

Statement of Performance Expectations

1 July 2022 – 30 June 2023

EECA

TE TARI TIAKI PŪNGAO
ENERGY EFFICIENCY & CONSERVATION AUTHORITY



Front cover image: Mirror Lakes, Fiordland, New Zealand
Credit: Rachel Mataira.

Contents image: Makarora River, Lake Wanaka, South Island of New Zealand.
Credit: Naz Abbas.

Contents

| | |
|--|-----------|
| Foreword from the Board | 1 |
| We're EECA | 5 |
| Our strategy | 6 |
| Our three levers | 7 |
| Our four key behaviours | 8 |
| Defining our purpose | 9 |
| Our desired outcome | 11 |
| Energy use plays a role in climate change | 13 |
| Our contribution | 15 |
| Our funding | 17 |
| Our strategic focus areas | 21 |
| Productive and low-emissions business | 23 |
| Efficient and low-emissions transport | 25 |
| Energy efficient homes | 27 |
| Government leadership | 29 |
| Engage hearts and minds | 31 |
| Financial information | 33 |
| Financial statements | 34 |
| Statement of accounting policies | 38 |
| Glossary | 43 |

Presented to the House of Representatives pursuant to section 149 of the Crown Entities Act 2004.



© Copyright

This document is protected by copyright owned by the Energy Efficiency and Conservation Authority. This copyright material is licensed for reuse under the Creative Commons Attribution (CC-BY) 3.0 New Zealand licence. In essence, you are free to copy, distribute and adapt the material, as long as you attribute it to the Energy Efficiency and Conservation Authority and abide by the other license terms.

Te whakataki mai i te Poari

Foreword from the Board

It is our pleasure to present Te Tari Tiaki Pūngao the Energy Efficiency and Conservation Authority's (EECA) Statement of Performance Expectations for 2022/23.

EECA's goal is for Aotearoa New Zealand to have a sustainable energy system that supports the prosperity and wellbeing of current and future generations. While recent operating environments have been shaped by the global COVID-19 pandemic, it is encouraging to see New Zealand continuing to take action to increase energy efficiency, energy conservation, and the use of renewable sources of energy.

The Emissions Reduction Plan recently released by the Government sets out New Zealand's pathway to meeting its climate change obligations, particularly in the first three emissions budget periods. With nearly 40% of our country's emissions coming from energy use, EECA will continue to play a key role in unlocking emissions reductions across the economy. We are committed to using our various levers to accelerate meeting these targets during 2022/23 and beyond. We also look forward to the refresh of the New Zealand Energy Efficiency and Conservation Strategy (NZECS) this year, which will align with the Energy Strategy being prepared by government.

In 2022/23, EECA's suite of targeted programmes will continue to support businesses, business sectors, regions and government organisations to overcome barriers to decarbonising their energy use. Through the Climate Emergency Response Fund, the Government has boosted its investment in the decarbonisation of industry by \$650 million over the next four years to help meet New Zealand's emissions reduction targets. This funding will enable EECA to expand the number and types of projects that receive public good investment through the Government Investment in Decarbonising Industry (GIDI) Fund.

The expanded GIDI Fund includes a continued focus on process heat, including for high impact projects of national significance; help for businesses to buy and install low-emissions, high-efficiency electrical equipment used for industrial and commercial processes; and help for commercial building owners to replace fossil fuel use for space and water heating to lower emissions and increase energy efficiency. Projects funded through the expanded programme are estimated to deliver around one sixth of New Zealand's total emissions reductions required between 2022 and 2025. EECA is focused on developing all parts of the programme so the available funding can be progressively allocated, and the emissions reductions realised.

The transport sector is New Zealand's largest source of energy-related emissions. While decarbonising transport is one of EECA's greater challenges, we remain resolute in leveraging our transport programmes to create change. In 2022/23, we will focus on accelerating the uptake of low-emissions technologies, infrastructure and fuels across the sector through the broadened scope of the Low Emission Transport Fund (LETF) and through the implementation of the Public Electric Vehicle Journey Charging Roadmap. The charging roadmap will inform government investment in supporting additional public electric vehicle journey charging stations on key routes.

Since 2018, the Warmer Kiwi Homes programme has delivered more than 90,000 insulation and heating retrofits in low-income houses across the country. In 2022/23, we will continue to meet demand for the programme with over 26,000 further installs planned. We welcome the decision, in Budget 2022, to extend the programme through to June 2024.

EECA will also keep improving the electricity efficiency of products and appliances available for sale in New Zealand, with a focus on pursuing high-priority opportunities for new and improved standards. The anticipated review of the energy efficiency regulatory system for products and services in 2023 will be a key step towards bolstering our efforts in this space.

EECA has a leadership role to play in the transition to a low-emissions future and we will leverage our position to share market intelligence, insights and expertise within and outside of government. We will also keep building behaviour change momentum through public engagement and communications campaigns across each of our strategic focus areas through our Gen Less and EECA platforms and brands.

EECA will continue to engage with stakeholders and partners relevant to our purpose, strategic principles and focus areas to maximise the impact of our programmes. The implementation of our new Te Ao Māori strategy will help us better engage with Māori to create enduring partnerships that deliver improved outcomes for Māori.

The Emissions Reduction Plan has set the target and EECA is ready to meet its part of the challenge. This document outlines how we will deliver on the expectations, trust and confidence placed in us to be an Authority and delivery agent in clean and clever energy use. We look forward to working alongside New Zealand households, businesses, and wider community groups to drive the transition to a low-emissions future.

EECA Board members



Elena Trout



Catherine Taylor



Norman Smith



Karen Sherry



Dr Linda Wright



Albert Brantley



Loretta Lovell

Statement of Responsibility

This Statement of Performance Expectations for 1 July 2022 to 30 June 2023 has been prepared in accordance with the Crown Entities Act 2004 and has been agreed with the Minister of Energy and Resources, the Minister responsible for overseeing and managing the Crown's interests in EECA. In signing this statement, we acknowledge our responsibility for the information contained in this document and confirm EECA's systems and processes provide reasonable assurance about the integrity and reliability of its prospective operations and financial statements.

Signed on behalf of the Board

Elena Trout
Board Chair
14 June 2022

Catherine Taylor
Deputy Chair
14 June 2022



Image: Southern Paprika, Warkworth, New Zealand.
From left to right: Blair Morris (Southern Paprika, General Manager), Hon Dr Megan Woods (Minister Energy and Resources), Hamish Alexander (Southern Paprika, Managing Director), Jo Bye (EECA Marketing and Communications Group Manager), Marja Lubeck (Labour MP), Pramesh Maharaj (EECA Senior Account Manager).

About us

Find out more about who EECA is, why we exist, what we aim to achieve, how we work, and how we are funded.

We're EECA

Te Tari Tiaki Pūngao the Energy Efficiency and Conservation Authority (EECA) is a Crown agency.

We exist to encourage, promote, and support energy efficiency, energy conservation, and the use of renewable sources of energy¹. Our purpose is to mobilise New Zealanders to be world leaders in clean and clever energy use.

Nearly 40%² of New Zealand's greenhouse gas emissions come from energy use. Our priority is to act urgently and decisively to reduce our energy-related emissions by improving energy efficiency, conserving energy where possible and, most critically, increasing our use of renewable sources of energy.

Our desired outcome is a sustainable energy system that supports the prosperity and wellbeing of current and future generations. We use three key levers to initiate change: co-investing, motivating people and regulating – some on their own but most in combination.

Our annual work programme, as expressed in this Statement of Performance Expectations, is underpinned by our Statement of Intent 2021-25 as well as the annual Letter of Expectations from the Minister of Energy and Resources.

Te Tiriti o Waitangi | The Treaty of Waitangi

E mōhio ana mātau ko te Tiriti o Waitangi te tuinga whai tikanga o te kāwanatanga, i noho pūmau ai tātau i te motu nei o Aotearoa. Ko ta mātau whāinga ko te tautoko i te Karauna i roto i ngā kaupapa whanaungatanga o te Tiriti kia pai ake ai te tuku i ā mātau ratonga mā ngā āhuatanga e tōkeke ai ngā putanga mō te Māori.






We recognise that the Treaty of Waitangi is a founding document of government in New Zealand and established the country as a nation. We aim to support the Crown in its Treaty of Waitangi relationships and deliver our services in ways that enable equitable outcomes for Māori.

Our strategy






Our purpose

Mobilise New Zealanders to be world leaders in clean and clever energy use.

