

# Consultation on EECA's 2020/21 levy funding proposal and related work programme



## Contents

Executive Summary .....	3
What you need to know to make a submission .....	5
Our story .....	6
Emerging government policies and initiatives .....	8
Positive impacts from clean and clever energy use .....	8
How we are funded.....	10
Our draft 2020/21 work programme.....	12
Efficient and low-emissions transport .....	14
Equipment Energy Efficiency (E3) .....	17
Productive and low-emissions business.....	19
Appendix 1: Our proposed 2020/21 work programme and forecasted budget .....	23
Appendix 2: Our current 2019/20 work programme and budget .....	24
Appendix 3: Notes on our financial projections for our 2019/20 and 2020/21 work programmes.....	25
Appendix 4: Legal context for this consultation .....	26
Appendix 5: 2018/19 Annual Report on EECA's levy-funded activities .....	27

## Executive Summary

### Scope of consultation

This consultation paper sets out and seeks submissions on the Energy Efficiency and Conservation Authority's (EECA) levy funding proposal for our 2020/21 work programme from three energy levies:

- the Petroleum or Engine Fuel Monitoring (PEFM) levy,
- the Electricity Industry Levy (electricity levy), and
- the Gas Safety, Monitoring and Energy Efficiency (GSME) levy.

Submissions are sought on EECA's levy proposal by **5:00pm on 13 December 2019**.

### Our 2020/21 levy funding proposal

EECA's activities are funded by the Crown through appropriations of public money. Some of these activities are partially funded from levies on electricity, natural gas and engine fuels (petrol, diesel, ethanol and biodiesel). The proposed 2020/21 work programme was developed using zero-based budgets.

For 2020/21, EECA's proposal is for **\$14.3 million** of funding from the three energy levies, made up of the following proportions:

- \$7.5 million from the PEFM levy (52%) – unchanged from 2019/20
- \$5.5 million from the electricity levy (39%) – a \$300,000 increase from 2019/20
- \$1.3 million from the GSME levy (9%) – a \$200,000 increase from 2019/20

EECA proposes to use the levies to partially fund the following activities in 2020/21 and we welcome submissions on these proposals:

- **Efficient and low-emissions transport:** \$7.5 million is sought from the PEFM levy to invest in the **Low-Emission Vehicles Contestable Fund** (\$6.07 million) and an **Electric Vehicle Information Campaign** (\$1.43 million), to promote and support the uptake of electric vehicles.
- **The Equipment Energy Efficiency (E3) Programme:** \$2.46 million is sought from the electricity levy and \$0.29 million from the GSME levy to invest in the E3 Programme to develop **business** and **residential** product energy efficiency standards and regulations. The increase of \$300k from the overall 2019/20 electricity levy request is to fund additional regulation and related compliance work.
- **Productive and low-emissions business:** \$2.13 million is sought from the electricity levy and \$0.72 million from the GSME levy to invest in our **Large Energy User programme** to help businesses and government agencies become more energy efficient and switch to renewable energy where possible. We propose to invest further in our new **Energy Transition Accelerator (ETA) programme**, which provides our partners with bespoke long term transition pathways to a low energy-related emissions future. For this we will seek \$0.58 million from the electricity levy and \$0.24 million from the GSME levy. We also intend to continue to invest in our **Technology Demonstration Programme**, with \$0.33 million proposed to be funded from the electricity levy and \$0.05 million from the GSME levy. This will support demonstration projects for proven but under-utilised energy efficient technologies and processes.

As we spent the full \$1.3 million recovered from the GSME levy in 2018/19, and the pipeline of opportunities for 2020/21 look equally strong, we propose to increase our request for GSME levy funding back to \$1.3 million in 2020/21.

Summary of our proposed levy funding proposal:

EECA intervention	PEFM levy		Electricity Levy		GSMEEE levy	
	2019/20 levy amount (\$m)	2020/21 levy proposal (\$m)	2019/20 levy amount (\$m)	2020/21 levy proposal (\$m)	2019/20 levy amount (\$m)	2020/21 levy proposal (\$m)
Low Emission Vehicles Contestable Fund	6.00	6.07	-	-	-	-
Electric Vehicle information campaign	1.31	1.43	-	-	-	-
Business – Non heat	0.19	-	-	-	-	-
E3 Programme – <i>Residential products</i>	-	-	1.02	1.23	0.08	0.14
E3 Programme – <i>Business products</i>	-	-	1.02	1.23	0.09	0.15
Large Energy User Programme	-	-	1.99	2.13	0.69	0.72
Energy Transition Accelerator	-	-	0.57	0.58	0.18	0.24
Technology Demonstration Programme	-	-	0.60	0.33	0.06	0.05
<b>Total</b>	<b>7.5</b>	<b>7.5</b>	<b>5.2</b>	<b>5.5</b>	<b>1.1</b>	<b>1.3</b>
<b>2020/21 total</b>	<b>14.3</b>					
2019/20 total	13.8					
2018/19 total	14.0					
2017/18 total	13.0 (electricity levy only)					

## What you need to know to make a submission

### What this consultation paper is about

This consultation paper seeks submissions on EECA's levy proposal and draft levy-funded work programme for 2020/21, which covers the period 1 July 2020 to 30 June 2021.

Consultation on EECA's levy funding proposal from the three energy levies is required under section 129A of the Electricity Industry Act 2010 for the electricity levy, and section 14A of the Energy (Fuels, Levies, and References) Act 1989 for the Gas Safety, Monitoring and Energy Efficiency (GSME) levy and the Petroleum or Engine Fuel Monitoring (PEFM) levy. The legal context for this consultation is outlined in Appendix 4 (see page 27).

The Electricity Authority is consulting separately on its [2020/21 electricity levy-funded work programme](#). This consultation commenced on 5 November 2019 and will conclude on 3 December 2019.

