Renewable energy is energy that is self-restoring. Examples include wind, solar energy, hydro energy and bioenergy from biomass (biological materials that store energy from the sun).

3. This figure assumes that New Zealand's energy consumption will grow by around 8.2 PJ per annum, pro-rated to 2007 year energy use. See Potentials Analysis by Henderson, reported in *The Dynamics of Energy Efficiency Trends in New Zealand* (EECA, 2000).

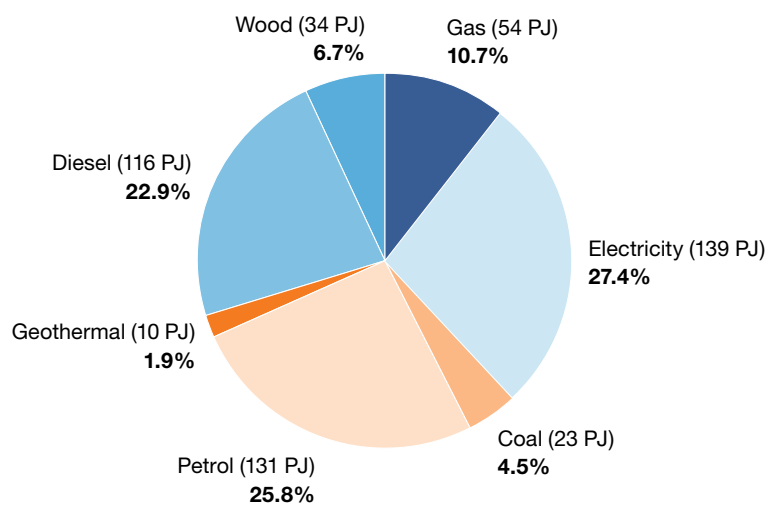
**Fig 1. Energy Use by Sector (506 PJ)
in March 2007 Year**



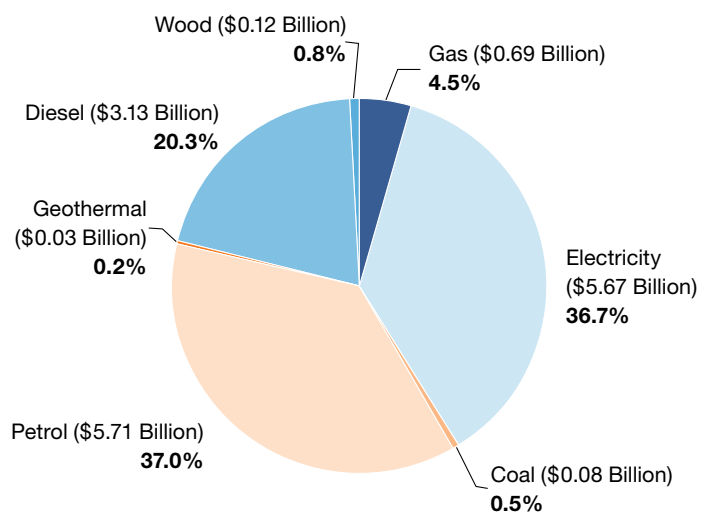
**Fig 2. Energy Spend (\$15.4 Billion)
by Sector in March 2007 Year**



**Fig 3. Energy Use by Fuel Type (506 PJ)
in March 2007 Year**



**Fig 4. Energy Spend by Fuel Type (\$15.4 Billion)
in March 2007 Year**



Research also suggests that, with the right level of investment and support for the renewable electricity sector, 90% of New Zealand's electricity could be supplied through renewable sources by 2025.

Well-designed energy efficiency measures, such as the provision of grants and subsidies for home insulation, are among the most effective ways of addressing unemployment issues in a recession, while also delivering net national economic benefits in the medium to long term.

EECA is required to deliver a range of actions outlined in the New Zealand Energy Efficiency and Conservation Strategy (NZECS), as well as responding to emerging government priorities and policy directions.

EECA works closely with other government agencies, Ministries and departments to design, implement and monitor policies to promote efficient energy use and make better use of New Zealand's abundant renewable energy resources.

EECA's expertise lies in the development, design and delivery of programmes that promote, support and encourage the uptake of energy efficiency measures and renewable energy. This includes the delivery of grants, services and information that enable energy users to make informed decisions about the benefits of energy efficiency and renewable energy.

EECA works with businesses, government, local government, communities and individuals to embed energy efficiency and renewable energy into their day-to-day activities. This is achieved by focusing on tangible results in terms of both energy savings and emissions reductions. In addition to the energy savings, EECA's programmes deliver significant co-benefits.

Strategic Direction

EECA's delivery programmes aim to contribute to economic growth, health and other social outcomes through the promotion, support and encouragement of cost-effective energy efficiency and renewable energy initiatives. Each programme links to EECA's responsibilities under the New Zealand Energy Efficiency and Conservation Strategy (NZECS) and is monitored to ensure ongoing effectiveness for the residential, business and government sectors.

The following table demonstrates how specific EECA outputs and outcomes are intended to contribute to the Government's broader goals for 2009-2012, with further information provided in the programme summaries that follow.

Government Goals	Grow the New Zealand economy in order to deliver greater prosperity, security and opportunities to all New Zealanders
Government Outcome	Efficient, reliable and responsive infrastructure services
Impacts	Energy efficiency, energy conservation and the use of renewable energy resources improve security of supply, productivity and health outcomes
EECA Outcomes	<p>Homes</p> <ul style="list-style-type: none"> • <i>Warm, dry and energy efficient homes with improved air quality to avoid ill-health and lost productivity</i> • <i>More employment opportunities in the residential retrofitting sector</i> • <i>Increased public understanding about the benefits associated with energy efficiency</i> <p>Products</p> <ul style="list-style-type: none"> • <i>Consumers are better informed about products and vehicles that use less energy and can make informed choices that reduce their overall energy costs and carbon dioxide emissions</i> • <i>Improvements in product technologies leading to increased productivity growth and lower energy costs</i> <p>Energy Supply and Renewable Energy</p> <ul style="list-style-type: none"> • <i>Increased awareness and uptake of renewable energy within the residential, transport and electricity sectors</i> • <i>Increased investment in new and emerging renewable energy resources and in existing renewable energy infrastructure</i>

EECA Outcomes	<p>Business</p> <ul style="list-style-type: none"> • <i>More energy efficient and competitive businesses reducing their operating costs, using more renewable energy, emitting less carbon dioxide and creating more jobs</i> <p>Central and Local Government</p> <ul style="list-style-type: none"> • <i>Opportunities to adopt energy efficiency and reduce emissions are identified and implemented within the government sector</i> • <i>High-quality advice to the Government and other stakeholders on energy efficiency and renewable energy issues</i>
EECA Output Areas	<p>Homes – Encouraging and, where necessary, providing financial assistance for homes to be fitted with insulation, clean and efficient heating systems and other measures to keep bills low and houses warm</p> <p>Products – Ensuring that households and businesses have the right information to choose the most energy efficient products and vehicles</p> <p>Renewable Energy Supply – Promoting New Zealand’s significant resources of potential renewable energy, including wind, hydro, geothermal, solar, marine, renewable transport and wood energy technologies</p> <p>Business – Providing businesses with good information and, where necessary, funding to encourage the uptake of energy efficiency and renewable energy</p> <p>Government and Local Government – Identifying opportunities for the Government and local government authorities to improve their energy efficiency</p>

Homes

In 2007, households consumed 64PJ of energy, or 13% of New Zealand’s total energy consumption. However, a large proportion of New Zealand’s homes remain cold, damp and relatively costly to run. International and New Zealand research suggests that this is detrimental to people’s health and can lead to lower productivity as people stay home from work and school due to illness.