Our strategic principles

| | | | | |
|---|---|---|--|---|
|  |  |  |  |  |
| Focus on impact | Understand the customer | Define the problem | Join the dots | Display leadership |
| Pursue high-impact change with agility and at pace. | Focus on those it is important to influence and influence them based on what they care about. | Identify what's blocking progress and tackle it head on. | Work with and connect people and organisations who can be part of achieving our purpose. | Be proactive, have a fact-based point of view, own it. |

Our strategic focus areas

| | | | | |
|---|---|---|---|---|
|  |  |  |  |  |
| Productive and low-emissions business | Efficient and low-emissions transport | Energy efficient homes | Government leadership | Engage hearts and minds |
| Motivate decision makers to accelerate the transition to a low-emissions economy. | Switch to efficient low-emissions technologies and fuels to move people and goods. | Optimise New Zealand's use of renewable energy at home. | Lead the transition to a low-emissions economy. | Create an enabling environment for systemic change, where clean and clever energy is expected and demanded. |

Our desired outcome

A sustainable energy system that supports the prosperity and wellbeing of current and future generations.

¹Section 5 of the Energy Efficiency and Conservation Act 2000.

²Greenhouse Gas Inventory 1990-2019, Manatū Mō Te Taiao Ministry for the Environment (2021).

Our three levers

Kia pono te anga whakamua me eke ngā mahi i ngā wāhi katoa.
True progress requires action at all levels.

EECA works to create positive systems change using three important levers. We choose the most effective combination of the three to achieve a sustainable energy system that supports the prosperity and wellbeing of current and future generations.

1 Co-investing

We co-invest in energy efficient technologies and the use of renewable sources of energy.

When there are financial barriers, we help to overcome these and appropriately share the financial risk to incentivise energy users to invest in technologies and renewable sources of energy that can make a real difference.

2 Motivating people

We motivate people to make clean and clever energy choices.

We develop and communicate credible information that will help targeted audiences to make informed choices, and to take action.

3 Regulating

We regulate proven technologies and processes.

We help prevent inefficient products and appliances from being sold in New Zealand. We support the development of energy-related policies that create the enabling environment that energy users need to transition to a low-emissions economy.

Our four key behaviours

Our four key behaviours help us build a highly engaged, committed workforce to mobilise New Zealanders to be world leaders in clean and clever energy use.

1

Open to the new

Changing New Zealand needs openness and understanding. To succeed, we welcome fresh thinking from others and create an environment where new perspectives are cherished.

2

Stand in others' shoes

To mobilise New Zealanders, we need to understand people. That means parking our pre-conceptions and getting to know them before we act.

3

Believe in “we” not “me”

Tackling climate change will take collaboration. We need to work together, in a positive and proactive way to make the good stuff happen.

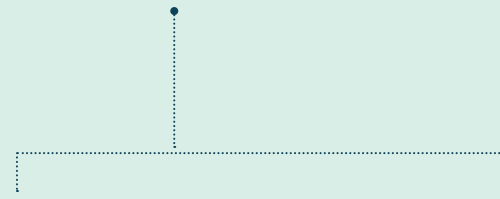
4

Deliver the goods

To be world leaders in clean and clever energy use, we need every individual at EECA to own their part of the challenge.

Defining our purpose

We are advocates for clean and clever energy use. Enablers. We approach our task with passion and enthusiasm.



Our purpose: Mobilise world leaders in clean



We are a small but nimble country. We have a role on the global stage to show what can be done – taking a leadership position, so others will follow suit.

Clean energy is renewable, low-emissions energy. It balances human wellbeing with the needs of our ecosystem.

We're talking to everyone in New Zealand, across the generations. It will take all of us to make this work.



New Zealanders to be and clever energy use.



Anything that gives you more, while using less energy, is clever. We advocate for smart, adaptable, conscious, reliable ways to make and use energy.

Energy is in everything. If making, moving, using, or throwing it away produces energy-related greenhouse gas emissions, then it's in our lane.

Our desired outcome

Our desired outcome is a sustainable energy system that supports the prosperity and wellbeing of current and future generations.



Energy use plays a role in climate change

Climate change is the most urgent global environmental challenge of our time. Our climate is changing faster than at any other time in history. These changes are caused by rapidly increasing greenhouse gas emissions in our atmosphere, which are now at their highest levels in three million years. Energy use plays a major role in creating those greenhouse gas emissions.

Nearly 40% of New Zealand's greenhouse gas emissions come from energy use.

Energy-related emissions are created when we burn fossil fuels in our business operations, in our homes, and in the ways we get around – whether burning gas for manufacturing, burning coal to create electricity, driving a petrol or diesel vehicle, or catching a flight.

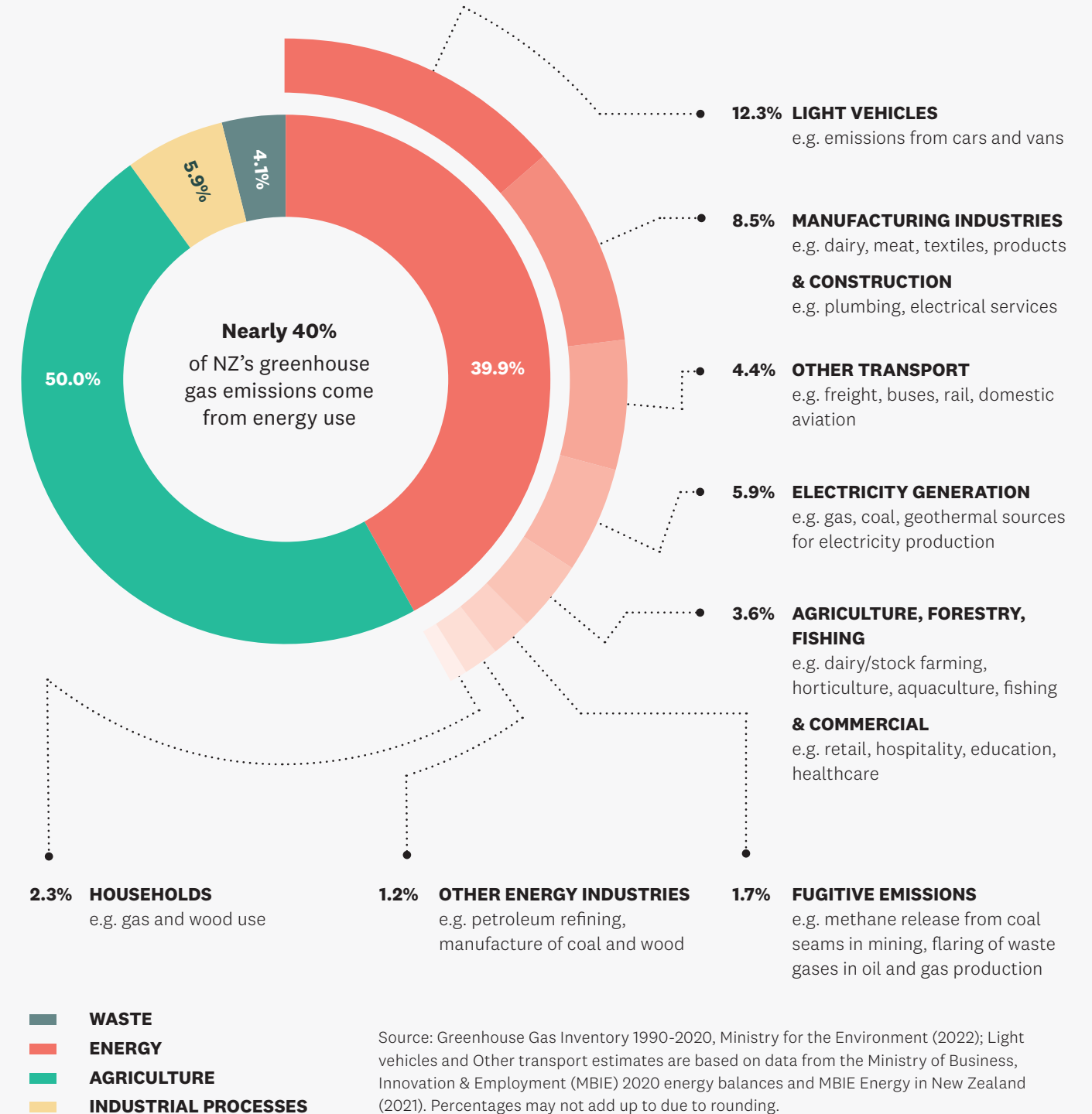
We cannot continue to operate in this way. Urgent action is needed to reduce our energy-related emissions – by government, by businesses, and by all New Zealanders.

Improving energy efficiency, conserving energy, and increasing our use of renewable sources of energy are crucial steps we must take to reduce energy-related emissions.

The time for action to avoid the worst impacts of climate change is now. We must be bold and accelerate decarbonisation to leave a healthy, stable planet for future generations.

Ka ora a Papatūānuku, Ka ora Te Tangata.
When the earth is well, the people will be well.

Understanding where energy-related emissions come from is fundamental to accelerating the transition to a low-emissions future. For EECA, this is at the centre of our decision-making. We determine where we can make the biggest impact and then take action.



