

EECA Market Update June 2023

EECA Business Group

 ACCELERATING BUSINESS
TOWARDS A LOW-EMISSIONS FUTURE

EECA
TE TARI TIAKI PŪNGAO
ENERGY EFFICIENCY & CONSERVATION AUTHORITY



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Today's agenda

1. Launching GIDI: Commercial Buildings
2. GIDI: Industrial goes 'always on'
3. The abatement cost 'sweet spot' for government support
4. What's next for our Sector programme
5. What's new for EECA from the May Budget
6. Pātai



A lot can happen in 3 months ...

Here are some of the highlights since our April update:

GIDI Partnerships: The Steel Deal – 800,000tpa \$140m co-funding, or \$16.20/t

GIDI Industrial: Round 4 projects announced and Round 5 projects being contracted

GIDI Infrastructure: Huge response to our first Biomass ROI

We've published our 2nd **Regional ETA** report and the 3rd and 4th are on the way

GIDI Clean Tech: We've got our small Hot Water Heat Pump (HWHP) grants ready to go



Launching GIDI: Commercial Buildings



Launching GIDI: Commercial Buildings

- GIDI: Commercial Buildings launches **1 July 2023**.
- Grant funding for commercial building owners to support **space and water heating projects** over \$300k.
- Funding is for the *replacement* of water and space heating with cleaner, more energy efficient tech.
- Proposals accepted at any time from **1 July 2023**, assessment will start as applications are received.
- **First-in-first-served** and will be open until **30 June 2024**.
- Initial supplier briefing on Zoom on **Tuesday 18th July**.
- **Eligibility and assessment criteria** are largely the same as GIDI: Industrial.
- Details on the **application and assessment process** on the web.



Commercial buildings – what we look for

- Commercial building owners who use fossil fuel boilers for space and water heating.
- A financial hurdle that is preventing or slowing down switching to renewables.
- The priority is heat pumps for water heating or high temperature heat pumps for space heating.
- Heat pumps are:
 - A highly efficient solution for decarbonising commercial buildings
 - Compact and easily installed
 - Relatively low operating costs
 - Reliable and easy to run and maintain
- EECA will set minimum requirements for heat pumps.
- Biomass will be considered, and we are open to other innovation.
- Must have optimised the design of the system.



GIDI: Industrial goes “always on”

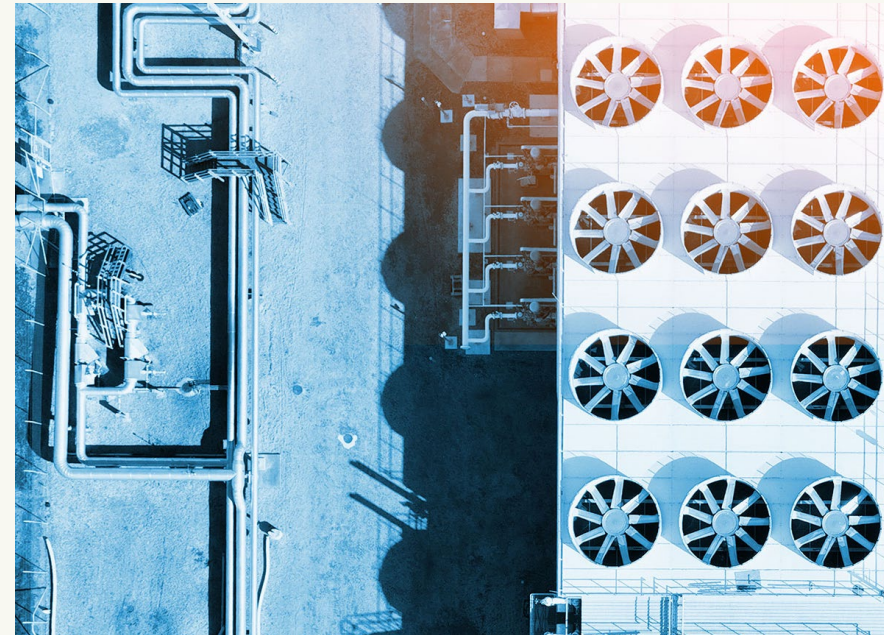


GIDI: Industrial – always on

Replaces our constable GIDI funding rounds (process heat focus)

Applicants:

- Can **apply for GIDI funding at any time** instead of waiting for funding rounds to be released (first in, first served).
- Focus on **fully completing applications** with no ‘last minute rush’.
- Will have the time to provide the best application they can, and apply when they have fine-tuned project details
- Are able to build relationships, and improve existing ones, by working closer with EECA.