### How to make a submission

Email: You may provide your submission in electronic form, which can be emailed to [levyconsultation@eeca.govt.nz](mailto:levyconsultation@eeca.govt.nz) with "EECA 2020/21 levy consultation" in the subject line.

Online: You may also make a submission via an online survey available at: <https://www.surveymonkey.com/r/202021>

Post: Alternatively, you may wish to post a hard copy of your submission to EECA's address:  
EECA, Level 8, 44 the Terrace, PO Box 388, Wellington 6140

All received submissions, except those done by survey, will be acknowledged upon receipt. We will also provide written responses to each submission by 31 March 2019.

We will publish all submissions we receive on our website. If required, please indicate any information you wish to provide on a confidential basis and do not want published.

EECA is subject to the Official Information Act 1982 and this means we may be required to release information, unless there is a good reason to withhold it. If you indicate there is a part of your submission that should not be published, we will consult with you before deciding to release or publish that information.

### Submission deadline

The consultation period commences on 18 November 2019, and all submissions must be received **by 5:00 pm on 13 December 2019**.

### Next steps

We will consider all submissions before presenting our levy funding request for our 2020/21 work programme to the Minister of Energy and Resources in early 2020.

The approved appropriations will be announced by the Government on Budget day, which is usually in May. This information will be included in EECA's *Statement of Performance Expectations 2020 – 2021* which will be published by 30 June 2020.

### Questions?

If you have any questions regarding the contents of this consultation document or the submission process, please email us at [levyconsultation@eeca.govt.nz](mailto:levyconsultation@eeca.govt.nz).

## Our story

### About EECA

EECA was established as a Crown entity under the Energy Efficiency and Conservation Act 2000 (EECA Act), to encourage, promote and support energy efficiency, energy conservation and the use of renewable sources of energy.

Our purpose is to *Mobilise New Zealanders to be world leaders in clean and clever energy use.*

### Our desired outcome

We want New Zealand to have a sustainable energy system that supports the prosperity and wellbeing of current and future generations. To achieve this, we must focus on energy efficiency, and the use of renewable energy sources. Put simply, we want all of New Zealand to recognise that clean and clever energy use will be an asset to our collective future in a myriad of ways (see page 9 for further detail).

### Our three levers

We work to create positive change across systems, using a combination of three important levers. We choose the most effective combination of the three depending on factors like existing barriers and market maturity.

- **Co-investing:** We co-invest in energy-efficient technologies and renewable sources of energy. Where there are financial barriers, we help to overcome these and appropriately share the financial risk to incentivise energy users to accelerate investment in technologies and renewable sources of energy that can make a real difference.
- **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.
- **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' energy users need to transition to a low-emissions economy.

### Our investment approach

We have five strategic focus areas, as shown in our Strategy over the page. The programmes we design and implement within these focus areas are guided by our strategic principles and align with:

- the New Zealand Energy Efficiency and Conservation Strategy (2017-2022);<sup>1</sup>
- the commitments New Zealand has made as a party to the Paris Agreement on Climate Change;
- the ambitions of the Government in respect of the supply of renewable energy for the electricity sector; and
- the transition to a net-zero emissions economy by 2050.

These challenges are huge and EECA is committed to playing its part. We look forward to working with a wide range of stakeholders and customers as we transition to a low-carbon and sustainable energy system that supports the prosperity, and the wellbeing, of current and future generations.

<sup>1</sup> *Unlocking our energy productivity and renewable potential – the New Zealand Energy Efficiency and Conservation Strategy 2017 – 2022* (NZECS): <http://www.mbie.govt.nz/info-services/sectors-industries/energy/energy-strategies>

# 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

## Our strategic focus areas



### Productive and low-emissions business

- ✓ EECA's clients continuously improve their energy and emissions productivity and motivate other businesses to take action
- ✓ New Zealand businesses are continuously improving their energy productivity and using sustainable energy



### Efficient and low-emissions transport

- ✓ More New Zealanders choose a low-emissions vehicle over a fossil-fuelled vehicle and have a good experience using it
- ✓ People who do not buy a low-emission vehicle choose a more efficient fossil-fuelled vehicle



### Energy efficient homes

- ✓ Households consume electricity more efficiently to reduce peak loading on infrastructure
- ✓ More New Zealanders live in energy efficient homes and make informed choices on energy efficient technologies and behaviours



### Government leadership

- ✓ The state sector is an exemplar in improving its energy productivity and reducing its energy related emissions
- ✓ State services implement energy policy and programme to accelerate the transition to clean and clever energy use in New Zealand



### Engage hearts and minds

- ✓ New Zealanders feel that the way they use energy positively contributes to achieving New Zealand's climate change commitments
- ✓ New Zealanders expect and demand energy-related products and services based on their energy efficiency and sustainability

## Our desired outcome

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



## Emerging government policies and initiatives

Our proposed 2020/21 work programme is aligned to the Government's priorities and the policy initiatives being driven by its climate change agenda. Those most relevant to our work include:

- The Zero Carbon Bill, which includes provision to establish a new independent Climate Change Commission<sup>2</sup>;
- The Government's *Climate Action Plan*, released in August 2019 in response to the Productivity Commission's *Low Emissions Economy* report<sup>3</sup>;
- The Minister of Energy and Resource's Renewable Energy Strategy Work Programme; and
- The Ministry of Transport's *Clean Car Standard* and *Clean Car Discount* proposals, aimed at accelerating the transition to a low-emissions transport sector.

## Positive impacts from clean and clever energy use

Progressing towards a more sustainable energy system has many benefits.

### Environmental

Using energy more efficiently and switching to renewable energy solutions reduces emissions. Energy use causes 41% of New Zealand's gross greenhouse gas emissions, primarily through using fossil fuels.<sup>4</sup> There are significant opportunities for New Zealand to reduce its emissions associated with energy use, and thereby help meet our Paris Agreement target.