EECA addresses these issues through the provision of information, grants and interest subsidies for energy efficiency initiatives in New Zealand homes. Through the delivery of initiatives in the residential sector EECA also stimulates the building sector and helps to mitigate the negative impacts of the economic recession.

EECA Outcomes	Service Delivery 2009-2012	Outcome Measures (cumulative savings)*
Warm, dry and energy efficient homes with improved air quality to avoid ill-health and lost productivity	Allocating 45,000 grants for insulation and/or clean heat devices for households owned or occupied by community service card holders	Approximately 1,500 full-time equivalent jobs in construction and related industries (including flow-on effects)
More employment opportunities in the residential retrofitting sector	<p>Allocating 75,000 grants for insulation and/or clean heat devices for all other New Zealand households</p> <p>Allocating 1,950 grants for the installation of clean heat devices for households owned or occupied by community service card holders</p>	<p>\$256 million energy savings</p> <p>9.89 PJ energy demand reduced</p> <p>\$240 million health benefit</p>
Increased public understanding about the benefits associated with energy efficiency	ENERGYWISE™ information campaign	<p>* These outcome measures represent the long-term impacts of services that will be delivered over a three-year period (2009/10-2011/12). For the Homes Programme the figures represent the accrued benefits over 22 years in terms of full-time equivalent jobs in construction and related industries, health benefits, energy savings and energy demand reduced. This is a maximum potential savings projection and includes projected savings from autonomous energy efficiency intensity improvements.</p>

Better Products

Appliances use around 40% of a household’s electricity and therefore represent a high proportion of a household’s energy costs. Residential energy demand is also projected to increase by around 60% (from 2006 to 2030)⁴. This trend is likely to create additional costs for energy users, increased need for electricity generation and an increase in greenhouse gas emissions.

The Better Products Programme provides cost-effective incentives for manufacturers to continuously improve their products and enables consumers, including households, to objectively assess energy efficiency features when purchasing appliances.

The programme is designed to increase consumer and industry awareness of the benefits associated with energy efficiency and conservation through the application and promotion of energy rating labels and the ENERGY STAR® mark. The programme also develops minimum energy performance standards for products to cost effectively remove the most wasteful products from the market.

The Better Products Programme also includes vehicles. EECA has introduced a world-leading vehicle fuel economy labelling programme so that New Zealanders can choose cars that use less fuel, emit less carbon dioxide and are cheaper to run.

EECA Outcomes	Service Delivery 2009-2012	Outcome Measures (cumulative savings)*
<p>Consumers are better informed about products that use less energy and can make informed choices that reduce their overall energy costs and carbon dioxide emissions</p> <p>Improvements in product technologies leading to increased productivity growth and lower energy costs</p>	<p>Continued promotion of ENERGY STAR®, with an additional 12 products promoted by end of 2012</p> <p>Participating in the development of joint Trans-Tasman Standards, including development (and updates) of standards for new and existing product classes</p> <p>Monitoring retail outlets for compliance with mandatory labelling requirements</p> <p>Initiating public consultation for proposals to address product classes as required</p>	<p>\$4.75 billion energy savings</p> <p>162 PJ energy demand reduced</p> <p>21.2 Mt greenhouse gas emissions avoided</p> <p>Awareness of ENERGY STAR® maintained at 75% by March 2010</p>
<p>Consumers are better informed about vehicles that use less energy and can reduce their energy costs and carbon dioxide emissions</p>	<p>Maintaining vehicle fuel economy labelling, information and education programmes for light vehicles</p>	<p>* Excluding the outcome measure for the 'Awareness of ENERGY STAR®', these outcome measures represent the long-term impacts of services that will be delivered over a three-year period (2009/10-2011/12). For the Better Products Programme the figures represent the accrued benefits over 21 years in terms of energy savings, energy demand reduced and greenhouse gas emissions avoided. This is a maximum potential savings projection and includes projected savings from autonomous energy efficiency intensity improvements.</p>

4. Ministry of Economic Development (2006), *New Zealand's Energy Outlook to 2030*, p28.



Energy Supply and Renewable Energy

EECA's primary focus in this area is to encourage the widespread uptake of renewable energy. This includes large- and small-scale renewable energy projects, domestic use of renewable energy and renewable energy opportunities in business and government.

Assistance and support are aimed at removing any barriers to the uptake of renewable energy. This includes working with and supporting renewable energy industries, providing independent and impartial quality information and providing financial assistance to encourage the uptake of renewable energy including solar water heating and distributed generation.

EECA also works with other government agencies on developing a more efficient electricity system that uses low carbon fuel and makes the most of all of our demand management opportunities.

EECA Outcomes	Service Delivery 2009-2012	Outcome Measures (cumulative savings)*
Increased awareness, uptake and investment in renewable energy resources and in renewable energy infrastructure within the residential and electricity sectors	Allocating grants for the installation of 1,000 efficient water heaters and provision of information for consumers Making supporting submissions on renewable energy projects that are in the planning process, and supporting renewable energy industries	17.26 PJ of additional renewable energy used 1.6 Mt greenhouse gas emissions avoided
Increased awareness and uptake of renewable energy within the transport sector	Delivering consumer information on renewable transport energy, including biofuel reporting	* These outcome measures represent the long-term impacts of services that will be delivered over a three-year period (2009/10-2011/12). For the Energy Supply and Renewable Energy Programme the figures represent the accrued benefits over 30 years in terms of additional renewable energy used and greenhouse gas emissions avoided. This is a maximum potential savings projection and includes projected savings from autonomous energy efficiency intensity improvements.
Increased investment in new and emerging renewable energy resources and in existing renewable energy infrastructure	Administering the NZ Marine Energy Deployment Fund and offering funding up to \$2.39 million per annum Allocating grants for development of Distributed Generation projects	



Business

Businesses use around 66% of New Zealand's total stationary energy⁵. With the exception of energy intensive businesses, energy efficiency is not a strategic issue for many businesses. A lack of information and the high cost of some energy efficiency technologies also represent barriers to investment. These issues have become increasingly pressing during the current economic recession.

EECA works with businesses to support better energy management and to mitigate the negative effects of the recession. This is achieved through the provision of information, demonstrations of successful energy management initiatives and the provision of financial assistance to businesses that are adopting new or under-utilised energy-saving technologies, or using renewable forms of energy. Particular attention will be given to projects that create more jobs, and low-cost or no-cost opportunities for businesses in the 2009/10 year.