Our contribution

The activities we deliver in 2022/23 will contribute to a sustainable energy system in New Zealand that supports the prosperity and wellbeing of current and future generations.

Our work programme aligns with the Government's priorities and is consistent with the expectations set out by the Minister of Energy and Resources in her 2022/23 Letter of Expectations. The work in each of our focus areas also contributes to several Sustainable Development Goals and domains of the Living Standards Framework.

Government priorities¹

JUST TRANSITION

Supporting the transition to a climate-resilient, sustainable and low-emissions economy.

FUTURE OF WORK

Enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation.

MĀORI AND PACIFIC PEOPLES

Lifting Māori and Pacific Peoples incomes, skills and opportunities, including through access to affordable, safe, and stable housing.

CHILD WELLBEING

Reducing child poverty and improving child wellbeing, including through access to affordable, safe and stable housing.

PHYSICAL AND MENTAL WELLBEING

Supporting improved health outcomes for all New Zealanders and minimising COVID-19 and protecting our communities.

Our desired outcome

Outcomes by focus area

2022/23 activities

Sustainable Development Goals²

The Living Standards Framework domains³

New Zealand has a sustainable energy system that supports the prosperity and wellbeing of current and future generations



Productive and low-emissions business

- » Businesses meet emissions reductions targets
- » Businesses utilise low-emissions innovations and insights
- » Businesses benefit from improved energy productivity

SEE PAGES
23-24



- Environmental amenity
- Work, care and volunteering
- Knowledge and skills



Efficient and low-emissions transport

- » New Zealand adopts low-emissions transport technologies and fuels
- » Government establishes low-emissions transport policies and initiatives
- » New Zealanders choose low-emissions mobility options

SEE PAGES
25-26



- Environmental amenity
- Knowledge and skills
- Health



Energy efficient homes

- » New Zealanders live in energy efficient homes that are warm, dry, and healthy
- » New Zealand households benefit from an efficient, well-integrated, and resilient renewable energy system

SEE PAGES
27-28



- Health
- Housing
- Knowledge and skills
- Income, consumption and wealth
- Environmental amenity



Government leadership

- » Government agencies transition to a low-emissions economy
- » New Zealand benefits from low-emissions transition lessons
- » Government agencies collaborate on low-emissions policies and initiatives

SEE PAGES
29-30



- Engagement and voice
- Environmental amenity



Engage hearts and minds

- » New Zealanders change their climate-related attitudes and behaviours
- » Businesses change their attitudes and behaviours to reduce emissions
- » Government's low-emissions policies and regulations are bold and credible

SEE PAGES
31-32



- Subjective wellbeing
- Knowledge and skills
- Environmental amenity
- Health

¹ <https://www.treasury.govt.nz/system/files/2021-12/bps22.pdf>

² In 2015, the United Nations adopted 17 global goals to end poverty, protect the planet and ensure prosperity for all. Each goal has a number of targets to be achieved by 2030. EECA's activities and programmes contribute to achieving the listed goals.

³ The Treasury's Living Standards Framework identifies domains that contribute to how New Zealanders experience wellbeing. EECA's activities and programmes help to improve the listed domains.

Our funding

We are funded by the Crown from the following seven Energy and Resources appropriations within Vote Business, Science and Innovation. This Statement of Performance Expectations provides prospective information on what is intended to be achieved with these appropriations, what the expected costs will be, and how performance will be assessed.

| | |
|--|---|
| Energy Efficiency and Conservation | <p>This appropriation is intended to achieve improvements in energy efficiency, energy conservation and the use of renewable energy. It includes support (a mix of operational and grant funding) for decarbonisation in the State Sector Decarbonisation Fund (SSDF), the Government Investment in Decarbonising Industry (GIDI) Fund, the Low Emission Transport Fund (LETF) and the Carbon Neutral Government Programme (CNGP).</p> <p>Each year, EECA makes a request to the Minister of Energy and Resources seeking an appropriation of public money. The Crown recovers the cost of some of this funding through three levies: the Electricity Industry Levy (electricity levy); the Gas Safety, Monitoring and Energy Efficiency Levy (gas levy); and the Petroleum or Engine Fuel Monitoring Levy (petroleum levy).</p> <p>Prior to making our request for 2022/23, EECA consulted stakeholder groups representing those affected by the levies on our proposed level of funding and the intended work programmes that will use the funds. The outcome of this consultation was reported to the Minister at the time the appropriations request was submitted.</p> |
| Grants Scheme for Warm, Dry Homes | This appropriation is for grants to achieve energy efficiency and health benefits for households through the Warmer Kiwi Homes programme. |
| Implementation of the Grant Scheme for Warm, Dry Homes | This appropriation is for the implementation of the Warmer Kiwi Homes grants programme. |
| Accelerating Energy Efficiency and Fuel Switching in Industry 2021-2025 | This appropriation is for GIDI Fund grants for energy efficiency and fuel switching projects that reduce carbon emissions from industrial processes, including electricity network connections (GIDI 1.0). |
| Accelerating Energy Efficiency and Fuel Switching in Industry 2022-2027 | This appropriation is for GIDI Fund grants for projects that reduce, or enable the reduction of, energy use and/or carbon emissions of industrial and commercial processes, through energy efficiency, fuel switching, energy supply or other decarbonisation approaches (GIDI 2.0). |
| Crown Energy Efficiency | This appropriation is for loans to assist public sector agencies in implementing energy efficiency and carbon emission reducing projects. |
| Investment in Infrastructure Projects | This appropriation is for the implementation of the projects EECA is overseeing as part of the \$3 billion 'shovel ready' infrastructure programme, which was part of the Government's economic response to COVID-19. |

Budget for 2022/23 by output class

| | Forecast 2021/22 | Budget 2022/23 | | | | | Total \$000 |
|--|------------------|---|---|------------------------------|-----------------------------|-------------------------------|----------------|
| | Total \$000 | Productive and low-emissions business \$000 | Efficient and low-emissions transport \$000 | Energy efficient homes \$000 | Government leadership \$000 | Engage hearts and minds \$000 | |
| Operating revenue | | | | | | | |
| Energy Efficiency and Conservation | | | | | | | |
| Crown funding | 17,284 | 10,297 | 3,577 | 833 | 2,048 | 3,529 | 20,284 |
| Support for decarbonisation in the state sector (SSDF) | 3,980 | - | - | - | 4,800 | - | 4,800 |
| Accelerating Energy Efficiency and Fuel Switching in Industry (GIDI 1.0) | 200 | 100 | - | - | - | - | 100 |
| Accelerating Energy Efficiency and Fuel Switching in Industry (GIDI 2.0) | - | 4,268 | - | - | - | - | 4,268 |
| Carbon neutral government programme | 8,246 | - | - | - | 11,182 | - | 11,182 |
| Low emissions transport fund | 6,760 | - | 9,500 | - | - | - | 9,500 |
| Electricity levy funding | 5,500 | 3,696 | - | 1,348 | 256 | - | 5,300 |
| Gas levy funding | 1,300 | 1,327 | - | 93 | 80 | - | 1,500 |
| Petroleum levy funding | 7,500 | - | 10,500 | - | - | - | 10,500 |
| | 50,770 | 19,688 | 23,577 | 2,274 | 18,366 | 3,529 | 67,434 |
| Grants scheme for investment in infrastructure projects (IRG) | 15,210 | - | 4,000 | 3,544 | 2,243 | - | 9,787 |
| Accelerating Energy Efficiency and Fuel Switching in Industry (GIDI 1.0) | 15,093 | 53,550 | - | - | - | - | 53,550 |
| Accelerating Energy Efficiency and Fuel Switching in Industry (GIDI 2.0) | - | 61,684 | - | - | - | - | 61,684 |
| Grant scheme for Warm Dry Homes | 66,500 | - | - | 67,360 | - | - | 67,360 |
| Operational support of the Investment in infrastructure projects (IRG) | 500 | - | - | - | - | - | - |
| Implementation of grant scheme for Warm Dry Homes | 6,037 | - | - | 5,070 | - | - | 5,070 |
| | 154,110 | 134,922 | 27,577 | 78,248 | 20,609 | 3,529 | 264,885 |
| Other revenue | 713 | 725 | - | 750 | - | - | 1,475 |
| Total operating revenue | 154,823 | 135,647 | 27,577 | 78,998 | 20,609 | 3,529 | 266,360 |
| Operating expenses | | | | | | | |
| Financial and industry support expenses | 133,814 | 122,024 | 22,730 | 71,654 | 16,582 | - | 232,990 |
| Other operating expenses | 30,102 | 14,315 | 5,015 | 7,369 | 4,027 | 3,529 | 34,255 |
| Total operating expenses | 163,916 | 136,339 | 27,745 | 79,023 | 20,609 | 3,529 | 267,245 |
| Surplus/deficit | (9,093) | (692) | (168) | (25) | - | - | (885) |
| Non-departmental capital expenses | | | | | | | |
| Crown energy efficiency | 3,500 | - | - | - | 2,000 | - | 2,000 |
| Total capital funding | 3,500 | - | - | - | 2,000 | - | 2,000 |



What we will deliver in 2022/23

In 2022/23, we will undertake activities in five strategic focus areas to work towards achieving our desired outcome.