While more than 80% of our electricity generation comes from renewable resources<sup>5</sup>, emissions from electricity generation still account for 4.4% of New Zealand's total energy-related emissions, meaning that using our electricity more efficiently can reduce energy-related emissions.<sup>6</sup>

At times, such as during very cold weather or low inflow periods, a significant portion of New Zealand's peak demand is met by thermally generated electricity, meaning that reducing peak demand is another important step to achieving the Government's goal of a 100 percent renewably electricity system (during a normal hydrological year).

Transport and process heat are large producers of energy-related emissions. New Zealand's growing transport energy needs are almost exclusively met by petroleum-derived fossil fuels. Emissions from transport account for nearly 20% of New Zealand's energy-related emissions.<sup>7</sup> Around 55% of our industrial and commercial heat needs are met by fossil fuels.<sup>8</sup>

<sup>2</sup> <http://www.mfe.govt.nz/climate-change/what-government-doing/climate-change-programme>

<sup>3</sup> Climate Action plan: <https://www.mfe.govt.nz/productivity-commission-report-government-response>. Productivity Commission's report: <https://www.productivity.govt.nz/inquiry-content/3254?stage=4>

<sup>4</sup> Ministry for the Environment, New Zealand's Greenhouse Gas Inventory 1990 – 2017 (2019): <https://www.mfe.govt.nz/climate-change/state-of-our-atmosphere-and-climate/new-zealands-greenhouse-gas-inventory>

<sup>5</sup> The Ministry for Business, Innovation & Employment (MBIE), Energy in New Zealand 2018: <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-publications-and-technical-papers/energy-in-new-zealand/>

<sup>6</sup> Ministry for the Environment, New Zealand's Greenhouse Gas Inventory 1990 – 2017 (2019): <https://www.mfe.govt.nz/climate-change/state-of-our-atmosphere-and-climate/new-zealands-greenhouse-gas-inventory>

<sup>7</sup> Ibid.

<sup>8</sup> MBIE and EECA (2018). *Process Heat Overview Fact Sheet*: <https://www.mbie.govt.nz/info-services/sectors-industries/energy/energy-efficiency-environment/process-heat-in-new-zealand/document-image-library/process-heat-current-state-fact-sheet.pdf>.



## Economic

Improving energy efficiency saves money across the economy. New Zealand spends approximately \$18.5 billion on energy each year, and EECA estimates that New Zealand could save around 15 – 20% of its energy use through improved energy efficiency by 2030.<sup>9</sup>

**Lower energy prices:** In an efficient and competitive market, less energy will be used. This produces a mix of economic benefits and wealth transfers in the form of lower energy prices for energy users. Price reductions tend to be larger in markets with convex supply curves (such as electricity), where the cost of more production tends to increase steeply as demand increases.

**Increased energy productivity:** Energy efficiency can be achieved by using less energy to deliver the same services or using the same amount of energy to deliver a greater level of service. Improved energy efficiency increases energy productivity, which supports New Zealand businesses and exporters to become more competitive and profitable.

**Reduced / delayed investment:** Electricity efficiency can help to reduce peak demand, delivering system-wide benefits to New Zealanders in the form of reduced or delayed investment in grid and distribution infrastructure, and less volatile wholesale prices.<sup>10</sup> Our research indicates that electricity efficiency measures can be deployed at a lower equivalent cost than new renewable generation, and that implementing these measures would make it easier to meet new demand arising from electrification.<sup>11</sup>

**Resilience and security:** Switching to renewable energy solutions where possible also reduces our dependence on fossil fuels, increases our energy security and makes us more resilient to fluctuating commodity prices. Electric vehicles can be more expensive to purchase than fossil-fuelled vehicles, especially brand new. But as they cost far less to run, they can be very cost-effective over time.

## Social

**Disposable income:** ensuring that poor performing and inefficient appliances are not available for sale in New Zealand saves households and businesses money on their energy bills for the lifetime of those appliances.

**Improved health:** there are proven health benefits from reducing pollution associated with the use of fossil fuels for heat and transport.

<sup>9</sup> EECA's analysis using: 2016 *Energy Balance*, Ministry of Business, Innovation and Employment's (MBIE); *Energy in New Zealand 2016*, MBIE; weekly oil price monitoring, MBIE; market data and relevant public domain reports.

<sup>10</sup> Concept Consulting Group Ltd, *What is the case for electricity efficiency initiatives?* June 2017.

<sup>11</sup> *Energy Efficiency First, EECA 2019*

## How we are funded

Our activities are funded by the Crown from general appropriations. In 2019/20, we are receiving funding through four appropriations within Vote Business, Science and Innovation:

- **Energy Efficiency and Conservation:** this appropriation is used to achieve improvements in energy efficiency, energy conservation and renewable energy. See below for more detail.
- **Grant Scheme for Warm, Dry Homes:** this appropriation is used to achieve energy savings and health benefits for households through the Warmer Kiwi Homes scheme.
- **Implementation of the Grant Scheme for Warm, Dry Homes:** this appropriation is used to achieve the implementation of the Warmer Kiwi Homes grants scheme
- **Crown Energy Efficiency:** this appropriation is used to achieve the delivery of energy efficiency savings in the public sector through interest free loans.

### Energy Efficiency and Conservation

This appropriation is limited to operational and policy outputs in accordance with our statutory functions under the EECA Act and the Government's energy strategies. There are four components: Crown funding, electricity levy funding, PEFM levy funding and GSMEEL levy funding.