EECA Outcomes	Service Delivery 2009-2012	Outcome Measures (cumulative savings)*
<p>More energy efficient and competitive businesses reducing their operating costs, using more renewable energy, emitting less carbon dioxide and creating more jobs</p>	<p>Supporting industry associations within energy intensive industries, and promoting best practice in energy management</p> <p>Allocating grants for energy audits within large businesses and SMEs</p> <p>Allocating grants for new and emerging energy efficiency and renewable energy technologies, including within commercial buildings and for industrial heat processes</p> <p>Providing demonstrations, case studies and training to increase the use of energy efficiency and renewable energy technologies</p> <p>Undertaking feasibility studies and demonstrating supply- and demand-side initiatives in the wood energy sector</p>	<p>\$106.5 million energy savings</p> <p>9.9 PJ in energy demand reduction</p> <p>0.75 Mt greenhouse gas emissions avoided</p> <p>0.12 PJ increase in use of wood energy</p> <p>* These outcome measures represent the long-term impacts of services that will be delivered over a three year period (2009/10-2011/12). For the Business Programme the figures represent the accrued benefits over 15 years in terms of energy savings, energy demand reduced and greenhouse gas emissions avoided. This is a maximum potential savings projection and includes projected savings from autonomous energy efficiency intensity improvements.</p>

5. Stationary Energy is characterised by all energy production and consumption, including electricity and direct uses of energy for heating and industrial processes, but excluding transport.



Central and Local Government

Good energy management and energy efficiency practices can reduce the amount of energy used in government, providing better value for money in the state sector. EECA works with central and local government entities to identify and implement cost-effective initiatives that will save energy and reduce costs and greenhouse gas emissions. For instance, through the Crown Energy Efficiency Loans Scheme EECA administers funding for investment in energy efficiency and renewable energy in the public sector.

EECA also supports and encourages local government entities to take a leadership role and to coordinate activities within their regions. This includes the use of local government funding and rating mechanisms to fund/facilitate the development of household energy efficiency initiatives. The leadership role of local government is a critical contributor to the successful delivery of EECA's Homes and Energy Supply Programmes.

EECA's research, monitoring and policy development activities ensure that EECA can provide advice to government on targeting programmes at the areas of biggest energy and social gains, which offer the greatest value for money.

EECA Outcomes	Service Delivery 2009-2012	Outcome Measures (cumulative savings)*
More government agencies implementing energy efficiency measures	Providing Crown Loans and advice to increase government sector investment in energy efficiency and renewable energy projects	\$2.25 million energy savings 0.12 PJ in energy demand reduction 0.01 Mt greenhouse gas emissions avoided
Local government supports energy efficiency and renewable energy in households, businesses and communities Local government supports new and existing renewable energy initiatives Increased use of local government funding and rating mechanisms to fund/facilitate the development of household energy efficiency initiatives	Assisting regional authorities to develop and implement regional energy strategies Working with Local Government New Zealand and local authorities to develop funding mechanisms for residential energy efficiency projects	
Increased understanding of New Zealand's progress in energy efficiency, energy conservation and renewable energy, and better application of knowledge	Implementing the Energy Domain Plan to provide a comprehensive database by end of 2009 Developing and maintaining Energy End Use Database and Energy Efficiency Potentials models	

* These outcome measures represent the long-term impacts of services that will be delivered over a three-year period (2009/10-2011/12). For the Government and Local Government Programme the figures represent the accrued benefits over 30 years in terms of energy savings, energy demand reduced and greenhouse gas emissions avoided. This is a maximum potential savings projection and includes projected savings from autonomous energy efficiency intensity improvements.

Part 2: Forecast Service Performance 2009/10

Homes

INITIATIVES	EXPECTED RESULTS	OUTPUTS	PERFORMANCE MEASURES
NZ Insulation and Clean Heat Fund	Improved energy efficiency of pre-2000 houses and improved health of occupants through installation of insulation or clean and efficient heating devices	Insulation and/or clean and efficient heating devices installed	<p>Grants allocated for the installation of energy efficiency measures (including home energy audits, insulation, pipe lagging, draft-proofing, cylinder wraps and clean and efficient heating devices) in at least 15,000 households owned or occupied by community service card holders and 12,500 other New Zealand households, and all installations completed by 30 June 2010</p> <p>All insulation retrofits meet NZS 4246 criteria (<i>Energy Efficiency – Installing Insulation in Residential Buildings</i>)</p> <p>All installations of clean heating devices comply with relevant EECA requirements for installation and performance</p>
ENERGYWISE™ information for consumers	Increased public awareness of the energy efficiency benefits through the ENERGYWISE™ campaign key messages	An integrated multimedia campaign	At least 20% increase in public awareness (from Dec 2008 Qtr Attitudes and Behaviour Research) by 30 June 2010
Clean Heat grants	Improved air quality and health benefits through the installation of clean heating devices in eligible, pre-2000 houses in areas of poor air quality	Installation of clean and efficient heating devices	<p>Grants allocated for the installation of clean and efficient heating devices in at least 650 houses, and installations completed by 30 June 2010</p> <p>All installations of clean and efficient heating devices comply with relevant EECA requirements for installation and performance</p>

Better Products

INITIATIVES	EXPECTED RESULTS	OUTPUTS	PERFORMANCE MEASURES
ENERGY STAR®	Consumers can identify best performing products through the ENERGY STAR® brand	Three ENERGY STAR® product endorsement specifications launched	At least 65% consumer recognition of ENERGY STAR® brand by 30 June 2010 At least two additional retail partners (four in total) signed up by 30 June 2010
Vehicle Fuel Economy Labelling (VFEL)	Increased trader and consumer awareness of VFEL through public promotion and training activities Consumers purchase vehicles that use less energy and reduce costs	Monitoring of consumer and industry behaviour, including industry audit visits	50% of purchase decisions are influenced by VFEL by 30 June 2010 Visits to at least 100 motor vehicle dealers undertaken by 30 June 2010 90% compliance with VFEL requirements among franchise dealers
Minimum Energy Performance Standards (MEPS)	Consumers can purchase more energy efficient products Industry compliance with labelling requirements maintained Heat pump technology is applied to best effect	Joint development of MEPS with Australia Retail outlets monitored for labelling compliance Heat pump best-practice guide	100% of standards meet AS/NZ Standard requirements Retailers meet labelling requirements for at least 95% of appliances by 30 June 2010 Heat pump best-practice guide developed by 30 June 2010

