

April 2023

EECA Market Update April 2023

EECA Business Group

 ACCELERATING BUSINESS
TOWARDS A LOW-EMISSIONS FUTURE

EECA
TE TARI TIAKI PUNGAO
ENERGY EFFICIENCY & CONSERVATION AUTHORITY



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Today's agenda

1. Trends in GIDI Industrial projects
2. GIDI Contestable – what's next
3. Launching EECA's new Equipment Replacement Scheme
4. Update on our Regional ETA programme
5. Overview of our ROI for biomass supply in the South Island
6. Questions



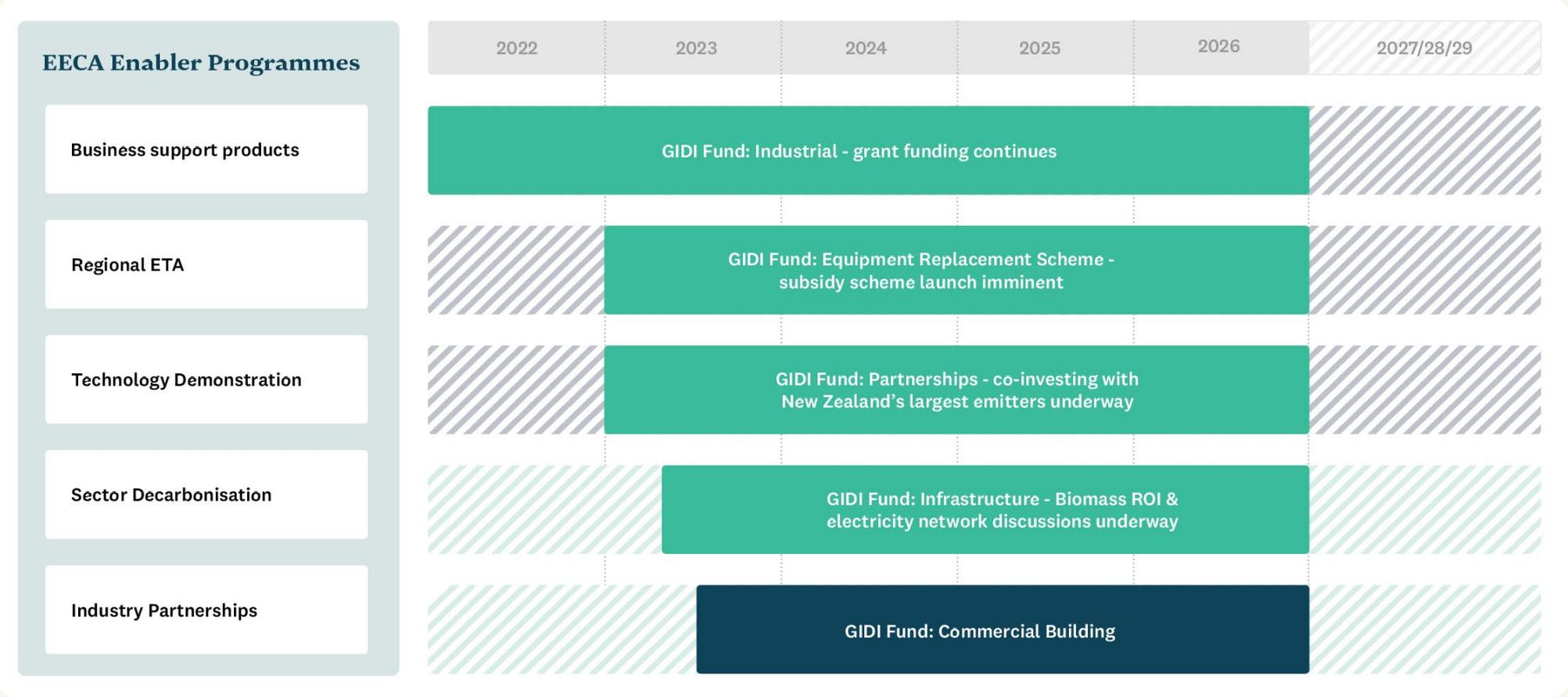
At our last update we told you what's in focus for EECA right now