The Government collects the energy levies and partially invests them in our work programmes. **This paper consults on the level of levy funding that will be used to partially fund EECA's work programme.**

The contributions to EECA's 2020/21 proposed budget and a comparison to our 2019/20 actual budget is shown below:

Funding source by appropriation	2019/20 budget (\$000)	2020/21 proposal (\$000)
<b>Non-departmental output expenses</b>		
Energy Efficiency and Conservation		
Crown funded initiatives	15,148	16,284
Electricity levy funded initiatives	5,200	5,500
PEFM levy funded initiatives	7,500	7,500
GSMEEL levy funded initiatives	1,100	1,300
<b>Non-departmental other expenses – multi-year appropriations</b>		
Warmer Kiwi Homes - Implementation	37,120	41,760
Warmer Kiwi Homes - Grants	2,880	3,240
<b>Total operational appropriations</b>	<b>68,948</b>	<b>75,584</b>
Other revenue	1,075	785
<b>Total operational funding</b>	<b>70,023</b>	<b>76,369</b>
<b>Non-departmental capital expenses</b>		
Crown Energy Efficiency	2,000	2,000
<b>Total capital funding</b>	<b>2,000</b>	<b>2,000</b>

## Who pays the energy levies?

### Electricity Industry Levy

Section 128 of the Electricity Industry Act 2010 provides for a levy on electricity industry participants. The funds recovered by this levy meet many of the costs of the Electricity Authority (EA).

Prior to 1 July 2017, section 128 of the Electricity Industry Act 2010 provided that the electricity levy could only be used to meet a portion of EECA's costs in relation to the encouragement, promotion, and support of electricity efficiency. Section 128 of the Electricity Industry Act 2010 now provides that the electricity levy can fund a portion of the costs of EECA in performing all of its functions, and in exercising its powers and duties, under the EECA Act (and so is no longer limited to electricity efficiency activities).

The EECA portion of the levy is collected from electricity industry participants that purchase electricity from the wholesale market (typically electricity retailers). In 2019/20, this is purchased at a rate of \$0.1240/MWh. The levy is passed on to consumers and this is estimated to cost an average of \$0.89 per household each year.<sup>12</sup> The final 2020/21 electricity levy rate will be published in the New Zealand Gazette in May 2020.

### Petroleum or Engine Fuel Monitoring (PEFM) levy

Section 24 of the Energy (Fuels, Levies and References) Act 1989 provides for the collection of a levy on each litre of petroleum or engine fuel sold (petrol, diesel, ethanol, and biodiesel).

The PEFM levy is payable by fuel importers, who pass on the cost on to consumers. Imported petrol and diesel is levied by the New Zealand Customs Service at the port of import, whereas imported oil is levied at the refinery once processed into the finished product.

Since 1 July 2017, section 14(2A) of the Energy (Fuels, Levies and References) Act 1989 provides that the PEFM levy can fund a portion of the costs of EECA in performing its functions and exercising its powers and duties under the EECA Act.

The indicative PEFM levy rate for 2020/21 is 0.6 cents/litre, including 0.1 cent/litre for the variable EECA cost, and 0.5 cents/litre for non-EECA activities. The final levy rate will be published in the New Zealand Gazette in May 2020.

### Gas Safety, Monitoring and Energy Efficiency (GSME) levy

Section 23 of the Energy (Fuels, Levies and References) Act 1989 provides for the collection of a levy on piped natural gas, except for gas which is sold for used as a feedstock or for the generation of electricity or is liquefied petroleum gas. The GSME levy is payable by sellers of piped gas to gas retailers and gas retailers who sell piped gas.

From 1 July 2017, section 14(2A) of the Energy (Fuels, Levies and References) Act 1989 provides that this GSME levy can fund a portion of the costs of EECA in performing its functions and exercising its powers and duties under the EECA Act.

The indicative GSME levy rate for 2020/21 is 3.7 cents/GJ, including 1.7 cents/GJ for the variable EECA cost, and

---

<sup>12</sup> Statistics New Zealand's household estimate average 2018 (<https://www.stats.govt.nz/information-releases/dwelling-and-household-estimates-september-2019-quarter>), MBIE's Energy in New Zealand 2019 residential electricity data for 2018 (<https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/energy-balances/>) and information on Levies rates (<https://www.gazette.govt.nz/notice/id/2019-au3069>).

2.0 cents/GJ for non-EECA activities. The final levy rate will be published in the New Zealand Gazette in May 2020.

## Our draft 2020/21 work programme

### Our approach to providing information on the proposed 2020/21 levy-funded programmes

#### Detailed information on proposed levy-funded programmes

Consistent with our approach for the past few years, we have provided detailed information below on the programmes that will be funded from the three energy levies. This includes the need for each programme and the expected outputs and benefits they will deliver.

In addition, where it is appropriate or practicable, we have also outlined the link between the groups being levied and whether they benefit from, or cause a need for, a particular levy-funded programme. The provision of information of this type helps to ensure transparency in the use of levy funding for our programmes and helps us to consult with levy payers and other parties who are significantly affected by the levy.

In future years, where our work programme includes more activities that achieve multiple benefits relevant to more than one levy, we may seek to fund these activities from multiple levies (for example as we currently do with the Large Energy User, Technology Demonstration, and E3 programmes).

#### Full work programme provided for context

We have again this year provided information about our whole proposed programme portfolio to demonstrate the wider context for our work, and how our partially levy-funded programmes fit within this wider portfolio (see Appendix 1, page 23).

#### Levy-funded programmes are only partially funded by levy-funding

We are not seeking to recover 100% of the costs of levy-funded activities from the levies. We are instead proposing to recover 66% of the total costs of electricity-related programmes from the electricity levy, 83% from the GSMEEL levy, and 80% from the PEFM levy. The balance of the costs of these programmes will be covered by our baseline Crown funding.