Energy Supply and Renewable Energy

INITIATIVES	EXPECTED RESULTS	OUTPUTS	PERFORMANCE MEASURES
Marine Energy Fund	Increased investment in new and emerging renewable energy resources within the electricity sector through the marine energy funding round	Contract(s) up to \$2.39 million offered for the development of suitable renewable energy resources	Suitable marine energy deployment project(s), as assessed by a panel of national and international experts, initiated by 30 June 2010
Distributed Generation (DG) grants	Increased investment in new and emerging renewable energy resources through funding of projects with DG potential	Projects with DG potential initiated	Grants allocated for the initiation of at least two projects to demonstrate the cost effectiveness of DG by 30 June 2010
Efficient and Renewable Hot Water grants	Increased uptake of renewable energy through the allocation of grants for solar water heaters and heat pump water heaters	Residential solar water heaters (or equivalents)	Grants for at least 1,000 residential solar water heaters (or equivalents) committed by 30 June 2010
Renewable Transport Energy information	Development of the renewable transport industry through the provision of information on biofuels and electric vehicles	Voluntary biofuels reporting scheme	At least two biofuel producers participating in a voluntary biofuels reporting scheme by 30 June 2010
Renewable Energy information and support	Increased awareness and investment in renewable energy resources through process support for renewable energy projects, information to councils and the public and support for industry	Renewable energy projects supported (e.g, via attendance at hearings or submissions) High-quality information available from renewable energy associations	Supporting at least 2 PJ per annum of renewable energy projects in the planning process within statutory timeframes At least three additional information resources available via renewable energy associations, that meet EECA's internal quality criteria, by 30 June 2010

Business

INITIATIVES	EXPECTED RESULTS	OUTPUTS	PERFORMANCE MEASURES
Information and support for business	Businesses replicating energy-saving and renewable energy technologies	Advice, workshops and case studies representing best-practice energy management techniques	At least six case studies of best-practice energy management techniques in at least four different industries completed to EECA's internal quality criteria by 30 June 2010 At least 150 businesses receive advice or attend workshops that meet EECA's internal quality criteria by 30 June 2010
Grants for large energy-using businesses	Large energy-using businesses using energy audits to identify energy saving opportunities and adopting energy saving and renewable energy technologies	Energy assessments for large energy-using businesses On-site demonstrations of energy efficient and renewable energy technologies and processes for large energy-using businesses	\$0.6 million of grants allocated to fund audits to the AS/NZ Audit Standard, where appropriate, resulting in at least \$4 million of potential energy savings identified by 30 June 2010 \$0.6 million of grants allocated for at least 10 projects that demonstrate replicable energy efficient and renewable energy technology to approved criteria by 30 June 2010
Grants for energy intensive SMEs and industry associations	Energy intensive SMEs using energy audits to identify energy saving opportunities and adopting energy saving and renewable energy technologies	Energy audits, advice and training for energy intensive SMEs	Establishing a nation-wide programme to provide audits, advice and training for energy intensive SMEs to EECA's internal quality criteria by 30 June 2010
Wood energy grants for demonstrations and research	Increased awareness, use of and investment in renewable wood energy resources Increased investment in engineering research projects for the recovery of woody biomass from forests and wood processing plants	Feasibility studies and evaluation reports Wood energy projects for demonstration Fuel quality testing guidelines Engineering research project	At least three feasibility studies completed and associated reports demonstrate situations in which wood energy can be cost effective by 30 June 2010 At least eight wood energy projects (including demand- and supply-side projects) initiated for demonstration and businesses receive relevant published case studies for technology implementation by 30 June 2010 Fuel quality testing guidelines published to EECA's internal quality criteria by 30 June 2010 At least one research project initiated to EECA's quality criteria by 30 June 2010

Central and Local Government

INITIATIVES	EXPECTED RESULTS	OUTPUTS	PERFORMANCE MEASURES
Crown Loans	More government agencies implementing energy efficiency measures	Energy efficiency initiatives within the public sector	<p>Crown loan funding to the value of up to \$2 million allocated for energy efficiency initiatives in the public sector by 30 June 2010</p> <p>All successful applicants meet EECA's funding criteria, including cost-effectiveness, GHG reductions, replicability and contribution to renewable energy sources</p>
Support for local government	<p>Local government supports energy efficiency in households, businesses and communities, including new and existing renewable energy initiatives</p> <p>Increased use of local government funding and rating mechanisms to fund/facilitate the development of household energy efficiency and renewable energy initiatives</p>	<p>Energy strategies and action plans within local and regional authorities</p> <p>Case study for a rates-based mechanism to fund energy efficiency initiatives</p>	<p>Support and advice provided to local and regional authorities on the development and implementation of initiatives, including energy strategies, to EECA's internal quality criteria</p> <p>At least four regional authorities to develop regional energy strategies and implement action plans by 30 June 2010</p> <p>At least one case study developed and at least five councils to implement by 30 June 2010</p>
Policy, research and monitoring	Increased understanding of New Zealand's progress in energy efficiency, energy conservation and renewable energy, and better application of knowledge	<p>Advice and support for government agencies on energy efficiency and renewable energy</p> <p>Energy End Use Database and Potentials Analysis Model</p> <p>Energy Domain Plan actions, including Primary Sector Energy Survey (Statistics NZ) and the Commercial Building Energy Efficiency Project (BEEP)</p>	<p>Advice arising from EECA's policy, research and monitoring is reflected in the Government's energy policy and funded accordingly</p> <p>Research and monitoring information is applied to EECA's internal quality criteria by 30 June 2010</p>

Forecast Service Performance (Output Expenses)

INITIATIVES	APPROPRIATION (\$000) (Vote Energy)			
	Non-departmental Output Expenses		Non-departmental Other Expenses	Non-departmental Capital Expenses
	Energy Efficiency and Conservation		Energy Efficiency and Renewable Energy Grants	Crown Energy Efficiency (Capital)
Services	Grants			
HOMES Total \$60,954				
Insulate New Zealand Fund	\$3,576		\$41,770	
ENERGYWISE™ information for consumers and support for industry	\$6,524			
Clean Heat grants	\$250			
TOTAL	\$10,350	\$0	\$41,770	\$0
BETTER PRODUCTS Total \$3,904				
ENERGY STAR®				
Energy efficiency labelling (incl VFEL)	\$3,808			
Minimum Energy Performance Standards				
TOTAL	\$3,808	\$0	\$0	\$0
ENERGY SUPPLY AND RENEWABLE ENERGY Total \$6,990				
Marine Energy Fund				
Distributed Generation (DG) grants	\$1,357	\$100		
Renewable Energy information and support				
Efficient and renewable hot water grants	\$1,971		\$2,918	
Renewable transport energy information	\$386			
TOTAL	\$3,714	\$100	\$2,918	\$0
BUSINESS Total \$8,533				
Information and support for business				
Grants for large energy-using businesses	\$3,638	\$800	\$680	
Grants for energy intensive SMEs and industry associations		\$600		
Wood energy grants for demonstrations and research	\$511			
TOTAL	\$4,149	\$1,400	\$680	\$0
CENTRAL AND LOCAL GOVERNMENT Total \$4,792				
Crown Loans				\$2,000
Support for local government	\$2,460	\$140		
Policy, Research and Monitoring				
TOTAL	\$2,460	\$140	\$0	\$2,000
Total By Appropriation	\$24,481	\$1,640	\$45,368	\$2,000
Total Appropriations (excluding Capital Appropriations) =	\$83,173			