Image: Waitaki Dam, by Rachel Mataira.

About this section

Our five strategic focus areas

This section outlines the specific outcomes EECA is trying to achieve in 2022/23 across our five strategic focus areas. It also lays out the actions and activities we will prioritise to achieve these outcomes, how we intend to measure success, and how much these activities will cost.

We will report back against each measure of success in our 2022/23 Annual Report. This will enable the public, Parliament, Government, and the Ministry of Business, Innovation and Employment (MBIE) to track our progress against the commitments made in our Statement of Intent 2021-2025.

Introduction of service performance reporting standard PBE FRS 48

The New Zealand Accounting Standards Board (XRB) has issued a Standard for Service Reporting: Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48). The Standard applies to annual reporting beginning on or after 1 January 2022.

The Standard provides requirements for selecting and presenting service performance information so that it is appropriate and meaningful to users. It requires agencies like EECA to present information that is useful for accountability and decision-making purposes.

PBE FRS 48 will officially come into effect for EECA's Annual Report 2022/23. As this Statement of Performance Expectations 2022/23 sets out the measures of success that will be reported on in our Annual Report 2022/23, we have chosen to reflect the PBE FRS 48 requirements in this document.

Judgements made in the selection of our performance measures

PBE FRS 48 requires the disclosure of the judgements used in preparing service performance information in accordance with the Standard. In selecting performance measures for 2022/23, EECA made the following judgements about what information to present:

- > We consider that the selected key activities to report on would be the most appropriate and meaningful information to users when assessing the work we do to achieve our objectives and aligns with management's assessment of where the entity expects to invest the most time and resources in the period (based on budget information).
- > In our view, the performance measures selected for the Statement of Performance Expectations 2022/23 document will meet the expectations of EECA's stakeholders and related government entities.
- > The selected performance measures will adequately inform users of the progress made against achieving the outcomes presented in our Statement of Intent 2021-2025.

We have also applied judgements in the measurement and presentation of performance information. In alignment with PBE FRS 48, significant judgements and assumptions about performance measure and results will be disclosed in the Annual Report 2022/23.

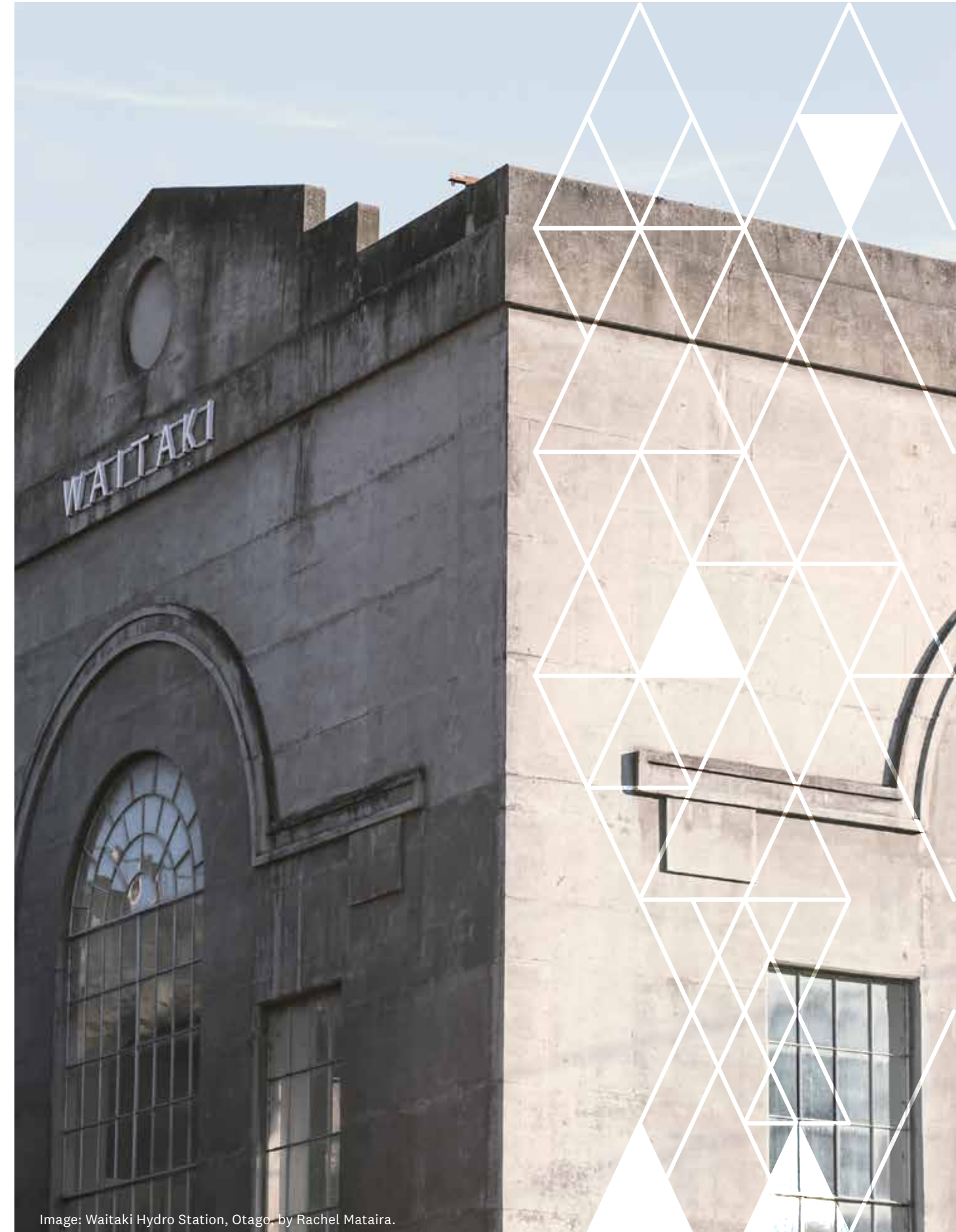


Image: Waitaki Hydro Station, Otago, by Rachel Mataira.

PRODUCTIVE AND LOW-EMISSIONS BUSINESS

Motivating business decision-makers to accelerate the transition to a low-emissions economy

The outcomes we seek

- » Businesses meet emissions reductions targets
- » Businesses utilise low-emissions innovations and insights
- » Businesses benefit from improved energy productivity

Why business?

42% of New Zealand's energy-related emissions comes from business.

The largest portion of the business sector's energy-related emissions comes from the burning of fossil fuels for 'process heat' – the steam, hot water or hot gases used in industrial processing, manufacturing, and space heating.

The good news is, there are low-emissions alternatives available for businesses that not only reduce emissions but can also lower energy costs and improve profitability.

Businesses need to act now to help meet the emission budgets adopted by government and the associated actions required to achieve these as set out in the Emissions Reduction Plan. EECA is focused on motivating and supporting the business sector to be more productive with less emissions.

How much our activities will cost

| | Budget 2022/23 \$000 |
|--|-------------------------|
| Operating revenue | |
| Energy Efficiency and Conservation | |
| Crown funding | 10,297 |
| Accelerating Energy Efficiency and Fuel Switching in Industry (GIDI 1.0) | 100 |
| Accelerating Energy Efficiency and Fuel Switching in Industry (GIDI 2.0) | 4,268 |
| Electricity levy funding | 3,696 |
| Gas levy funding | 1,327 |
| | 19,688 |
| Accelerating Energy Efficiency and Fuel Switching in Industry (GIDI 1.0) | 53,550 |
| Accelerating Energy Efficiency and Fuel Switching in Industry (GIDI 2.0) | 61,684 |
| | 134,922 |
| Other revenue | 725 |
| Total operating revenue | 135,647 |
| Operating expenses | |
| Financial and industry support expenses | 122,024 |
| Other operating expenses | 14,315 |
| Total operating expenses | 136,339 |
| Surplus/deficit | (692) |



The actions we will prioritise and how our success will be measured

ACCELERATE THE TRANSITION

We will fast-track investment and implementation where high-impact opportunities have been identified, using all available tools and levers.