No big surprises for those familiar with past GIDI RFPs and process. Any tweaks are only in the spirit of continuous improvement.



GIDI: Industrial – approvals process

LESS than \$2M GIDI co-funding	GREATER than \$2M GIDI co-funding
Applicant completes online application form	Applicant completes online application form
TAG evaluation	TAG evaluation
* EECA consideration and approval (ongoing) Or Panel review if requested by the EECA decision makers for <u>high risk/complex projects</u>	Panel review and recommendations (4x per/year) EECA DFA Approval
EECA contract negotiation and contract management	EECA contract negotiation and contract management
EECA announcement & comms	EECA announcement & comms

* *Faster approvals process* ➡ *Get started on projects earlier* ➡ *Emissions abatement accelerated*



GIDI: Industrial – decision making

GREATER than \$2M GIDI co-funding Applications due 6 weeks prior to Panel	Panel meeting dates
Beginning of August 2023	Middle of September 2023
Beginning of December 2023	Middle of February 2024
Beginning of May 2023	Middle of June 2024
Beginning of September 2023	Middle of October 2024

GIDI: Industrial page of EECA's website will post exact dates, updated regularly.



GIDI: Industrial – where are we at?

Applicant Guide available Thursday 15 June along with the FAQs, Funding Agreement, and business case template.

Application form available end of next week.

EECA is accepting applications any time from **1 July 2023**.

Applicant briefing session (webinar) **Thursday 06 July** – register!

See our updated website <https://www.eeca.govt.nz/co-funding/industry-decarbonisation/gidi-fund-industrial/>

Questions? Contact us at GIDIFund@eeca.govt.nz



What are the current GIDI project stats?

As at 01 June 2023

69 approved | 13 operational | 9 in commissioning phase | \$32.1m paid out so far | 3 projects withdrawn

We had a lot of interest in Round 5 and we expect to see that continue over the next year.

Over the next 6 months we are forecasting that around 15 projects from earlier funding rounds will start their commissioning phase.

A few projects across all our portfolios (not just GIDI) have been withdrawn for reasons including where:

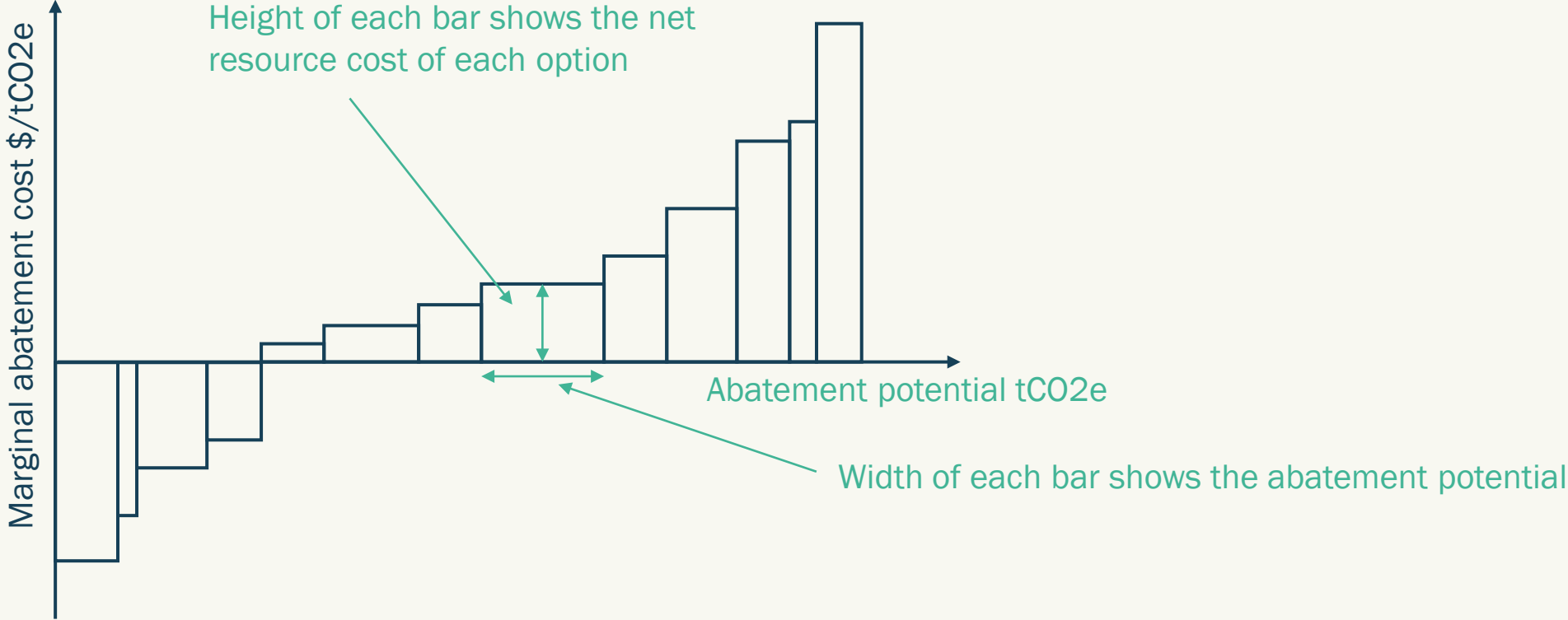
- Upstream suppliers ceased supplying this equipment
- Global companies moved to internationally consistent technology/progs
- New technology emerged which meant better abatement a different way
- Business priorities changed