Forecast Service Performance (Output Expenses)

INITIATIVES	APPROPRIATION (\$000) (Vote Environment)	Other Funding (\$000)	
		Services	Grants
	Non-departmental Other Expenses		
	Warm Homes Grants and Assistance		
HOMES Total \$60,954			
Insulate New Zealand Fund		\$180	\$7,500
ENERGYWISE™ information for consumers and support for industry		\$54	
Clean Heat grants	\$1,100		
TOTAL	\$1,100	\$234	\$7,500
BETTER PRODUCTS Total \$3,904			
ENERGY STAR® Energy efficiency labelling (incl VFEL) Minimum Energy Performance Standards		\$96	
TOTAL	\$0	\$96	\$0
ENERGY SUPPLY AND RENEWABLE ENERGY Total \$6,990			
Marine Energy Fund			
Distributed Generation (DG) grants		\$34	
Renewable Energy information and support			
Efficient and renewable hot water grants		\$49	
Renewable transport energy information		\$175	
TOTAL	\$0	\$258	\$0
BUSINESS Total \$8,533			
Information and support for business			
Grants for large energy-using businesses		\$91	
Grants for energy intensive SMEs and industry associations			
Wood energy grants for demonstrations and research		\$613	\$1,600
TOTAL	\$0	\$704	\$1,600
CENTRAL AND LOCAL GOVERNMENT Total \$4,792			
Crown Loans		\$130	
Support for local government		\$62	
Policy, Research and Monitoring			
TOTAL	\$0	\$192	\$0
Total By Appropriation	\$1,100	\$1,484	\$9,100

Part 3: Financial Statements

Statement of Prospective Financial Performance

	Budget 2009/10 \$000	Forecast 2010/11 \$000	Forecast 2011/12 \$000
Revenue			
Crown funded			
Opex	26,121	24,924	25,224
Grants	46,468	69,318	85,168
Other funding	10,584	1,195	465
	83,173	95,437	110,857
Expenditure			
Personnel	10,337	9,634	9,634
Property and Leasing	938	800	800
Externally sourced services	3,043	3,132	3,412
Marketing services	8,189	7,745	7,590
Operations	3,040	3,010	2,835
Opex grants	10,740	1,380	1,000
Crown grants	46,468	69,318	85,168
Depreciation and amortisation	283	283	283
Capital charge	135	135	135
Total expenditure	83,173	95,437	110,857
Net surplus/(deficit)	0	0	0

Reconciliation to Statement of Service Performance

Non-Departmental Output Expenses (NDOE)		
Services	24,482	
Grants	1,640	
Total NDOE		26,122
Non-Departmental Other Expenses		
Vote Energy	45,368	
Vote Environment	1,100	
Total non-departmental other expenses		46,468
Other Funding		
Services	1,484	
Grants	9,100	
Total other funding		10,584
Total funding		83,173

Statement of Prospective Financial Position

	Estimated Actual Position as at 30/06/09 \$000	Forecast Financial Position as at 30/06/10 \$000	Forecast Financial Position as at 30/06/11 \$000	Forecast Financial Position as at 30/06/12 \$000
Taxpayers' funds				
Crown equity	545	545	545	545
Crown Loans	4,669	5,069	5,069	4,669
Retained earnings	1,046	1,046	1,046	1,046
Total taxpayers' funds	6,260	6,660	6,660	6,260
Represented by:				
Assets				
Current assets				
Cash and bank	1,726	1,255	1,295	1,223
Short-term deposits	3,229	1,089	1,389	1,089
Receivables	300	789	789	389
Prepayments	75	75	75	75
Loans	1,127	1,492	1,902	2,082
Total current assets	6,457	4,700	5,450	4,858
Non-current assets				
Loans	3,497	3,601	3,259	2,705
Property, plant and equipment	660	1,133	1,406	1,679
Intangible assets	9	297	305	181
Total non-current assets	4,166	5,031	4,970	4,565
Total assets	10,623	9,731	10,420	9,423
Liabilities				
Current liabilities				
Payables	2,544	2,118	3,207	2,610
Employee entitlements	615	400	400	400
Total current liabilities	3,159	2,518	3,607	3,010
Non-current liabilities				
Income in advance	1,075	400	0	0
Employee entitlements	59	59	59	59
Reinstatement provision	70	94	94	94
Total non-current liabilities	1,204	553	153	153
Total liabilities	4,363	3,071	3,760	3,163
Net assets	6,260	6,660	6,660	6,260

Statement of Prospective Movements in Taxpayers' Funds

	Budget 2009/10 \$000	Forecast 2010/11 \$000	Forecast 2011/12 \$000
Taxpayers' funds as at 1 July	6,260	6,660	6,660
Net surplus/(deficit) for the period	0	0	0
Total recognised revenues and expenses for the year	6,260	6,660	6,660
Capital contribution	2,000	2,000	2,000
Capital distribution	(1,600)	(2,000)	(2,400)
Taxpayers' funds as at 30 June	6,660	6,660	6,260

Statement of Prospective Cash Flows

	Budget 2009/10 \$000	Forecast 2010/11 \$000	Forecast 2011/12 \$000
Cash flows from operating activities			
Cash will be provided from:			
Crown funded grants – Opex	25,632	24,924	25,324
Crown funded grants – Crown	46,468	69,318	85,168
Supply of outputs to external parties	10,145	805	1,035
Interest received	439	390	160
	82,684	95,437	111,687
Cash will be applied to:			
Payments to employees	(10,552)	(9,634)	(9,634)
Payments to suppliers	(27,096)	(15,446)	(16,689)
Crown grants	(46,468)	(69,318)	(85,168)
Capital charge	(135)	(135)	(135)
	(84,251)	(94,533)	(111,626)
Net cash flows from operating activities	(1,567)	904	61
Cash flows from investing activities			
Cash will be provided from:			
Loan repayments received	1,600	2,000	2,400
Cash will be applied to:			
Purchase of plant, property and equipment	(756)	(556)	(556)
Purchase of intangible assets	(288)	(8)	123
Loans provided	(2,000)	(2,000)	(2,000)
Net cash flows from investing activities	(1,444)	(564)	(33)
Cash flows from financing activities			
Cash will be provided from:			
Capital introduced	2,000	2,000	2,000
Cash will be applied to:			
Capital distribution	(1,600)	(2,000)	(2,400)
Net cash flows from investing activities	400	0	(400)
Net increase/(decrease) in cash held	(2,611)	340	(372)
Opening cash balances at 1 July	4,955	2,344	2,684
Closing cash balances at 30 June	2,344	2,684	2,312
Represented by:			
Cash and bank	1,255	1,295	1,223
Short-term bank deposits	1,089	1,389	1,089
Closing cash balances at 30 June	2,344	2,684	2,312

Statement of Accounting Policies

The Energy Efficiency and Conservation Authority (EECA) was established in 1992 and became a Crown Entity under the Energy Efficiency and Conservation Act 2000. EECA operates in accordance with the Crown Entities Act 2004.