The Government Investment in Decarbonising Industry (GIDI) Fund accelerates the decarbonisation of industry through the public good co-funding of projects that help remove barriers to enable an accelerated transition to a low carbon economy. Our measures of success are:

- ✓ At least \$100 million of GIDI funding is committed to projects
- ✓ GIDI funding committed in 2022/23 will deliver at least 175,000 tonnes of emissions reductions in 2023/24, putting the GIDI Fund on track to meet its part of the Government's emissions budgets
- ✓ GIDI projects completed in 2022/23 deliver at least 110,000 tonnes of emissions reductions.

The Energy Transition Accelerator (ETA) Programme supports large energy using organisations to identify viable options and investments to help them reach the lowest emissions possible. Our measure of success is:

- ✓ At least six Regional ETA roadmaps are completed, ready for implementation.

Our other Business Engagement Programmes increase energy efficiency and the use of renewable energy sources to unlock emissions reductions across the business sector.

The Equipment Energy Efficiency (E3) Programme improves the energy efficiency of products available for sale in New Zealand, including commercial and industrial products. Our measures of success are:

- ✓ Businesses save at least 0.5 PJ annually and reduce their energy-related emissions by purchasing new energy efficient appliances that are subject to Minimum Energy Performance Standards (MEPS) and Mandatory Energy Performance Labelling (MEPL)
- ✓ A testing programme is completed for three product classes to assess performance against MEPS/MEPL requirements.

INVESTIGATE NEW OPPORTUNITIES

We will explore new sectors and interventions and develop the most promising opportunities.

The Technology Demonstration Fund provides co-funding to help businesses test new or under-utilised energy-saving technologies and process improvement opportunities. Our measure of success is:

- ✓ At least 12 technology demonstration projects that increase energy efficiency and/or emissions reductions are co-funded (including demonstration of at least three highly replicable technologies).

The Sector Decarbonisation Programme defines decarbonisation roadmaps for industry sectors and sub-sectors that are energy or carbon intensive in their energy use. Our measure of success is:

- ✓ A targeted resource is released for at least five priority sectors to support businesses within the sectors to commence their decarbonisation journeys.

The Industry Development Programme will continue to support industry partners and associations to grow capability and competency in the energy sector.

EXPLORE NEW FUNDING MECHANISMS

We will explore new funding and delivery approaches that address the decarbonisation challenge.

This year, we will work to evaluate our current approaches and consider opportunities for improvement.

STRENGTHEN IMPACT MEASUREMENT

We will improve our capability to support businesses' low-emissions pathways through better data utilisation.

Our focus will be on collecting data around the impact of our programmes and further strengthening our data systems and analysis in the business sector.

EFFICIENT AND LOW-EMISSIONS TRANSPORT

Switching to efficient low-emissions technologies and fuels to move people and goods

The outcomes we seek

- » New Zealand adopts low-emissions transport technologies and fuels
- » Government establishes low-emissions transport policies and initiatives
- » New Zealanders choose low-emissions mobility options

Why transport?

49% of New Zealand's energy-related emissions come from the transport sector.

When we burn fossil fuels like petrol and diesel to power our cars, trucks, buses, boats, trains and planes, we produce harmful greenhouse gas emissions that contribute to climate change.

While minimising the transport sector's emissions will not be a quick fix, optimising the way we move people and goods and making the most of available low-emissions technologies and fuels will help us achieve the actions specified in the Emissions Reduction Plan, which are necessary to meet the emission budgets adopted by government.

It is time to change the way we move. EECA is committed to supporting individuals and organisations to adopt energy efficient and low-emissions transport behaviours, technologies and fuels.

How much our activities will cost

| | Budget 2022/23 \$000 |
|---|-------------------------|
| Operating revenue | |
| Energy Efficiency and Conservation | |
| Crown funding | 3,577 |
| Low emissions transport fund | 9,500 |
| Petroleum levy funding | 10,500 |
| | 23,577 |
| Grants scheme for investment in infrastructure projects (IRG) | 4,000 |
| Total operating revenue | 27,577 |
| Operating expenses | |
| Financial and industry support expenses | 22,730 |
| Other operating expenses | 5,015 |
| Total operating expenses | 27,745 |
| Surplus/deficit | (168) |



The actions we will prioritise and how our success will be measured

DEMONSTRATE LOW-EMISSIONS TECHNOLOGIES

We will encourage innovation and help prove the application of scalable low-emissions technologies and fuels and increase the adoption of commercially available low-emissions vehicles and other support services.

The Low Emission Transport Fund (LETF) supports the demonstration and adoption of low-emissions transport infrastructure, technologies and fuels to accelerate the decarbonisation of the transport sector. The fund focuses on activities that move people and/or goods primarily on roads but also off-road and in the marine and aviation sectors. Our measure of success is:

- ✓ At least 95% of the LETF co-funding budget (net) is committed to projects.

TRANSITION LARGE FLEETS

We will work with large fleets to adopt transition plans and provide advice and technical assistance to make informed decisions.

The Private Fleet Optimisation and Decarbonisation Programme is a new initiative that will support private organisations to make informed decisions about their vehicle needs and identify strategies to convert to low-emissions vehicles and incorporate alternative transport modes.

SCALE INFRASTRUCTURE

We'll support the development of vehicle charging and low-emissions refuelling infrastructure.

The Low Emission Transport Fund (LETF) has a focus on increasing public electric vehicle (EV) charging infrastructure. EECA has developed a **Public EV Journey Charging Roadmap** which will inform our investment through the LETF in the short term and improve cross-sectoral collaboration to optimise the roll-out. The roadmap will also help to inform and give certainty to the private sector's investment decisions, and ideally bring forward investment. Our measures of success are:

- ✓ At least 40% of the LETF co-funding budget (net) is committed to public charging infrastructure projects
- ✓ At least one cluster of public journey chargers identified by the charging roadmap is co-funded.

INFLUENCE POLICY AND SUPPORT INITIATIVES

We will provide data and market knowledge to support initiatives that improve efficiency, optimise or reduce transport-related emissions, and influence low-emissions transport policy options.

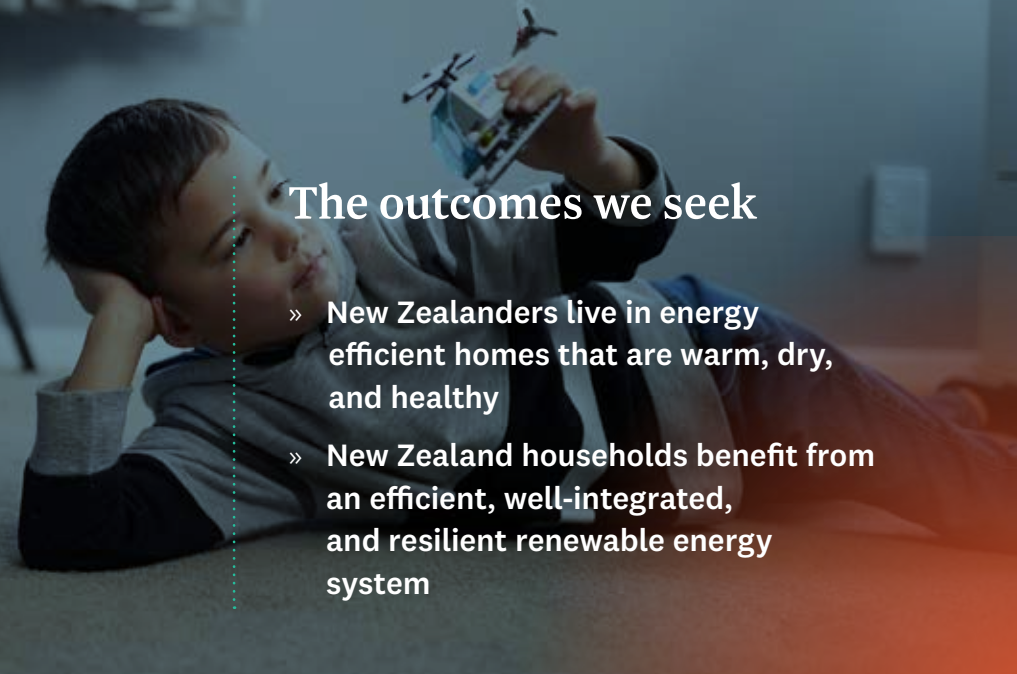
The Vehicle Emissions and Energy Economy Labelling Programme will continue to improve vehicle efficiency in New Zealand through mandatory labelling and allow consumers to compare vehicles based on emissions and energy economy.

We will also share our knowledge and programme learnings to support the development and delivery of low-emissions transport policies and initiatives in both the public and private sectors.



ENERGY EFFICIENT HOMES

Optimising New Zealand's use of renewable energy at home



The outcomes we seek

- » New Zealanders live in energy efficient homes that are warm, dry, and healthy
- » New Zealand households benefit from an efficient, well-integrated, and resilient renewable energy system

Why homes?

7% of New Zealand's energy-related emissions comes from households¹.