- The **Regional Energy Transition Accelerator** programme
- Partnerships with **Large Energy Users**
- The **GIDI pipeline and ensuring visibility** so public and private can work as a team and make the most of opportunities
- **Support for SMEs**
- Gearing up for 2023 which will be the year of the **Equipment Replacement Scheme**

Today we'll give you an update on a big 3 months of progress and what's ahead



Our context



GIDI industrial projects can be complex

- Many GIDI projects are New Zealand firsts, and not standard projects.
- This means new supply chains, first time ever design, technology new to New Zealand, contractors who are learning about it on the job, and lots of unknowns.
- It is rewarding work and together we're at the cutting edge. But there is a need to **build in contingency, get as much advice as you can, join dots, and have a plan B.**



Emerging trends in industrial GIDI projects

Projects are experiencing timeframe delays.

Design phases are taking longer due to:

- changing upstream supply and delivery dynamics
- cost overruns
- access to experienced resource; and
- prolonged connection negotiations.

Common issues with commissioning include:

- unplanned resource/building consents required
- unexpected engineering challenges resulting in additional design work: and
- new operating SOPs and training required as the technology is not standard across the industry.



The future of GIDI

- **GIDI Fund: Industrial** will replace the GIDI contestable funding rounds from 1 July 2023.
- The eligibility and assessment criteria are largely unchanged.
- We will be accepting proposals **at any time from 1 July 2023**, assessment will start as applications are received.
- Details on the application and assessment process will be made available through the GIDI webpage in mid-June.
- We are expecting an announcement on Round 4 projects towards the end of April.
- Round 5 projects are currently being assessed by the Technical Advisory Group, and decisions are expected late May/early June.



Launching EECA's new Equipment Replacement Scheme

\$330 million to spend over next 7 years

Targets:

- 1,000 ktCO₂e by end of BP1
- 13,000 Gwh saved by end of BP1

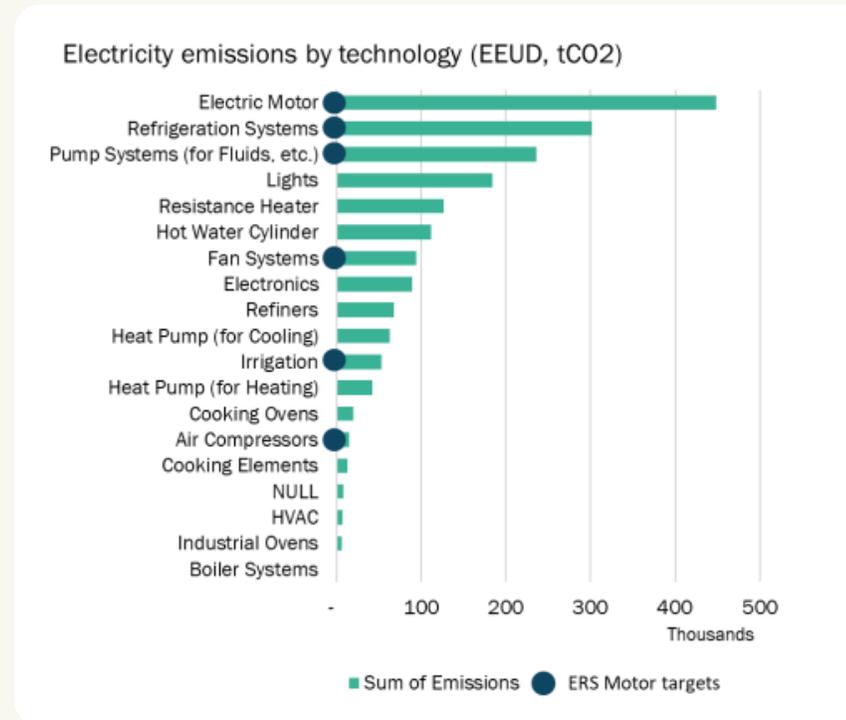
ERS is for:

- SMEs (but not exclusively) and small, less complex fuel switch or energy efficiency opportunities

Four priority technologies:

- Water heating (HWHPs)
- Space heating
- Commercial lighting systems
- Electric motor systems

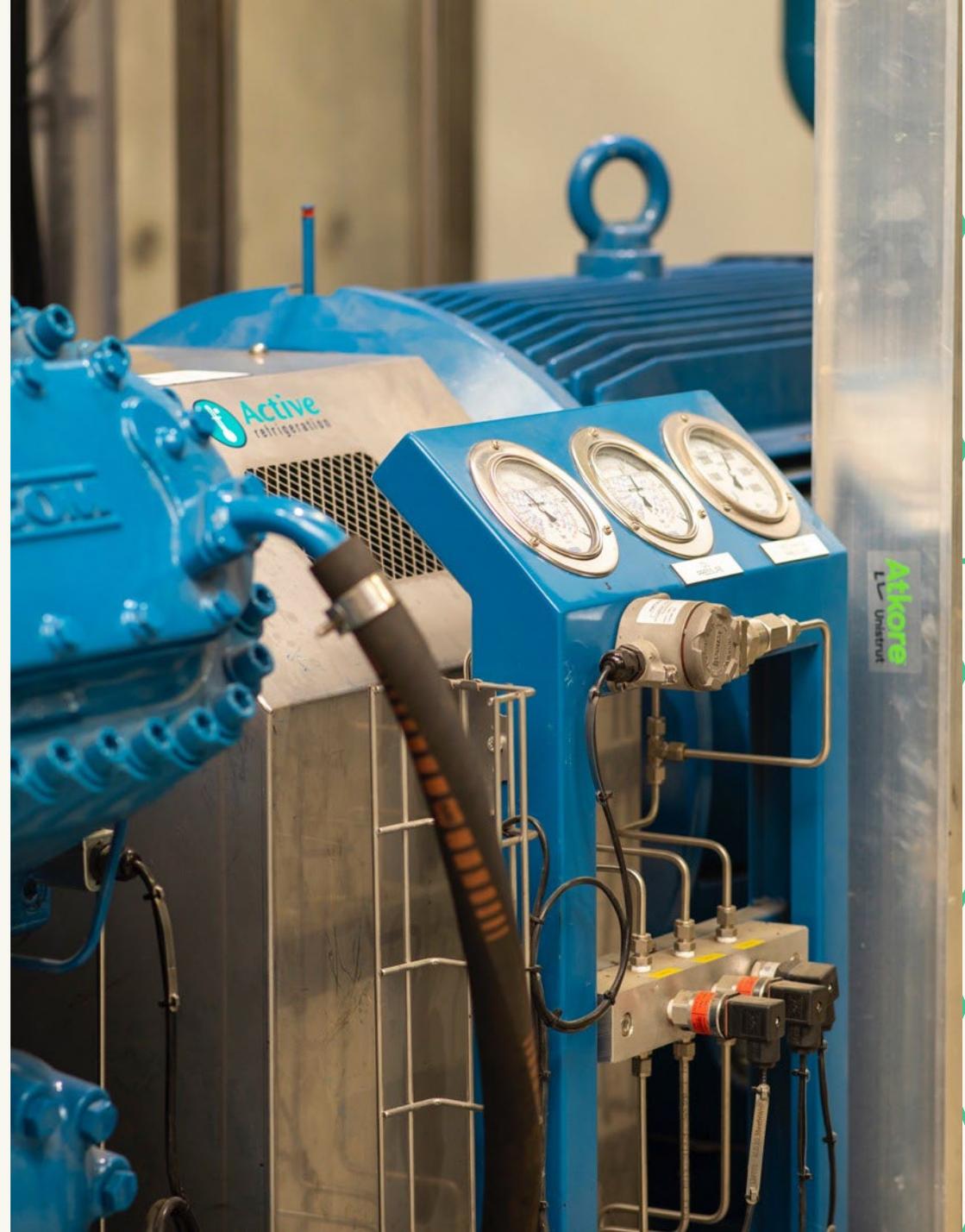
Priority technologies – ERS motor system targets