EECA works to implement New Zealand Government strategies for energy efficiency, conservation and renewable energy in both the private and public sectors.

EECA is a public benefit entity for financial reporting purposes of New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS').

The purpose of the prospective financial statements is to facilitate the Minister of Energy and Resources' consideration of the funding requirements and planned performance of EECA. Use of this information for other purposes may not be appropriate. Readers are cautioned that actual results are likely to vary from the information presented here, and that the variations may be material.

The prospective financial statements have been prepared in accordance with section 154 of the Crown Entities Act 2004 and comply with NZ IFRS.

The forecast financial statements have been prepared on the basis of assumptions as to future events that EECA reasonably expects to occur, as at the date that this information was prepared.

It is not intended that this published material will be updated.

Statement of Significant Underlying Assumptions

These prospective financial statements have been compiled on the basis of government policies and EECA's Output Plan as agreed with the Minister of Energy and Resources. The information contained in these statements is considered accurate as at 1 July 2009.

In addition, EECA has included the funding administered on behalf of the Crown or Crown Agencies in the prospective financial statements.

Financial Statements Prepared Under NZ IFRS

In 2008, EECA changed its accounting policies to comply with NZ IFRS. The transition to NZ IFRS was accounted for in accordance with NZ IFRS-1: First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards, with 1 July 2006 as the date of transition.

These prospective financial statements were authorised for issue on 15 May 2009.

The accounting policies set out below have been applied in preparing the prospective financial statements for the years ending 30 June 2010 to 2012 inclusive.

Measurement Base

The prospective financial statements have been prepared on an historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Functional and Presentation Currency

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency is New Zealand dollars.

PARTICULAR ACCOUNTING POLICIES

The following particular accounting policies, which materially affect the measurement of financial performance and financial position, have been applied:

Revenue

RENDERING OF SERVICES

EECA derives revenue through the provision of outputs to the Crown, for services to third parties. Revenue from the Crown has been recognised when received. From 2008/09 onwards the Crown Grant appropriation is recognised as revenue irrespective of whether it has been received or not. The amount not received is recognised as a debtor.

Revenue from other sources for services to third parties is recognised by reference to the stage of completion of the contract at balance sheet date.

INTEREST REVENUE

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Grants Expenditure

EECA enters into long-term contracts to grant monies to various organisations to undertake energy conservation initiatives. These contracts oblige EECA to pay the grant when prescribed activities are undertaken by the grantee. Grant expenditure is accrued only when the grantees become absolutely entitled to receive the grant. Sums payable under the contracts for which the grantee has not yet met the conditions are reported as commitments.

Goods and Services Tax (GST)

All items in the prospective financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable, which are stated with GST included.

Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

Taxation

EECA is a public authority in terms of the Income Tax Act 2004 and consequently is exempt from income tax.

Investments

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, subject to impairment losses if any.

Loans

Loans are initially recorded at fair value, being the notional value of the loans at date of acquisition or origination less the discount necessary to take account of the time value of money calculated at an interest rate applicable to the creditworthiness of the debtor. Thereafter, interest is recognised in accordance with the effective interest rate method such that the discount will be amortised at the interest rate applicable to the date of acquisition or origination.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Realised gains and losses arising from disposal of property, plant and equipment are recognised in the Statement of Financial Performance in the period in which the transaction occurs.

Depreciation

Depreciation is charged on a straight-line basis, so as to write off the net cost of each asset over its expected useful life to its estimated residual value.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the straight-line method.

The following estimated useful lives are used in the calculation of depreciation:

Computer equipment	3 years	33.3%
Plant and equipment	2.5-6 years	40%-16.67%
Furniture and fittings	6 years	16.67%
Leasehold improvements	6 years	16.67%

Intangibles

Intangible assets comprise software applications which have a finite useful life and are recorded at cost less accumulated amortisation and impairment.

These are amortised on a straight-line basis over their useful lives as follows:

Computer software	0-3 years	0%-33.3%
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Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Financial Performance.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Employee Entitlements

Provision is made in respect of EECA's liability for annual leave, long service leave and retirement leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using remuneration rates expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by EECA in respect of services provided by employees up to reporting date.

Provision is made for sick leave at the estimated cost necessary to meet the Authority's obligations.

Provision for Reinstatement

The provision for reinstatement represents the amount payable to restore leased premises to its original condition, discounted back to balance date. The discount rate is taken to be the Authority's incremental cost of borrowing, being the capital charge rate.

Financial Instruments

EECA is party to financial instruments as part of its normal operations. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

FINANCIAL ASSETS

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

TRADE RECEIVABLES

Trade receivables are recorded at amortised cost less impairment.

FINANCIAL LIABILITIES

PAYABLES

Trade payables and other payables are recognised when EECA becomes obliged to make future payments resulting from the purchase of goods and services.

Cost of Service Statements

The cost of service statements, as reported in the statement of objectives and service performance, report the net cost of services for the outputs of EECA and are represented by the costs of providing the output less all the revenue that can be allocated to those activities.

Cost Allocation

EECA has derived the net cost of service for each significant activity of EECA using the cost allocation system outlined below.

COST ALLOCATION POLICY

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities on a proportional basis, using the proportion of direct costs as a cost driver.

CRITERIA FOR DIRECT AND INDIRECT COSTS

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

REVENUE ALLOCATION

Interest received is apportioned to each of the output areas on the same basis as the cost allocation policy.

New and Amended Standards

There are a number of new or amended standards which will take effect.

Amendment to NZ IAS 1 *Presentation of Financial Statements*: an amendment to this Standard requires disclosure of comprehensive income. It takes effect for the 2009/10 year.

NZ IAS 23 *Borrowing Costs*: this Standard was amended to prevent expensing of costs related to capital assets. The amendment applies for the 2009/10 year. It will have no impact on EECA.

Critical Judgments, Estimates and Assumptions

In preparing these prospective financial statements EECA has made estimates and assumptions concerning the future. These estimates and assumptions may differ from actual results. The significant estimates and assumptions are as follows.

PROPERTY, PLANT AND EQUIPMENT

EECA establishes the useful lives of property, plant and equipment at acquisition. It reviews the lives and utility of this property, plant and equipment annually. In the event the lives differ from those assigned or if the utility of the assets is less than assumed, the cost in the form of depreciation may be wrongly allocated to any one year.

PROVISIONS

EECA has a number of provisions relating to its employment and leasing contracts. These provisions depend on a number of factors including:

- *The timing of amount payable.*
- *The amount payable.*
- *The discount rate used in discounting the sums payable.*

Should any of these assumptions vary from the actual timings or costs then the cost allocations may be wrong. Similarly, changes in discount rates will cause variations in the amount of cost recognised in any given period.

LOANS

The carrying values of the loans assume that no debtor will default on any instalment due and that the discount rate applicable to the determination of the disclosed fair value is appropriate to the circumstances of each debtor. At the balance date the carrying value of the loans was fair value as this is the date of acquisition.