Homes are the beating heart of our nation, where whānau and friends gather to eat, work, celebrate and everything else in between. Our energy consciousness starts here.

We use energy in our homes to power everything from appliances to hot water. The dominant energy source is our highly renewable electricity system. However, households have a significant impact on New Zealand's peak electricity use when electricity generation tends to be at its least renewable and most expensive to produce (for example, winter evenings).

EECA is focused on improving the energy efficiency of New Zealanders' homes. This will not only reduce emissions – it will play a vital role in making sure whānau can enjoy warm, dry and healthy homes without increased energy costs.

How much our activities will cost

| | Budget 2022/23 \$000 |
|---|-------------------------|
| Operating revenue | |
| Energy Efficiency and Conservation | |
| Crown funding | 833 |
| Electricity levy funding | 1,348 |
| Gas levy funding | 93 |
| | 2,274 |
| Grants scheme for investment in infrastructure projects (IRG) | 3,544 |
| Grant scheme for Warm Dry Homes | 67,360 |
| Implementation of grant scheme for Warm Dry Homes | 5,070 |
| | 78,248 |
| Other revenue | 750 |
| Total operating revenue | 78,998 |
| Operating expenses | |
| Financial and industry support expenses | 71,654 |
| Other operating expenses | 7,369 |
| Total operating expenses | 79,023 |
| Surplus/deficit | (25) |

¹Excluding transport emissions.



The actions we will prioritise and how our success will be measured

IMPROVE EXISTING HOMES

We will increase the energy efficiency of existing homes through improved insulation and heating.

The Warmer Kiwi Homes Programme provides insulation and heating retrofit grants to low-income households to achieve energy savings and other major co-benefits like improved health. Our measures of success are:

- ✓ At least 26,500 insulation or heating retrofits are installed in qualifying homes
- ✓ At least 95% of sampled retrofits comply with the installation standard.

DELIVER STANDARDS AND GUIDANCE

We will develop Publicly Available Specifications to accelerate the adoption of new technologies and focus on standards and guidance for Demand Flexibility/Demand Response technologies that accelerate market uptake.

Publicly Available Specifications are voluntary documents developed in conjunction with Standards New Zealand that provide best practice guidance and a technical specification for the energy performance of different technologies. Our measure of success is:

- ✓ At least two new or revised Publicly Available Specifications are published.

MAINTAIN AND EXTEND REGULATORY ACTIVITIES

We will maintain the existing and further extend Minimum Energy Performance Standards (MEPS) to include additional products and increase levels for existing products as necessary; refine and promote Mandatory Energy Performance Labelling (MEPL), working in synergy with increased MEPS levels; and continue to enforce regulations.

The Equipment Energy Efficiency (E3) Programme improves the energy efficiency of products available for sale in New Zealand, including residential products. Our measure of success is:

- ✓ Consumers save at least 0.7 PJ annually and reduce their energy-related emissions by purchasing new energy efficient appliances that are subject to MEPS and MEPL.

We will focus on pursuing high-priority opportunities for new and improved mandatory standards, including demand response and electric vehicle charging. We will also continue to support the proposals to enhance the regulatory regime for energy efficient products and services, which would allow us to bolster our efforts even further in this space.



GOVERNMENT LEADERSHIP

Leading the transition to a low-emissions economy

The outcomes we seek

- » Government agencies transition to a low-emissions economy
- » New Zealand benefits from low-emissions transition lessons
- » Government agencies collaborate on low-emissions policies and initiatives

Why government?

2% of New Zealand's energy-related emissions come from government agencies.

While this footprint is comparatively small, the Government has a key leadership role to play in the transition to a low-emissions future.

Government agencies must both demonstrate the action required to accelerate the transition and influence New Zealanders to do the same. For example, government agencies still own a large number of fossil-fuelled vehicles, and many public hospitals, universities and schools still use fossil fuels for heating.

There is work to be done. EECA is focused on supporting government agencies to model clean and clever energy use, develop bold policies, and share low-emissions lessons.

How much our activities will cost

| | Budget 2022/23 \$000 |
|---|-------------------------|
| Operating revenue | |
| Energy Efficiency and Conservation | |
| Crown funding | 2,048 |
| Support for decarbonisation in the state sector (SSDF) | 4,800 |
| Carbon neutral government programme | 11,182 |
| Electricity levy funding | 256 |
| Gas levy funding | 80 |
| | 18,366 |
| Grants scheme for Investment in infrastructure projects (IRG) | 2,243 |
| Total operating revenue | 20,609 |
| Operating expenses | |
| Financial and industry support expenses | 16,582 |
| Other operating expenses | 4,027 |
| Total operating expenses | 20,609 |
| Surplus/deficit | - |
| Non-departmental capital expenses | |
| Crown Energy Efficiency | 2,000 |
| Total capital funding | 2,000 |



The actions we will prioritise and how our success will be measured



TAKE DIRECT ACTION

We will effectively allocate public sector transition funding and provide support for cross-government transition initiatives.

The State Sector Decarbonisation Fund (SSDF) is a government fund administered by EECA. It provides co-funding for projects that reduce carbon emissions in the State sector to support the Carbon Neutral Government Programme. Our measures of success are:

- ✓ All unallocated SSDF funding is committed to State sector decarbonisation projects.
- ✓ At least 80% of SSDF project delivery milestones are met through EECA's monitoring of State sector organisations.

The Crown Loans Scheme offers loans to public sector organisations to fully or partially fund energy efficiency and carbon emission reducing projects in the Public sector. Our measure of success is:

- ✓ \$2.0 million in Crown loans is provided to Public sector organisations to enable them to save energy and reduce their energy-related emissions.

The Public Sector Engagement Programmes will continue to co-fund energy audits, energy management plans, monitoring and targeting systems, decarbonisation pathway engagement, feasibility studies, energy graduates, fleet audits and more.

LEARN AND SHARE AS AN AUTHORITY

We will capture, analyse and disseminate knowledge and data from New Zealand's transition in a timely manner.

EECA Insights is a platform to share our latest insights on clean and clever energy use. Our measure of success is:

- ✓ At least six market communications are delivered that integrate insights from completed EECA-supported low-emissions projects to support large-scale uptake of low-emissions technologies and behaviours.

DISPLAY THOUGHT LEADERSHIP

We will focus our efforts where we are best placed to advance the transition and provide insights to policy input.

This year we will continue to assess where and how we can use the levers at our disposal to make the most impact. We will also concentrate on leveraging our cross-government relationships to share expertise and learnings and to inform policy.



ENGAGE HEARTS AND MINDS

Create an enabling environment for systemic change, where clean and clever energy is expected and demanded

The outcomes we seek

- » New Zealanders change their climate-related attitudes and behaviours
- » Businesses change their attitudes and behaviours to reduce emissions
- » Government's low-emissions policies and regulations are bold and credible

Why hearts and minds?

Everyday we make decisions about how we use energy.

Energy is in everything we do, use, make and buy. Efficient use of renewable energy can deliver some serious benefits, but it requires collective action.

If every New Zealander makes even small improvements to the way they use energy, if businesses invest in energy efficiency and decarbonisation, and if bold policies are adopted, we will see a significant decrease in our energy-related emissions.

Efficient energy use is not just achievable – it is necessary to underpin the actions specified in the Emissions Reduction Plan, which are necessary to meet the emission budgets adopted by government.

EECA is committed to engaging the hearts and minds of New Zealanders to live more with less energy while saving money and reducing emissions.

How much our activities will cost

| | Budget 2022/23 \$000 |
|------------------------------------|-------------------------|
| Operating revenue | |
| Energy Efficiency and Conservation | |
| Crown funding | 3,529 |
| Total operating revenue | 3,529 |
| Operating expenses | |
| Other operating expenses | 3,529 |
| Total operating expenses | 3,529 |
| Surplus/deficit | - |



The actions we will prioritise and how our success will be measured



INSPIRE LONG-TERM BEHAVIOURAL SHIFTS

We will inspire long-term attitude and behaviour changes and gain social licence to drive support for systemic change.

Gen Less is an EECA platform that seeks to motivate and inspire individuals, communities and businesses across New Zealand to live and work in ways that use less energy and are more climate-positive. Our measure of success is:

- ✓ At least 24% of individuals and 35% of businesses are aware of the Gen Less brand.

Low Emissions Business Campaigns deliver communications and resources through our Gen Less platform to demonstrate the importance of reducing energy and energy-related emissions to businesses and business leaders. Our measure of success is:

- ✓ At least 37% of businesses are actively seeking to reduce the impact of their energy use and transport choices.

Low Emissions Transport Campaigns deliver communications and resources through our Gen Less platform to create awareness of the impact of our transport choices and to encourage low-emissions transport options and behaviours. Our measure of success is:

- ✓ At least 42% of individuals understand that the use of petrol and diesel-powered vehicles is one of the biggest contributors to New Zealand's energy-related emissions.