This is because:

- The method for allocating overheads to levy-related activities, and assessing the proportion of programme costs across levy sources is subjective, albeit based on robust assumptions. Consequently, we have chosen to take a conservative approach in not seeking to fully recover all assessed costs from the levies.
- The total assessed costs of all levy-funded programmes is \$19.3 million, but Cabinet has only made provision for EECA to recover \$17.5 million from the levies, so we cannot fully recover all assessed costs in any case.

## Proposed levy funded activities in 2020/21

For 2020/21, our levy funding proposal is **\$14.3 million** from the three energy levies at the following proportions and allocations:

### PEFM levy

Programme	2019/20 PEFM levy	2020/21 PEFM levy proposal
Low Emission Vehicle Contestable Fund (see page 15)	\$6.0 million	\$6.07 million
Electric vehicle information campaign (see page 15)	\$1.31 million	\$1.43 million
Business – Non heat	\$0.19 million	-
<b>Total</b>	<b>\$7.5 million</b>	<b>\$7.5 million</b>

### Electricity levy

Programme	2019/20 electricity levy	2020/21 electricity levy proposal
E3 programme (see page 17)	\$2.04 million	\$2.46 million
Large energy users (see page 19)	\$1.99 million	\$2.13 million
Emissions Transition Accelerator programme (see page 20)	\$0.57 million	\$0.58 million
Technology demonstration programme (see page 21)	\$0.60 million	\$0.33 million
<b>Total</b>	<b>\$5.2 million</b>	<b>\$5.5 million</b>

### GSMEEL levy

Programme	2019/20 GSMEEL levy	2020/21 GSMEEL levy proposal
E3 programme (see page 17)	\$0.17 million	\$0.29 million
Large energy users (see page 19)	\$0.69 million	\$0.72 million
Emissions Transition Accelerator programme (see page 20)	\$0.18 million	\$0.24 million
Technology demonstration programme (see page 21)	\$0.06 million	\$0.05 million
<b>Total</b>	<b>\$1.1 million</b>	<b>\$1.3 million</b>

## Efficient and low-emissions transport



### Why this matters

The transport sector provides the single largest opportunity to improve New Zealand's energy productivity and reduce energy-related emissions. Transport is responsible for 19.7% of New Zealand's total greenhouse gas emissions each year and 48.5% of energy-related emissions.<sup>13</sup>

There are significant improvements to be made using sustainable and efficient technologies, particularly low emission vehicles. Meeting our transport needs with sustainable energy will reduce emissions and our dependence on imported fuel. It also helps people reduce the costs of transport to get around.

The Government's Electric Vehicles (EV) Programme includes a package of measures to accelerate the uptake of electric vehicles. As of 30 September 2019, there were more than 17,000 electric vehicles registered in New Zealand. However, while demand is still increasing, the rate is starting to flatten off.

EECA is responsible for delivering two components of the programme – the Low Emission Vehicles Contestable Fund (Contestable Fund) and Electric Vehicle Information Campaign. In 2020/21 we propose to part levy-fund the Contestable Fund and the Electric Vehicle Information Campaign.

<sup>13</sup> Ministry for the Environment, New Zealand's Greenhouse Gas Inventory 1990 – 2017 (2019):  
<https://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/emissions-profile-infographic.pdf>

## Low Emission Vehicles Contestable Fund

### What are we aiming to achieve

The purpose of the Contestable Fund is to encourage innovation and investment that will accelerate the uptake of low emission vehicles in New Zealand that might not otherwise occur.<sup>14</sup>

The Contestable Fund plays a critical role in fostering New Zealand's emerging low-emissions vehicles market. The Contestable Fund co-finances investments into low-emissions vehicle technology that would not be likely to occur, or likely to occur more slowly and with less coordination, without government support. By financing these projects, including through financing charging infrastructure, and the diffusion of these technologies into a variety of sectors where they are yet to be utilised, the Contestable Fund helps to accelerate the uptake of low-emissions vehicles.

Through six funding rounds, we have committed \$21 million of government co-funding across 120 projects, with almost all applicants providing at least 50% of project costs (and in many cases more than 50%). These projects have resulted in the installation of over 530 vehicle chargers, with another 400 on the way, and there are now a further 60 electric vans, 14 electric trucks and 2 electric buses operational.

We establish the 'investment focus' before each round to signal to applicants the types of projects that will be prioritised and where the Government intends to target its investment. The investment focus is designed to address specific barriers we have identified and is approved by the Minister of Energy and Resources. The current investment focus can be found on our website.<sup>15</sup>

We measure the success of the funding by evaluating how the individual projects contribute to the Fund's overarching objectives. We closely monitor the progress of all co-funded projects and will evaluate their performance in subsequent years. A list of projects funded to date is available on our website.<sup>16</sup>

### What we expect to deliver in 2020/21

The expected outputs for the Low Emission Vehicles Contestable Fund in 2020/21 include:

- commitment of up to \$6.5 million in projects that promote and support the uptake of low emission vehicle technologies and are consistent with the investment criteria
- partner projects meet their milestones as contracted, enabling us to pay out \$6.5 million in co-funding
- for projects completed in 2020/21, at least 95% deliver anticipated results
- Implement recommendations from the 2019/20 programme evaluation.

## Electric Vehicle Information Campaign

### What are we aiming to achieve

We are responsible for administering the Government's Electric Vehicle Information Campaign. The outcome we are seeking is that more New Zealanders choose an electric vehicle over a fossil-fuelled vehicle and have a good experience using it.