ERS: Hot water heat pumps

Small hot water heat pumps

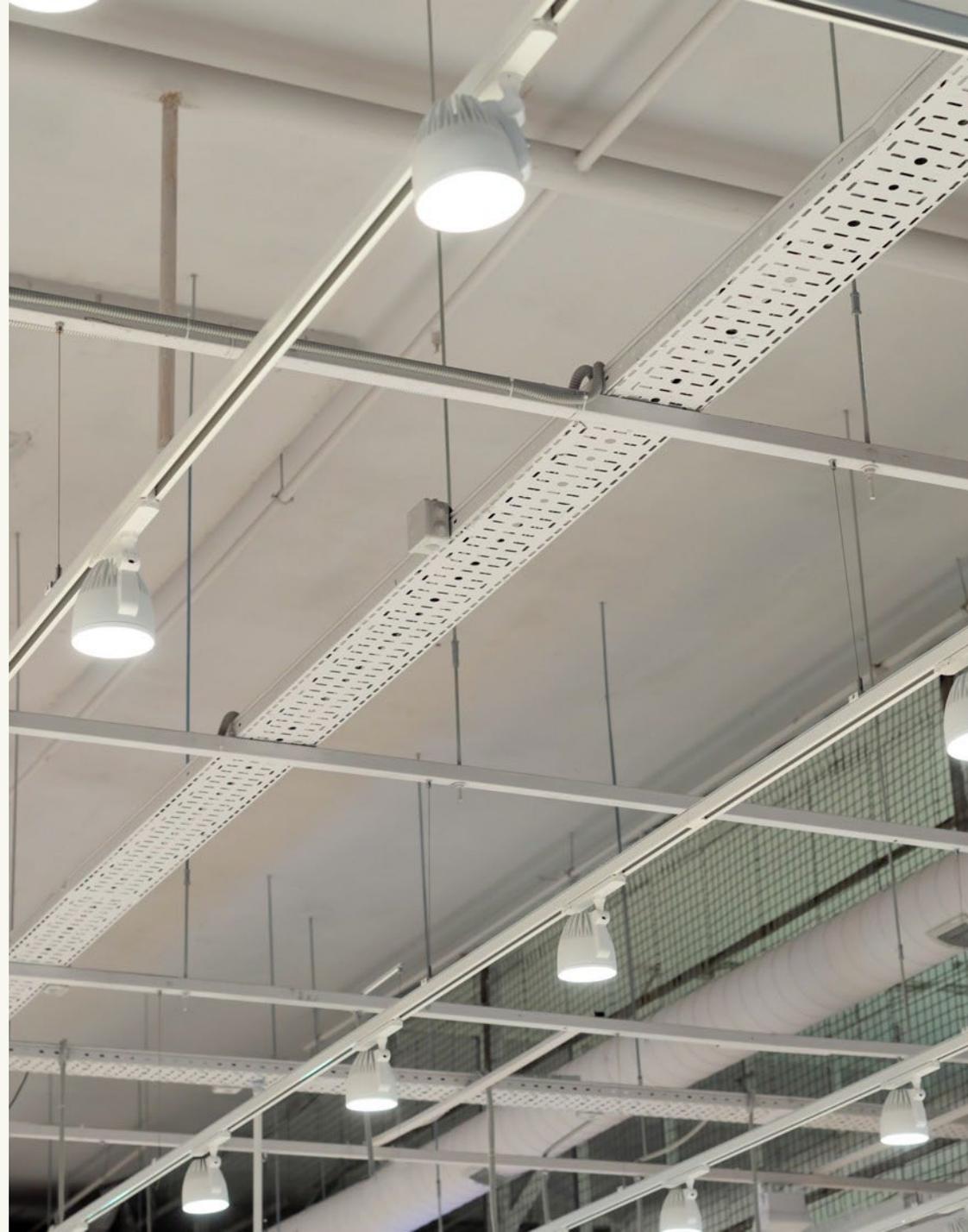
- 0.4 Mt of low temperature gas emissions come from commercial boiler and hot water systems
- Heat pumps are 3-5x more energy efficient than natural gas boilers
- 15 – 50 kW boilers are simple to replace with ‘air-to-water’ heat pump hot water systems
- Found in commercial buildings, retirement villages, restaurants, hotels, spas, food processing, breweries, covered cropping, sports facilities
- Our RFP to set up a national panel of installers is set to go live
- We expect to launch early June
- Automated approval process with automatically calculated 30-50% EECA co-funding