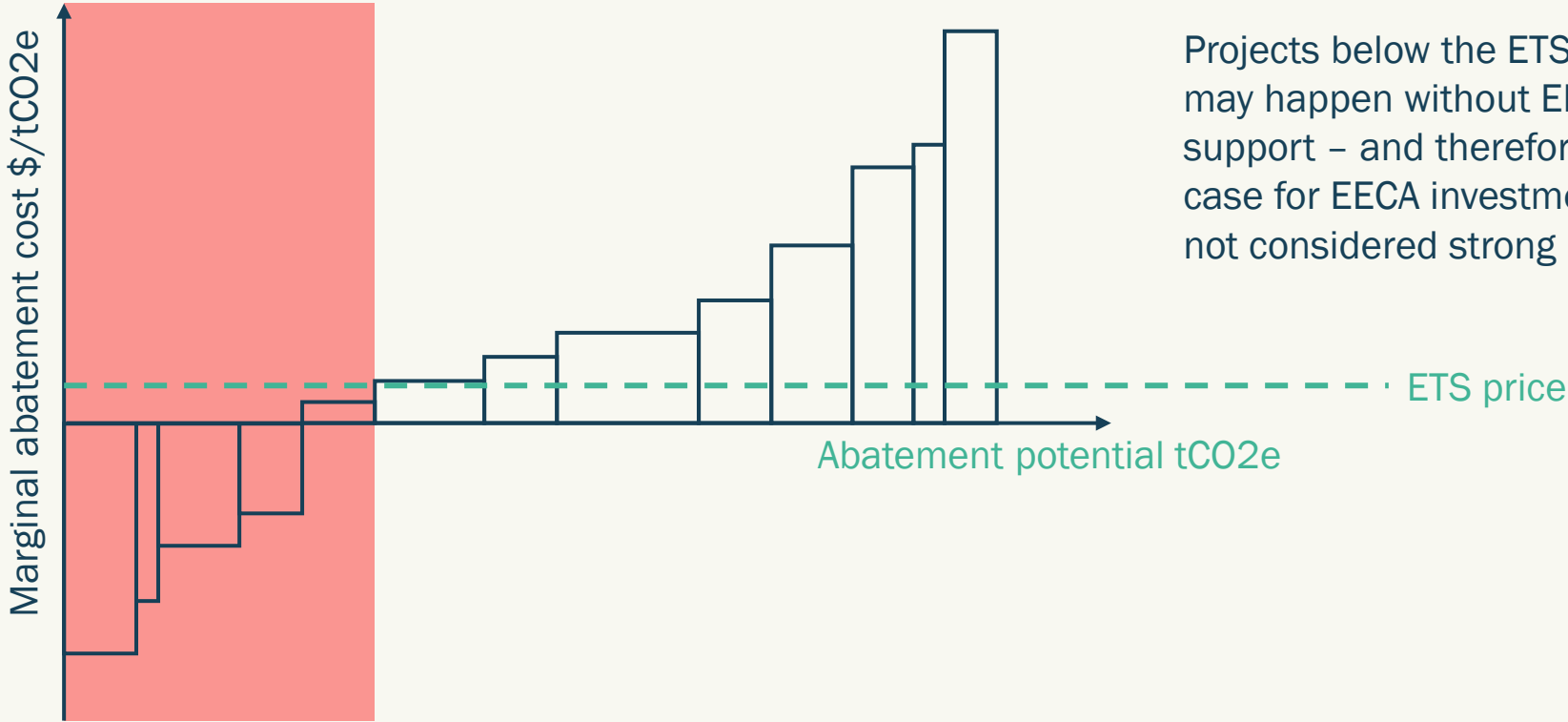
The abatement cost “sweet spot” for government support