---

<sup>14</sup> You can read about all the projects approved for funding under the Low Emission Vehicles Contestable Fund at the following: <https://www.eeca.govt.nz/funding-and-support/low-emission-vehicles-contestable-fund/low-emission-vehicles-contestable-fund-successful-projects/>

<sup>15</sup> <https://www.eeca.govt.nz/funding-and-support/low-emission-vehicles-contestable-fund/low-emission-vehicles-contestable-fund/>

<sup>16</sup> <https://www.eeca.govt.nz/funding-and-support/low-emission-vehicles-contestable-fund/low-emission-vehicles-contestable-fund-successful-projects/>



We work to help more New Zealanders than ever choose a low-emissions vehicle over a fossil fuelled vehicle. We have continued to develop and provide independent and authoritative information that ‘busts myths’ and motivates people to improve their transport choices. We aim to engage and excite New Zealanders about electric vehicles and overcome known information barriers, such as uncertainty about battery life and afterlife, range anxiety, uncertainty about how to charge electric vehicles and uncertainty about where to find public charging stations. The campaign also helps consumers compare the total cost of owning cars through our online Total Cost of Ownership tool.

### What we expect to deliver in 2020/21

For the Electric Vehicle Information Campaign, the expected activities in 2020/21 are:

- Commissioning authoritative reports and continuing to develop information on the state of electric vehicle technology and the implications for New Zealand.
- Developing advertising campaigns and publishing information about electric vehicles on our website, through traditional media, social media channels and in brochures
- Providing guidance and advice to motorists, car dealers, and other industry players
- Managing productive stakeholder relationships with partners such as The Better NZ Trust and Drive Electric
- Conducting market research and monitoring to understand target audiences
- Implement recommendations from the 2019/20 programme evaluation.

### 2020/21 levy funding proposal

In 2020/21, we propose to request \$7.5 million sourced from the PEFM levy to part-fund our two electric vehicle programmes, comprising of \$6.07 million for the Low Emission Vehicles Contestable Fund and \$1.43 million for the Electric Vehicle Information Campaign.

Programme	2019/20 PEFM levy	2020/21 PEFM levy proposal
Low Emission Vehicle Contestable Fund (see page 15)	\$6.0 million	\$6.07 million
Electric vehicle information campaign (see page 16)	\$1.31 million	\$1.43 million
Business – Non heat	\$0.19 million	-
<b>Total</b>	<b>\$7.5 million</b>	<b>\$7.5 million</b>

### Link to PEFM levy

The transport sector is heavily reliant on fossil fuels and with continued growth in the domestic transport sector, emissions from road transport are increasing. By harnessing New Zealand’s highly renewable electricity system and by promoting the transition to low-emissions vehicle technologies, the Low Emission Vehicles Contestable Fund and Electric Vehicle Information Campaign support the country’s transition to a low emissions economy. The widespread uptake of electric vehicles will contribute to New Zealand meeting its climate change commitments, reduce fossil fuel consumption, improve local air quality by reducing harmful air pollutants, save money, diversify the sources of our transport energy, and enhance energy security in the long run.

## Equipment Energy Efficiency (E3)



The Equipment Energy Efficiency (E3) Programme is a joint programme with Australia that develops common regulatory energy efficiency standards for both residential and business products.<sup>17</sup> Collaboration with Australia means that overheads are shared appropriately between the two countries, making the programme cost-effective and excellent value for money.

The programme includes:

- the development and optimisation of minimum energy performance standards (MEPS) to ensure that poor-performing products are prevented from being sold in New Zealand; and
- ensuring regulated appliances for sale in stores display the correct energy rating label to help consumers choose energy efficient products.

The E3 Programme contributes to two of EECA's strategic focus areas, 'Productive and low-emissions businesses' and 'Energy efficient homes'. The programme ensures manufacturers and suppliers raise the efficiency of their products, resulting in efficiency gains and reducing the total cost of operating products in New Zealand.

### Key benefits of the E3 programme

Over 78 million business and residential products have been sold under the E3 Programme since 2002, delivering energy savings of 50 PJ, emissions reductions of 1.98 Mt CO<sub>2</sub>e, and representing savings of \$1.23 billion in national benefit.

The key estimated benefits for this programme in 2020/21 include:

- electricity savings of 337 GWh
- carbon emissions reduction of 37 ktCO<sub>2</sub>e, and a
- national benefit of \$29.6 million.

<sup>17</sup> You can find out more information about the E3 Programme by visiting the following webpage: <https://www.eeca.govt.nz/standards-ratings-and-labels/equipment-energy-efficiency-programme/about-the-equipment-energy-efficiency-programme/>

## What we expect to deliver in 2020/21

The expected outputs for the E3 Programme in 2020/21 include:

- contributing to the governance of the trans-Tasman E3 Programme, including developing future strategies and priorities
- developing and implementing Minimum Energy Performance Standards (MEPS) for 20 product classes. In 2020/21, this may include (subject to Ministerial approval) televisions and air conditioners over 65 kW
- investigating new or revised regulations for products. In 2020/21 this may include smart (demand response capable) appliances and dishwashers, washing machines and clothes dryers,<sup>18</sup>
- reviewing existing regulations to check they are still relevant, and if not revoke them. This may include set top boxes and external power supplies, and
- managing industry compliance with the Energy Efficiency (Energy Using Products) Regulations 2002 through market surveys, check-testing and taking enforcement action when required.