ERS: Commercial lighting

Commercial lighting systems

- New Zealand could save over 1000 GWh of electricity each year by switching fluorescents for LEDs
- Switching delivers an average of 46% energy and cost savings
- Our pilot kicked off in January setting up an open panel of commercial lighting assessors
- We're trialling assessors generating the market activity and making funding requests – six months then evaluation
- These assessors are in market now speaking to business and doing lighting assessments
- We can refer any businesses interested now in EECA co-funding for commercial lighting, get in touch



ERS: Electric motors

- Motors represent **74%** of total global industrial electricity consumption
- There are **260,000** 3-phase motors in New Zealand; **22,000** new sold every year
- EECA's EEUD data shows that electric motor systems consumed **11,000 GWh** in 2020
- Our pilot kicked off in December setting up a small panel of assessors. We commissioned **20** project reports, the first six cover **350 units** alone. They're starting to come in and we're making decisions about co-funding the kit
- We'll be trialling and learning for the next six months



Introducing our Commercial Buildings funding

We're working hard on a commercial buildings grant funding application process for projects over \$300k

- Aiming to launch 1 July 2023
- Targeting water and space heating
- Funding is for the *replacement* of water and space heating with cleaner, more energy efficient technology
- Our Commercial Buildings Sector Decarbonisation programme launched in February, Aged Care launches in April and Hotels in May.
- Find out more or sign up for the programme on the EECA website.
- Our Insight piece about heat pumps for commercial buildings goes live end of April