COLLABORATE ACROSS GOVERNMENT

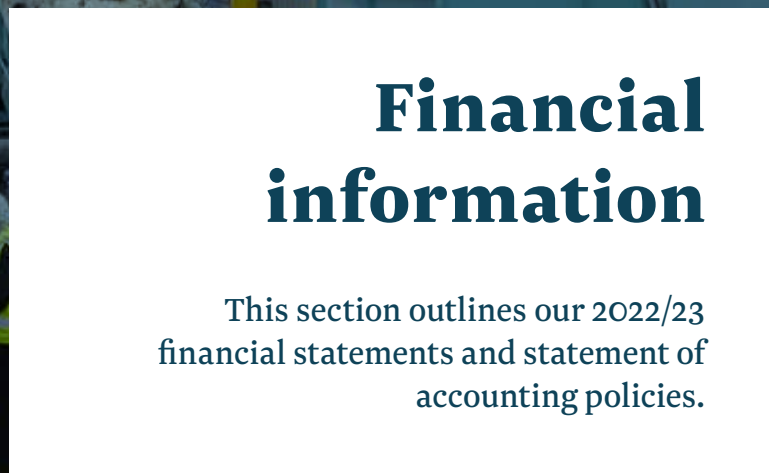
We will focus our efforts where we are best placed to lead the intervention and seek to leverage others' resources to deliver shared outcomes.

This year we will keep sharing our expertise and learnings in behaviour change initiatives with other relevant government agencies to ensure joined up and effective interventions are delivered. We will also continue to assess how we can work more closely together to maximise impact as the number of players in the low emissions space grows.



Financial information

This section outlines our 2022/23 financial statements and statement of accounting policies.



Financial statements

Statement of forecast comprehensive revenue and expense

| | Forecast 2021/22 \$000 | Budget 2022/23 \$000 |
|--|------------------------------|----------------------------|
| Revenue | | |
| Funding from the Crown | 154,110 | 264,885 |
| Interest revenue | 420 | 625 |
| Other revenue | 293 | 850 |
| Total revenue | 154,823 | 266,360 |
| Expenditure | | |
| Personnel | 13,035 | 15,916 |
| Financial and industry support | 133,814 | 232,990 |
| Other operating expenses | 16,703 | 18,074 |
| Depreciation and amortisation expense | 364 | 265 |
| Total expenditure | 163,916 | 267,245 |
| Net surplus/(deficit) | (9,093) | (885) |
| Other comprehensive revenue and expense | - | - |
| Total comprehensive revenue and expense | (9,093) | (885) |

The accompanying notes form part of these financial statements

Statement of forecast financial position

| | Forecast 2020/21 \$000 | Budget 2021/22 \$000 |
|--------------------------------------|------------------------------|----------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 10,748 | 13,039 |
| Receivables | 300 | 300 |
| Investments | 30,000 | 30,000 |
| Prepayments | 355 | 355 |
| Crown loan debtors | 1,763 | 1,851 |
| Total current assets | 43,166 | 45,545 |
| Non-current assets | | |
| Crown loan debtors | 3,904 | 3,792 |
| Property, plant and equipment | 120 | 69 |
| Intangibles | 214 | - |
| Total non-current assets | 4,238 | 3,861 |
| Total assets | 47,404 | 49,406 |
| Liabilities | | |
| Current liabilities | | |
| Payables | 7,040 | 9,723 |
| Employee entitlements | 934 | 1,211 |
| Crown loan creditors | 1,763 | 1,851 |
| Lease incentives | 57 | 57 |
| Provisions | 128 | 130 |
| Total current liabilities | 9,922 | 12,972 |
| Non-current liabilities | | |
| Crown loan creditors | 3,904 | 3,792 |
| Employee entitlements | 26 | 32 |
| Lease incentives | 226 | 169 |
| Total non-current liabilities | 4,156 | 3,993 |
| Total liabilities | 14,078 | 16,965 |
| Net assets | 33,326 | 32,441 |
| Equity | | |
| Contributed capital | 545 | 545 |
| Accumulated surplus/(deficit) | 32,781 | 31,896 |
| Total equity | 33,326 | 32,441 |

The accompanying notes form part of these financial statements

Statement of forecast changes in equity

| | Forecast 2021/22 \$000 | Budget 2022/23 \$000 |
|--|------------------------------|----------------------------|
| Opening equity | 42,419 | 33,326 |
| Total comprehensive revenue and expense | (9,093) | (885) |
| Closing equity | 33,326 | 32,441 |
| Analysis of closing equity | | |
| Contributed capital | 545 | 545 |
| Accumulated surplus/(deficit) - financial & industry support commitments | 27,731 | 27,731 |
| Accumulated surplus/(deficit) - other | 5,050 | 4,165 |
| | 33,326 | 32,441 |

The accompanying notes form part of these financial statements

Statement of forecast cash flows

| | Forecast 2021/22 \$000 | Budget 2022/23 \$000 |
|---|------------------------------|----------------------------|
| Cash flows from operating activities | | |
| Receipts from the Crown | 153,811 | 264,885 |
| Receipts from other revenue | 293 | 850 |
| Interest received | 420 | 625 |
| Payments to employees | (12,984) | (15,633) |
| Payments to suppliers | (16,511) | (17,702) |
| Financial and industry support payments | (150,289) | (230,734) |
| Net cash flows from operating activities | (25,260) | 2,291 |
| Cash flows from investing activities | | |
| Receipts from sale of investments | 200,000 | 100,000 |
| Receipts from the Crown - loan funding | 3,500 | 2,000 |
| Loan repayments received | 1,714 | 2,024 |
| Purchase of property, plant and equipment | (7) | - |
| Purchase of investments | (191,959) | (100,000) |
| Payments to the Crown - loan repayments | (3,500) | (2,000) |
| Loans provided | (1,714) | (2,024) |
| Net cash flows from investing activities | 8,034 | - |
| Net increase/(decrease) in cash and cash equivalents | (17,226) | 2,291 |
| Cash and cash equivalents at the beginning of the year | 27,974 | 10,748 |
| Cash and cash equivalents at the end of the year | 10,748 | 13,039 |

The accompanying notes form part of these financial statements.

Statement of accounting policies

Reporting entity

The Energy Efficiency and Conservation Authority (EECA) is a Crown entity as defined in the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing EECA's operations includes the Crown Entities Act 2004 and the Energy Efficiency and Conservation Act 2000. EECA's ultimate parent is the New Zealand Crown.

EECA's primary objective is to provide services to the New Zealand public. EECA implements New Zealand Government strategies for energy efficiency, conservation and renewable energy in both the private and public sectors. EECA does not operate to make a financial return.

EECA has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

These prospective financial statements allow the Minister of Energy and Resources to consider our funding requirements and planned performance for 2022/23. 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 were authorised for issue by the Board on 14 June 2022.

Basis of preparation

The prospective financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the periods covered.

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

The prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards and comply with PBE FRS42 Prospective Financial Statements.

The prospective financial statements for the year ended 30 June 2023 will be used in the Annual Report as the budgeted figures.

Presentation currency and rounding

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

Significant assumptions

In preparing these prospective financial statements, EECA has made judgements, estimates and assumptions concerning the future. These judgements, estimates and assumptions may differ from actual results. None of the judgements, estimates and assumptions made are regarded as being significant.

Significant accounting policies

Revenue

FUNDING FROM THE CROWN

EECA is primarily funded by the Crown. This funding is restricted in its use for the purpose of EECA meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder.

EECA considers that there are no conditions attached to the funding, and it is recognised as revenue at the point of entitlement. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

PROVISION OF SERVICES

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date.

INTEREST REVENUE

Interest revenue is recognised using the effective interest method.

Financial and industry support

EECA provides financial and industry support to enable energy efficiency and conservation initiatives, including training and building industry capability, to be undertaken. EECA becomes obliged to make a payment against contracts when prescribed activities are undertaken. Financial and industry support is accrued on the basis of the amount of work completed. The value of work yet to be completed under the contract is reported as commitments.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Receivables

Short-term receivables are recorded at their face value, less any provision for impairment.

Investments

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.

Crown 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 consists of the following asset classes: leasehold improvements, computer equipment, furniture and fittings, and office equipment.

All asset classes are measured at cost, less accumulated depreciation, and impairment losses.

DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

| Assets | Useful life | Depreciation rate |
|------------------------|----------------|-------------------|
| Computer equipment | 3 years | 33.33% |
| Office equipment | 2.5 to 6 years | 40% to 16.67% |
| Furniture and fittings | 6 years | 16.67% |
| Leasehold improvements | 2 to 8 years | 50% to 12.50% |

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Intangibles

Intangible assets consist of software applications that have a finite useful life and are recorded at cost less accumulated amortisation and impairment.