## 2020/21 levy funding proposal

In 2020/21, we are seeking \$2.46 million sourced from the electricity levy and \$0.29 million from the GSMEET levy to part-fund our contribution to the E3 Programme. These levy funding amounts comprise of the following:

	Electricity levy		GSMEET Levy	
	2019/20 levy amount	2020/21 levy proposal	2019/20 levy amount	2020/21 levy proposal
E3 Programme				
<i>Residential</i> products, energy efficiency standards and regulations	\$1.02 million	\$1.23 million	\$0.08 million	\$0.14 million
<i>Business</i> products, energy efficiency and standards regulations	\$1.02 million	\$1.23 million	\$0.09 million	\$0.15 million
<b>Total</b>	<b>\$2.04 million</b>	<b>\$2.46 million</b>	<b>\$0.17 million</b>	<b>\$0.29 million</b>

## Link to electricity and GSMEET levies

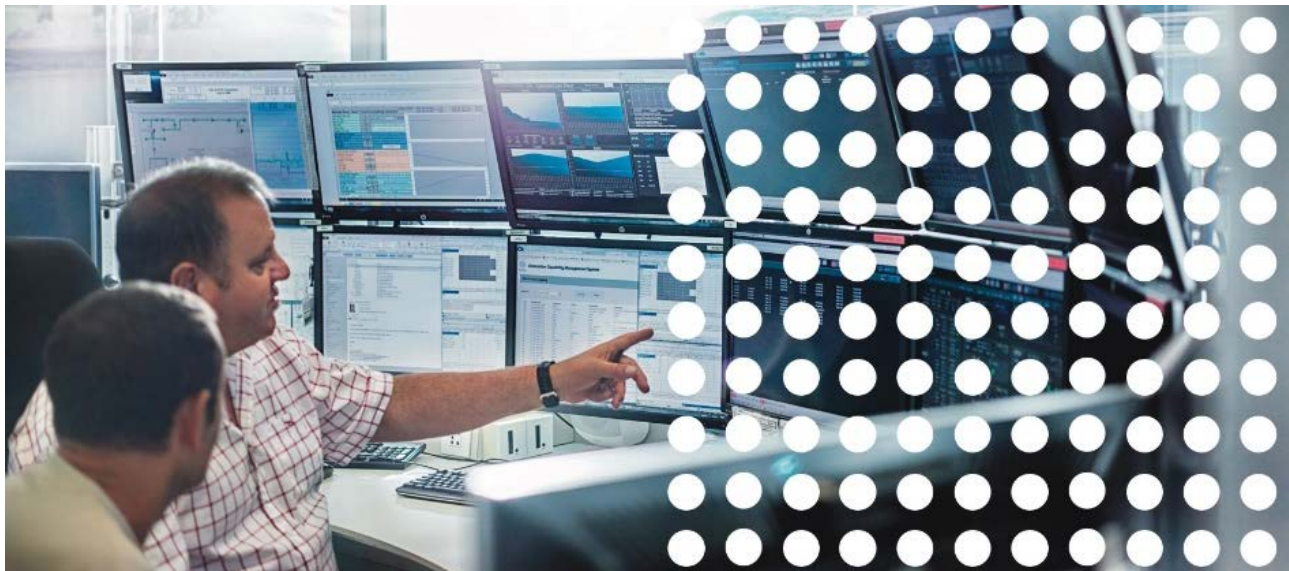
Residential households and businesses benefit directly from the E3 Programme whenever they purchase appliances or equipment covered by the programme. Products will use less energy, for the same output, resulting in a lower total cost of ownership, as compared to the absence of our intervention. More efficient products result in lower energy and maintenance costs for businesses, thereby enabling them re-invest the savings to be more productive and profitable.

The E3 Programme effectively lowers overall energy demand (particularly electricity), leading to lower energy costs for all consumers and creating system-wide benefits that allow New Zealand to defer investment in new expensive generation infrastructure, and to continue meeting most of its stationary energy needs from renewable and low-emission energy resources.

Part of the E3 Programme is proposed to be funded under the GSMEET levy in 2020/21 to support work on Minimum Energy Performance Standards on business products (such as gas boilers), which would improve gas efficiency and reduce associated emissions. This part of the E3 Programme will therefore help to reduce negative externalities caused by GSMEET payers in the form of reduced carbon emissions.

<sup>18</sup> Note that the final E3 work programme for Australia and New Zealand is developed and approved in May 2020 and can be subject to change.

## Productive and low-emissions business



### Why this matters

There are significant opportunities for businesses to increase their energy productivity and use of sustainable energy. Businesses use about 50% of New Zealand's energy, excluding transport, and generate more than 40% of our energy-related emissions.<sup>19</sup>

Improving energy productivity and switching to sustainable energy has many benefits. These include direct benefits, such as lower energy costs and improved profitability, as well as a contribution to New Zealand's emissions reduction goals.

Process heat use represents the most significant stationary energy opportunity for improved energy productivity and emission reductions from the use of sustainable energy in the business sector.<sup>20</sup>

### Large Energy User Programme

#### What are we aiming to achieve

Businesses can improve their energy efficiency by up to 20% through smarter energy use and investment in energy efficient technologies. We partner with large energy using businesses and state sector organisations to prioritise the areas of greatest potential for energy savings and emission reductions.<sup>21</sup> We facilitate access to

<sup>19</sup> EECA's Energy End Use Database

<sup>20</sup> Process heat is energy use 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.

<sup>21</sup> You can find out more information about EECA's support of large energy users by visiting the following webpage:  
<https://www.eecabusiness.govt.nz/funding-and-support/support-for-large-energy-users/>

tailored advice and services for large energy users across New Zealand to help them identify and invest in long-term solutions to energy and carbon management challenges. This reduces energy-related costs for the business, moves the sector forward on the energy transition journey and helps build capability in the sector. It also creates public benefits, primarily in the form of reduced carbon emissions.

We work directly with large energy users because their large-scale operations offer the most cost-effective gains, and provides the greatest benefits to our economy. Their prominence also provides leadership to other businesses (large and small), and the best opportunity to spread best energy management practices across the market.

### **What we expect to deliver in 2020/21**

The expected outputs for the Large Energy User Programme in 2020/21 include:

- Long-term energy management partnerships with large energy users, with EECA providing direct account management support and non-capital co-funding for electricity and gas projects
- Support and funding for energy audits, operational efficiency improvements, energy monitoring and targeting, and optimisation of critical energy systems
- Training and industry development
- Provision of energy management information, resources and advice.
- A targeted approach for small to medium enterprises.