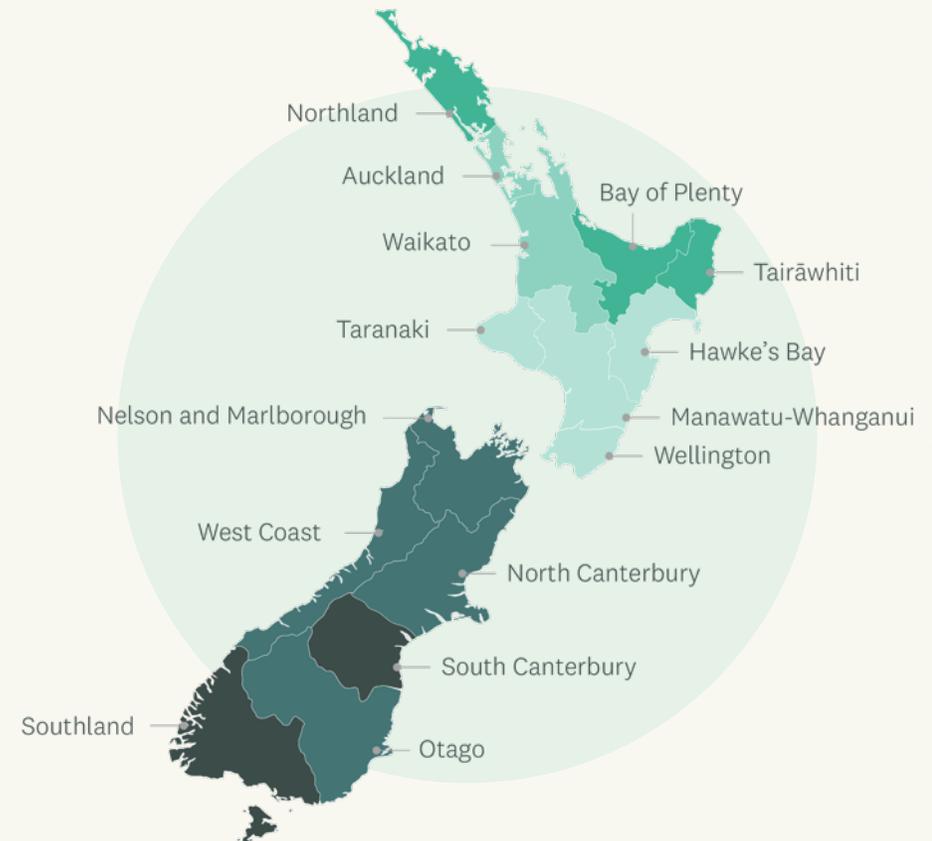
We are accelerating action regionally with RETA

Regional engagement, more than just a report

- Who: Process heat users, biomass industry, EDB's, regional stakeholders
- South Island well progressed, kicking off in the North
- Auckland and Waikato need additional information
- Complete the planning phase : Sth Is mid-23, Nth Is mid-24
- Stakeholders/service providers: Engage with the information, your clients

Implementation - has already started

- Workshops designed to facilitate connections and collaboration
- Supply chain awareness and confidence of future market
- Cluster opportunities to optimise investment and accelerate timelines
- Regional commitment - all suppliers and stakeholders support goals
- Enable EECA support channels



Biomass Supply Chain Investment Fund – South Island ROI

Increase biomass supply in the South Island

- **ROI:** register projects that have the potential to increase biomass supply for process heat decarbonisation in the South Island
- **RFP:** assess and select projects for Government co-investment to increase the harvest of biomass residue and supply of boiler-ready fuel in the South Island

We want to support:

- Projects that enable the decarbonisation of domestic process heat
- New large-scale collection hubs for forestry residues or processed residues
- Technologies that would increase forestry residue collection
- Projects that would process raw material into boiler-ready fuel

Date	Step
21-Mar-23	ROI Open
29-Mar-23	Applicant briefing session
28-Apr-23	ROI Closes – Applicant deadline
June 2023	Panel recommendation and approvals
+30 days	Applicants notified of decision
July 2023	Successful applicant invited to RFP