Marginal abatement cost curves



Marginal abatement cost curves

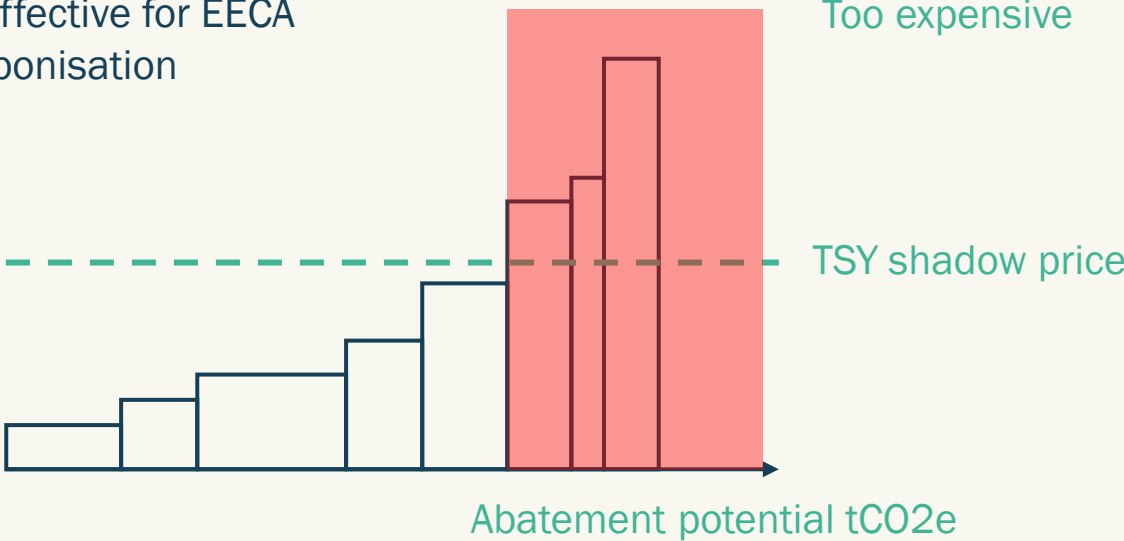


Projects below the ETS price may happen without EECA support - and therefore the case for EECA investment is not considered strong