Costs associated with the development and maintenance of EECA's website are recognised as an expense when incurred.

AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The useful lives and associated amortisation rates have been estimated as follows:

| Assets | Useful life | Amortisation rate |
|----------------------------|--------------|-------------------|
| Acquired computer software | 2 to 5 years | 50% to 20.0% |

Impairment of property, plant and equipment and intangible assets

EECA does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

NON-CASH-GENERATING ASSETS

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 Comprehensive Revenue and Expense.

Payables

Short-term payables are recorded at their face value.

Employee entitlements

SHORT-TERM EMPLOYEE ENTITLEMENTS

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries accrued up to balance date, annual leave earned but not yet taken at balance date and sick leave.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

LONG-TERM EMPLOYEE ENTITLEMENTS

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement leave, are calculated on an actuarial basis. The calculations are based on:

- » likely future entitlements accruing to staff based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- » the present value of the estimated future cash flows.

PRESENTATION OF EMPLOYEE ENTITLEMENTS

Sick leave, annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- » contributed capital
- » accumulated surplus/(deficit).

A significant proportion of the accumulated surplus is the result of revenue received that has been committed in the form of financial and industry support expenditure to be incurred in future years.

Goods and services tax (GST)

All items in the financial statements are exclusive of GST, with the exception of trade debtors and trade creditors, which are stated with GST included. Where GST is not recoverable as an input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

EECA is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Cost allocation

EECA has determined the cost of outputs using the cost allocation system outlined below.

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

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

Glossary

Appropriation – a sum of money allocated by the Government for a particular use.

Carbon equivalent (CO₂e) – a measurement unit used to indicate the global warming potential of greenhouse gases, using carbon dioxide (CO₂) as a reference gas.

Committed / co-funded – EECA considers funding to be committed or an initiative to be co-funded when a contractually binding funding agreement is signed between EECA and the funding recipient.

Decarbonisation – reducing the amount of carbon emitted in the economy, with the ultimate aim of eliminating it in our modern lives.

Electric vehicle – electric vehicles (EVs) have an electric motor powered by a battery charged by connecting to an external source of electricity. Battery electric vehicles (BEVs) are powered only by the battery, while plug-in hybrid electric vehicles (PHEVs) have one engine powered by a battery and another fuelled generally using petrol or diesel.

Emissions – greenhouse gas emissions.

Energy – the capacity of a physical system to perform work. Energy can be derived from physical or chemical resources, such as the sun or fossil fuels. We need energy for everything from manufacturing and electricity generation right through to powering our vehicles and homes.

Fossil fuels – includes coal, natural gas, LPG, crude oil and fuels derived from crude oil (including petrol and diesel).

Greenhouse gases – these include CO₂, methane and nitrous oxide. In the energy sector, the burning of fossil fuels (oil, coal, gas) for heat, transport or electricity generation creates greenhouse gas emissions. Greenhouse gas emissions contribute to climate change.

Low-emissions economy – an economy that is based on low-carbon energy sources and therefore produces minimal greenhouse gas (GHG) emissions into the atmosphere, specifically carbon dioxide.

Low-emissions vehicle (LEV) – LEVs use our renewable electricity advantage to significantly reduce greenhouse gas emissions. LEVs include battery electric vehicles, plug-in hybrid vehicles and hydrogen fuel cell vehicles (as long as the hydrogen is produced using New Zealand's renewable electricity advantage).

Mandatory Energy Performance Labelling (MEPL) – EECA carries out regulation of energy efficiency labelling for products and appliances so consumers can compare the energy use of products and appliances they buy.

Minimum Energy Performance Standards (MEPS)

– EECA carries out regulation of energy efficiency standards for products and appliances to ensure the worst-performing ones are kept out of the New Zealand market.

Process heat – energy used for commercial and industrial processes, manufacturing and heating. For example, meat and dairy processors use steam from boilers to sanitise equipment and process raw products, such as turning milk into powder. It generally involves the use of coal, gas, wood or electricity.

Publicly Available Specifications (PAS) – voluntary documents developed by Standards New Zealand that provide best practice guidance and a technical specification for energy performance for different technologies.

Public sector – the public sector comprises four sectors: public service, state services, state sector and the public sector. Therefore, it includes both central and local government organisations.

Renewable energy – energy produced from hydro, geothermal, biomass, wind, solar and marine sources.

State sector – within the state sector lies the state services, and within this lies the core public service.

Sustainable energy – energy that serves the needs of the present without compromising the ability of future generations to meet their needs. It includes renewable energy and energy efficiency.

Transition – abbreviation for the transition to a low-emissions economy.

Vote Business, Science and Innovation – the Government's budget is broken up into buckets of money called Votes. Business, Science and Innovation is one of those buckets.



Image: Mākara Wind Farm, Wellington

Table One: Energy use measurement units and context of scale⁴

| Unit used in this document | Definition | Example |
|----------------------------|---|--|
| PJ | Petajoule - the unit most often used to measure energy production and use on a national scale in New Zealand. Energy savings are valued using the marginal cost of electricity supply. One PJ is equivalent to a quadrillion joules (10 ¹⁵). | New Zealand households use a total of 65.71 PJ of energy per year (excluding transport). Split by fuel type: » 46.36 PJ – electricity » 8.11 PJ – renewables » 7.20 PJ – natural gas » 3.73 PJ – oil (e.g. petrol and diesel) » 0.31 PJ – coal |
| GWh | Gigawatt hour - a watt hour is a measure of electrical energy equivalent to a power consumption of one watt for one hour. One GWh is equivalent to one billion watt hours, one million kilowatt hours, and 3,600 joules. | Annually, the Manapōuri hydro power station supplies 4,500 GWh of electricity and New Zealand households use 18,253 GWh of energy (from all fuel types). |
| kWh | Kilowatt hour - a watt hour is a measure of electrical energy equivalent to a power consumption of one watt for one hour. One kWh is equivalent to one thousand watt hours. | The average New Zealand household uses 9,869 kWh of energy per year. |

⁴Data sources: Household Estimates by Tenure, Tatauranga Aotearoa Statistics New Zealand (2021); Energy Balance Tables, Hīkina Whakatutuki Ministry of Business, Innovation and Employment (2021); Measuring Emissions - A Guide for Organisations, Manatū Mō Te Taiao Ministry for the Environment (2021); internal vehicle fuel consumption data, Te Manatū Waka Ministry of Transport (2021); and Future State Model VKT/vehicle numbers data, Te Manatū Waka Ministry of Transport (2021).

Table One: Energy use measurement units and context of scale⁵

| Unit used in this document | Definition | Emissions produced by an average New Zealand household | Emissions produced by one light passenger vehicle in New Zealand | Emissions produced by New Zealand's light passenger vehicle fleet |
|----------------------------|--|--|--|---|
| ktCO₂e | Kilotonnes of carbon equivalent emissions - a unit used to indicate the global warming potential of greenhouse gases, using carbon dioxide (CO ₂) as a reference gas. One kilotonne of CO ₂ e is equivalent to 1000 tonnes of CO ₂ e. | 0.0012 ktCO ₂ e | 0.0024 ktCO ₂ e | 8,156 ktCO ₂ e |
| tCO₂e | Tonnes of carbon equivalent emissions - a unit used to indicate the global warming potential of greenhouse gases, using carbon dioxide (CO ₂) as a reference gas. One tonne of CO ₂ e is equivalent to 1000 kilograms of CO ₂ e. | 1.16 tCO ₂ e | 2.43 tCO ₂ e | 8,156,212 tCO ₂ e |
| kgCO₂e | Kilograms of carbon equivalent emissions - a unit used to indicate the global warming potential of greenhouse gases, using carbon dioxide (CO ₂) as a reference gas. One kilogram of CO ₂ e is equivalent to 1000 grams of CO ₂ e (gCO ₂ e). | 1,155 kgCO ₂ | 2,426 kgCO ₂ e | 8,156,212,000 kgCO ₂ e |

⁵Data sources: Household Estimates by Tenure, Tatauranga Aotearoa Statistics New Zealand (2021); Energy Balance Tables, Hīkina Whakatutuki Ministry of Business, Innovation and Employment (2021); Measuring Emissions - A Guide for Organisations, Manatū Mō Te Taiao Ministry for the Environment (2021); internal vehicle fuel consumption data, Te Manatū Waka Ministry of Transport (2021); and Future State Model VKT/vehicle numbers data, Te Manatū Waka Ministry of Transport (2021).



Image: Westcoast Road. by Rachel Mataira.

EECA
TE TARI TIAKI PŪNGAO
ENERGY EFFICIENCY & CONSERVATION AUTHORITY

GEN LESS⁺
LIVE MORE WITH LESS ENERGY