Changes in Accounting Policy

In order to attain consistency in the way Grants appropriations are recognised in EECA's financial statements, EECA has changed its accounting policy in the way it recognises Crown Revenue.

Previously, revenue from the Crown has been recognised when received. From 2008/09 onwards the Crown Grant appropriation is recognised as revenue irrespective of whether it has been received or not. The amount not received is recognised as a debtor.

Balancing Revenues and Costs

EECA will aim to operate a balanced budget so that Crown and externally sourced party revenues equal costs in the long run, but may be in deficit or surplus in any one year. Any surplus made will be used to fund future operating costs. A deficit will not be incurred unless the deficit is able to be funded from existing funds, including retained earnings.

New Borrowings and Other Liabilities

The Authority does not intend to incur any liabilities in the form of borrowings or financial leases in the 2009/10 year.

Part 4: Further Information

EECA Profile

EECA's Role Within Government

EECA is a Crown agent working to improve New Zealanders' energy choices across all sectors of the economy. EECA plays a key role in the Government's response to the challenges around energy efficiency, renewable energy and climate change, and is the Government's primary service delivery agency for energy efficiency programmes.

EECA is required to perform a range of functions under statute and to respond to emerging government priorities. EECA works closely with other government operational agencies, Ministries and departments to design, implement and monitor policies to promote efficient energy use and make better use of New Zealand's abundant renewable energy resources.

EECA is accountable to its Board, the Minister of Energy and Resources and to Parliament. The Board comprises eight members with experience in energy, the environment, community services, commerce, the public sector and science and technology. The Ministry of Economic Development (MED) monitors EECA's performance on behalf of the Minister.

EECA has a statutory obligation to take into account the principles of the Treaty of Waitangi in all its operations. EECA considers Treaty issues as they arise based on the specific nature and significance of each issue, taking into account advice from the Minister.

In the 2009/10 year, EECA is forecast to have a staff of approximately 100 and revenue of \$26 million with an additional \$57 million in managed funds.

Ministerial Consultation and Reporting

There are no specific matters on which EECA is required to consult or notify the Minister before making a decision under section 141(1)(g) of the Crown Entities Act 2004. The Board Chair meets with the Minister on a regular basis and provides the Minister with briefings and advice, as requested or of his own volition.

EECA provides the Minister with a quarterly report that includes an update on progress against outputs as set out in the Output Plan. Performance information is also provided to Parliament through the Statement of Intent, the Annual Report and the Estimates of Appropriations.

Legal Purpose and Functions

EECA is a Crown Entity established under the Energy Efficiency and Conservation Act 2000. The Act requires EECA to:

*Encourage, promote, and support energy efficiency, energy conservation, and the use of renewable sources of energy*⁶.

EECA achieves this by undertaking the following functions:

- *advising the Minister on any matters relating to or affecting:*
 - *energy efficiency and conservation, and the use of renewable sources of energy in New Zealand; or*
 - *the functions of the Authority*
- *assisting the Minister to prepare and administer a strategy*
- *promoting public awareness in New Zealand of the importance of energy efficiency and conservation, and the use of renewable sources of energy*
- *promoting practices and technologies to further energy efficiency, energy conservation, and the use of renewable sources of energy*
- *arranging for the conduct of research, assessments, demonstrations, and studies*
- *monitoring and reviewing the state of energy efficiency, energy conservation, and the use of renewable sources of energy in New Zealand*
- *publishing relevant information, research, and other material*
- *carrying out such other functions and duties as are conferred or imposed by any enactment.*

6. Section 2(1) Energy Efficiency and Conservation Act 2000.

EECA Partnerships

EECA works with a range of stakeholders to deliver programmes and, more broadly, the Government's high-level outcomes and priorities.

CENTRAL GOVERNMENT

A number of agencies contribute to EECA initiatives from their appropriations, including the Ministry for the Environment (funding for clean heat grants) and the Ministry of Health (funding for ENERGYWISE™ homes recognises the significant health benefits that insulation and clean heat can bring). EECA also works closely with the Ministry of Agriculture and Forestry on the Wood Energy Initiative, the Ministry of Transport on transport-related programmes and the Ministry of Economic Development on broader energy efficiency policy initiatives that require implementation.

CROWN ENTITIES AND LOCAL GOVERNMENT

EECA works with a number of government agencies to deliver energy efficiency and conservation initiatives including the Electricity Commission, local government and Housing New Zealand Corporation which is improving the energy efficiency of non-state homes through the Rural Housing programme.

BUSINESS, INDUSTRY AND TRADE ASSOCIATIONS

EECA is part of the Equipment Energy Efficiency Committee that is responsible for the implementation of the joint Australia/New Zealand three-year programme. The programme identifies domestic and commercial products for possible MEPS and labelling requirements. EECA also works closely with Standards New Zealand, which is responsible for the development and documentation of standards, including MEPS and labelling standards.

The MEPS, labelling and ENERGY STAR® initiatives are heavily dependent on the suppliers and manufacturers of energy-dependent products supporting the introduction and sales of products using the latest energy efficiency technologies. The focus of 2009/10 will be to continue to work with industries for which the introduction of MEPS would considerably improve energy efficiency, at lowest cost to the industry and consumers.

EECA draws on the expertise of housing research agencies such as the Building Research Association and the Centre for Building Performance Research to better understand energy use and generation in New Zealand buildings.

EECA is continuing to work with key industry groups outside government on the VFEL programme including the Motor Trade Association and the Automobile Association, as well as individual vehicle manufacturers and traders.

Energy supply and renewable energy initiatives are dependent on the support of a diverse range of stakeholders including industry associations, both large and small electricity generators, lines companies, oil companies and biofuel producers.

THE COMMUNITY SECTOR

EECA's ENERGYWISE™ homes initiatives are delivered by a number of partners including energy trusts, non-government organisations, iwi groups and commercial providers. Third-party funding agencies including energy trusts, energy companies, community trusts and district health boards provide financial support to ENERGYWISE™ homes. A number of installation providers are also contributing to the Government's energy efficiency priorities by installing insulation under such schemes as the Contact/Asthma Founding Healthy Homes initiative and through privately funded installations.

Information, Marketing and Communication

Providing information and communicating effectively with a range of stakeholders across New Zealand is a key part of EECA's role. Under the Energy Conservation and Efficiency Act 2000 EECA is required to:

- *promote awareness of the importance of energy efficiency and conservation, and the use of renewable sources of energy*
- *promote practices and technologies to further energy efficiency, energy conservation, and the use of renewable sources of energy.*

EECA's priorities for this initiative include:

- *providing the necessary information for New Zealanders to make informed choices*
- *raising awareness of the issues of energy efficiency and conservation, and the use of renewable sources of energy*
- *highlighting the benefits of taking action*
- *inspiring and motivating New Zealanders to take that action and change their behaviour*
- *highlighting the mechanisms and tools that are available to make action easy.*

To measure performance in this area, EECA will undertake regular research into public attitudes and behaviour in relation to energy efficiency, and stakeholder research. Research undertaken in 2008 will provide a useful benchmark for comparison with future results in this area.