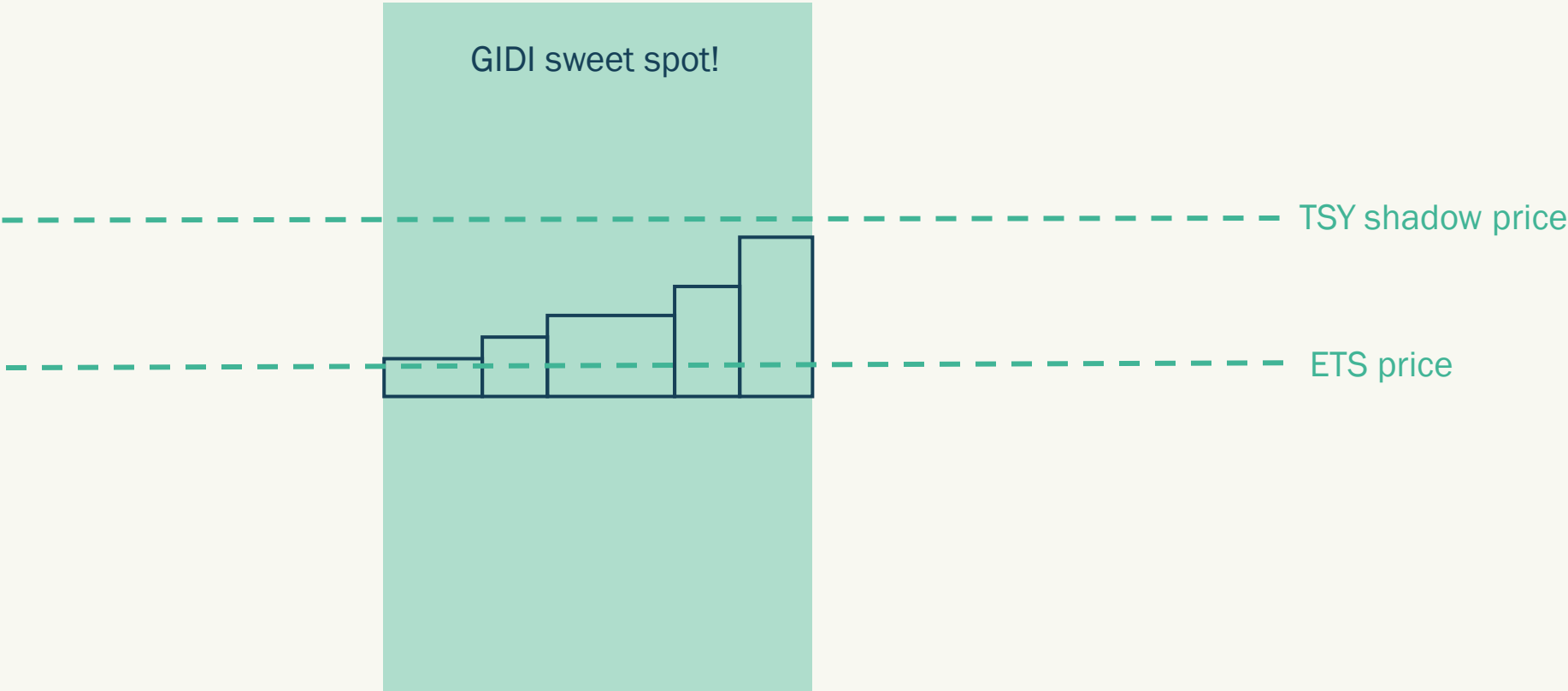


Marginal abatement cost curves

Projects above this price appear expensive for the abatement they provide – it may be more cost effective for EECA to invest in other decarbonisation opportunities.



Marginal abatement cost curves



Key points for applicants

In terms of project abatement cost, EECA wants to see:

- The cost is high enough that it's not already incentivised by the ETS.
- The cost is low enough to help reduce overall cost to NZ of meeting climate targets.
- EECA's share of abatement cost (our co-funding / total abatement) is low.
- If these things aren't true, be ready to provide evidence for why we should still support the project – capital constraints, novel technical risk, flow on benefits, industrial allocation, etc.



What's next for our Sector Decarbonisation programme?



What's next for our sector programme



Coffee Decarbonisation Pathway



Commercial Buildings Decarbonisation Pathway



Covered Cropping Decarbonisation Pathway



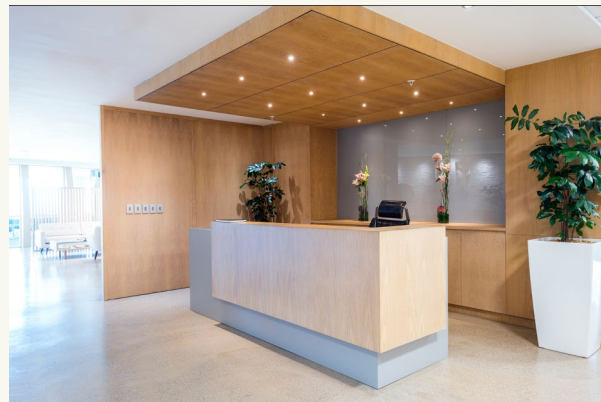
Brewing Decarbonisation Pathway



Aged Care & Retirement Living Decarbonisation Pathway



Wine



Hotels



Plastics (EPS)



Tools and resources



Get Engaged



Measure & Target



Optimize & Improve

Engage hearts & minds



Demand Reduction Technology



Fuel Switch

Productive & low emissions business



Clean Technology funding & GIDI

Funding Opportunity



Who are we collaborating with and how are we communicating?