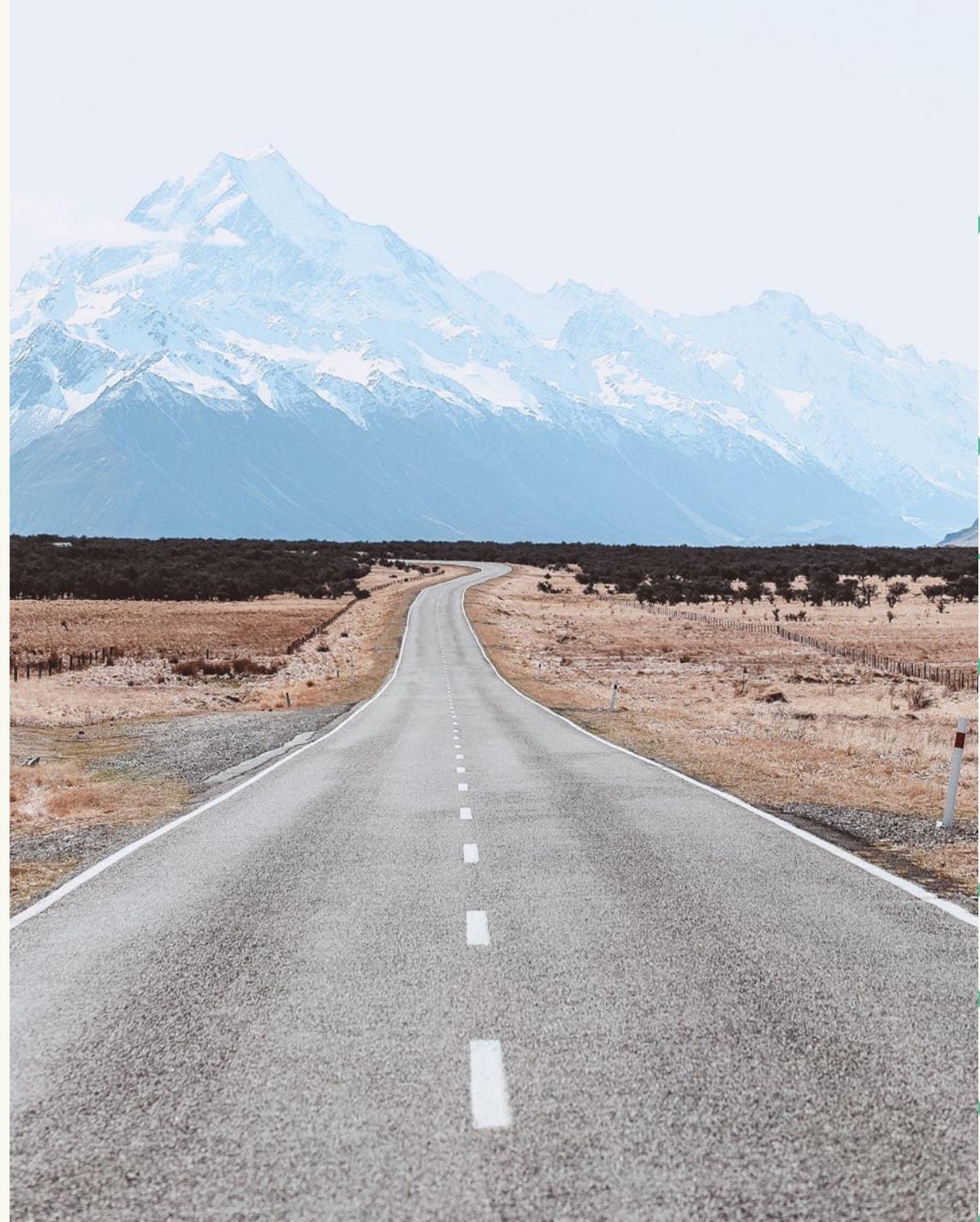
Two step process:

This RFP will only be open to those suppliers that participate in the ROI and are shortlisted through that process.



Next steps

- Look for opportunities that fit your business or your clients
- New programmes are launched in our newsletters – make sure you're signed up!
- Give us feedback or suggestions
- Help us promote our programmes
- Help us build market confidence in technology and processes
- Thanks to those involved in the pilots



What's next?

Join our EECA Market Update webinar in July 2023

It will cover:

- An introduction to our Commercial Buildings grant funding programme
- Our work on the abatement cost “sweet spot” for government support
- What's next for our Sector Decarbonisation Programme
- Latest insights from our research programme
- Latest updates to our business support products

- A reminder project nominations are open for the 2023 New Zealand Energy Excellence Awards. **Details are available on the www.energyawards.co.nz website.**



Questions

Ngā mihi





ACCELERATING BUSINESS TOWARDS A LOW-EMISSIONS FUTURE



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)