Building EECA's Capability

EECA is required to operate effectively and efficiently and this has involved considerable investment in staff skills, processes, infrastructure and systems. Improvements in the quality and breadth of stakeholder engagement have also been achieved.

EECA continues to place a strong emphasis on delivery within the energy efficiency and renewable energy sectors and continues to build on the trusted leadership role that it has achieved and maintained. EECA will continue to grow and enhance its capability with a focus on strengthening the following components:

- *managing, developing and leading staff*
- *capturing and sharing knowledge*
- *engaging with stakeholders*
- *integrating operational activities to maximise outcomes*
- *monitoring progress*
- *managing risks and responding to change*
- *ensuring that infrastructure supports business priorities.*

Our People

The ability to attract and retain skilled staff is critical to EECA's success.

EECA's staff development strategy will focus on the following three key areas:

Workforce planning – ensuring we have access to the right people, in the right place, at the right time.

Leadership development – ensuring our managers have the necessary skills to get results through effective leadership, management and motivation of staff.

Performance and development – ensuring that our performance management processes and staff training and development activities are aligned with strategic outcomes.

OUR KNOWLEDGE

The development and maintenance of technical expertise and an understanding of the market for energy efficiency and conservation services is an essential part of EECA's role. EECA is expected to deliver programmes that meet the highest standards and to establish a credible reputation with stakeholders within the energy efficiency and conservation sectors. EECA has implemented and will continue to develop effective knowledge management systems and good internal communication processes to ensure that knowledge is accessible and shared within the organisation.

OUR PLANNING

In order to ensure that EECA is doing the right things at the right time to deliver government outcomes appropriate planning processes have been implemented. EECA's planning process incorporates the use of a range of tools to identify the most appropriate interventions to deliver government goals.

EECA's planning process ensures it is clear about the impact of specific programmes. Programme teams are required to monitor and evaluate initiatives to ensure they are achieving the targeted results and meeting their intended objectives.

EECA's approach to planning is underpinned by:

- *a robust planning process based on a five year strategic plan, supported by detailed programme plans that feed into EECA's annual business plan*
- *strong reporting processes including quarterly reporting of progress against outcomes and business priorities to the Board and the Minister. EECA also produces an annual report reviewing progress against the outputs in the previous year's Statement of Intent*
- *ongoing monitoring and evaluation of the operational initiatives to ensure that they are effective in meeting their intended outcomes*
- *research that enables EECA to identify energy efficiency and renewable energy opportunities and to target initiatives effectively.*

OUR APPROACH TO MANAGING RISK

Risk management is a key part of robust planning. EECA faces a range of strategic, organisational and operational risks with the potential to affect our ability to deliver on the outcomes outlined in this Statement of Intent. EECA mitigates these risks by having risk management practices in place to identify, assess and treat risk at various stages of planning, delivery and evaluation. This is reinforced by a sound governance structure, with the Risk and Audit Committee having an overview of EECA's risk profile.

EECA's Internal Quality Criteria

EECA understands the importance of applying a consistently high-quality standard to the delivery of all programmes and projects. Quality assurance processes are an integral part of EECA's operations and are considered to be a particularly important activity in terms of influencing stakeholder perceptions. The following is a list of criteria against which EECA assesses the quality of its work.

ADVICE AND SUPPORT/RESEARCH/INFORMATION/EDUCATION AND TRAINING

EECA's internal quality criteria for advice and support/research/information/education and training, as referred to in the performance measures throughout the Statement of Intent, stipulate that we will:

- *include a clear statement of purpose*
- *be accurate and use sound information*
- *be timely and meet target market requirements*
- *present a clear, concise and logical argument, with assumptions made explicit and supported by facts*
- *draw on professional knowledge and appropriate methodologies*
- *examine comparative material*
- *present options*
- *use a clear, conceptual and well-articulated framework*
- *consider resource, legal and human rights implications and implementation issues/practicability*
- *consider risks, costs and benefits*
- *consider evaluation*
- *consult where appropriate*
- *present advice clearly and concisely, in plain and correct language appropriate for the audience*
- *meet Cabinet Office requirements when applicable.*

MARKETING AND EVENTS SUPPORT

EECA's internal quality criteria for marketing and events support, as referred to in the performance measures throughout the Statement of Intent, are that we will:

MARKETING

- *use a clear, conceptual and well-articulated framework*
- *complete market analysis*
- *consider risks*
- *consult where appropriate*
- *present advice clearly*
- *test marketing strategy/messages on sample of market*
- *carry out a market review following project completion.*

EVENTS

- *use a clear, conceptual and well-articulated framework*
- *ensure venues meet Health and Safety Act requirements*
- *consult where appropriate*
- *ensure material presented is appropriate to the target audience*
- *ensure subject matter experts are used to present material to audience*
- *carry out a post-event review.*

ADMINISTRATION OF FINANCIAL ASSISTANCE

EECA's internal quality criteria for administration of financial assistance, as referred to in the performance measures throughout the Statement of Intent, are that:

- *where applicable AS/NZ Standards will be applied*
- *meet Cabinet Office requirements when applicable*
- *loans applications include a cost benefit analysis*
- *appropriate financial delegations are adhered to*
- *ENERGYWISE™ grant processes undertaken in accordance with the Home Grants Administration Manual*
- *audits undertaken to ensure financial and technical requirements of contracts are met.*

WHERE APPROPRIATE AND POSSIBLE EECA WILL MEASURE THE QUALITY OF ITS WORK EXTERNALLY:

- *annually, the EECA Board is asked to indicate its satisfaction with the quality and timeliness of support and advice*
- *the Minister of Energy and Resources will be asked for feedback on EECA's performance*
- *key stakeholders will be asked to provide feedback on their contacts with EECA.*

Inspiring energy efficiency – advancing renewable energy

EECA is a Crown Entity established under the Energy Efficiency and Conservation Act 2000. The Act requires EECA to:

Encourage, promote, and support energy efficiency, energy conservation, and the use of renewable sources of energy*.

EECA achieves this by undertaking the following functions:

- advising the Minister on any matters relating to or affecting:
 - energy efficiency and conservation, and the use of renewable sources of energy in New Zealand; or
 - the functions of the Authority
- assisting the Minister to prepare and administer a strategy
- promoting public awareness in New Zealand of the importance of energy efficiency and conservation, and the use of renewable sources of energy
- promoting practices and technologies to further energy efficiency, energy conservation, and the use of renewable sources of energy
- arranging for the conduct of research, assessments, demonstrations, and studies
- monitoring and reviewing the state of energy efficiency, energy conservation, and the use of renewable sources of energy in New Zealand
- publishing relevant information, research, and other material
- carrying out such other functions and duties as are conferred or imposed by any enactment.

* Section 2(1) Energy Efficiency and Conservation Act 2000.

Level 8 · 44 The Terrace
PO Box 388 · Wellington
New Zealand

P: +64 4 470 2200 · **F:** +64 4 499 5330
www.eeca.govt.nz