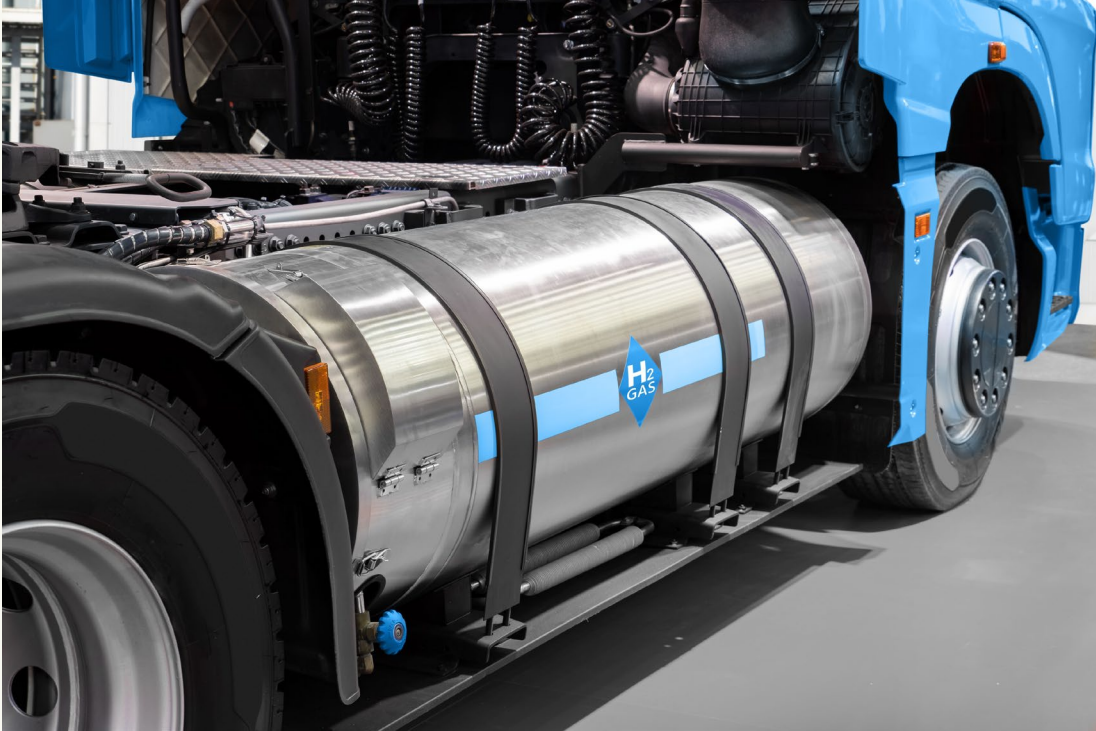


What's new for EECA from the May Budget?



New for EECA from Budget 2023

Warmer Kiwi Homes	\$403M
• Programme ext /add on	\$258M
• Community-level outreach	\$11M
• Targeted Hot Water	\$56M
• Home Repairs	\$25M
Clean Heavy Truck Scheme	\$30M
Electric Vehicle Charging	\$114M
• Journey Hubs	\$80M
• Rural/Community Charging	\$30M



What's next?

Join our next EECA Market Update webinar on September 13 2023

It will cover:

- Progress report on GIDI: Clean Technology, highlighting the technologies we're funding and how to access
- Update on biomass supply chain funding
- Latest insights from our research programme
- Latest updates to our business support products
- What's new in transport decarbonisation



Questions

Ngā mihi





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Find everything on the GIDI Fund here (www.eeca.govt.nz)

Stay in the loop of latest developments ([@EECA_nz](#), [LinkedIn](#))

Contact us with any questions (GIDIfund@eeca.govt.nz)