The key estimated quantitative benefits of the Large Energy User Programme in 2020/21 include:

- Electricity savings of 16.3 GWh per annum
- Gas savings of 26.0 GWh per annum
- Carbon emissions reduction of 7,426 tonne CO<sub>2</sub>e per annum

These savings relate to projects that are eligible to be funded by the electricity and GSME levies only; additional savings will be achieved through our large energy user programme from projects funded by our baseline Crown funding.

While the levy funding will be committed in 2020/21, and expended from 2020/21 onwards, the savings (associated with that funding) will be measured and reported in subsequent years.

These savings are verified through energy saving reports received from partnering businesses as milestones are completed. We currently only report the first year they are reported. However, as the savings are locked in for the lifetime of the new technology/fuel/process, we are reviewing our reporting process and may move to recording and reporting the full impact of our initiatives.

## **Energy Transition Accelerator (ETA) Programme**

### **What are we aiming to achieve**

In 2019/20, we continued to target businesses with the largest potential energy-related carbon reduction. We encourage businesses to progress long-term planning for reduction of their energy-related carbon emissions, as far out as 2050. Through our Energy Transition Accelerator programme, we support the development of low-emissions pathways and related tools to support each client in making technically and economically viable decisions and investments that support their energy transition to a low carbon future. We also continue to showcase best practice and develop tools to influence all businesses regardless of size.



### What we expect to deliver in 2020/21

- Long-term energy transition pathways and targets in collaboration with New Zealand's largest energy-related carbon emitters, direct account management support and non-capital co-funding for opportunity analysis and feasibility studies
- We will fully embed the Energy Transition Accelerator programme by implementing it with at least 15 large emitting businesses.
- We will begin to develop a template approach and tools for all businesses to adopt, irrespective of the amount of energy they use or energy-related emissions they produce.

### Technology Demonstration Programme

#### What are we aiming to achieve

Solutions to high energy use and emissions reduction often involves investment in new technologies. Investing in new and under-utilised technologies can carry risk for businesses due to uncertainty about performance and the risk of disruption to production lines, and this can have flow-on impacts on other areas of performance, consumer satisfaction and overall business competitiveness.

Our co-investment in innovative technology demonstrations shares the financial risk. This investment supports early adoption of technologies by setting up/demonstrating commercially available, but proven under-utilised technologies, which have significant potential to reduce energy use and emissions in New Zealand.<sup>22</sup> The programme also includes *process changes*, which are under-utilised process improvements for making energy-using technology more energy efficient.

Not only do these projects create direct benefits, they help accelerate the diffusion of innovative technologies throughout the economy

#### What we expect to deliver in 2020/21

For the Technology Demonstration Programme, the expected outputs in 2019/20 include:

- Providing co-funding to demonstrate proven, yet under-utilised energy efficient technologies or processes in New Zealand, with the aim of promoting at least four projects to increase more broad uptake; and
- Providing case studies and information to promote the results of demonstration projects and to encourage uptake within, and across sectors.

All technology demonstration projects are monitored. Projects must also meet our cost-effective energy benefits criteria, be applicable to multiple sites and/or to other sectors, and demonstrate a reduction in energy intensity and/or emissions.

For the Technology Demonstration Programme, the key estimated benefits in 2020/21 include:

- Technologies demonstrated through EECA-supported projects are adopted within a different sector, at a different scale or at a different location
- Electricity savings of 2.5 GWh per annum
- Gas savings of 1.8 GWh per annum
- Carbon emissions reduction of 671 tonne CO<sub>2</sub>e per annum

<sup>22</sup> You can find out more information about our technology demonstration projects by visiting the following webpage:  
<https://www.eecabusiness.govt.nz/funding-and-support/technology-demonstration-projects/>

These savings relate to projects that are eligible to be funded by the electricity and GSMEE levies only; additional savings will be achieved through our Technology Demonstration Programme from projects funded by our baseline Crown funding.

These savings are verified through energy saving reports received from project partners as milestones are completed.

These savings are verified through energy saving reports received from partnering businesses as milestones are completed. We currently only report the first year they are reported. However, as the savings are locked in for the lifetime of the new technology/fuel/process, we are reviewing our reporting process and may move to recording and reporting the full impact of our initiatives.

### 2020/21 levy funding proposal

In 2020/21, we propose to seek \$3.04 million sourced from the electricity levy and \$1.01 million from the GSMEE levy to part-fund our productive and low-emissions business activities. These levy funding amounts comprise of the following:

Productive and low-emissions business programmes	Electricity levy		GSMEE Levy	
	2019/20 levy amount	2020/21 levy proposal	2019/20 levy amount	2020/21 levy proposal
Large Energy User Programme	\$1.99 million	\$2.13 million	\$0.69 million	\$0.72 million
Emissions Transition Accelerator	\$0.57 million	\$0.58 million	\$0.18 million	\$0.24 million
Technology Demonstration Programme	\$0.60 million	\$0.33 million	\$0.06 million	\$0.05 million
<b>Total</b>	<b>\$3.16 million</b>	<b>\$3.04 million</b>	<b>\$0.93 million</b>	<b>\$1.01 million</b>

### Link to electricity and GSMEE levies

We propose that the electricity levy part-fund the Large Energy User, Energy Transition Accelerator and Technology Demonstration Programmes. These programmes help to achieve electricity efficiency, resulting in demand reduction and downward pressure on wholesale prices.<sup>23</sup> Increased electricity efficiency can also result in reduced lines network costs when reducing peak usage, and defer investment in new generation infrastructure, resulting in system-wide benefits for all electricity consumers, including levy payers.<sup>24</sup>

We also propose the GSMEE levy be used to part-fund the three programmes as inefficient gas use by levy payers can cause emissions to be higher than they need to be. Our programmes promote the efficient use of gas through boiler tuning, energy system optimisation and equipment upgrades. The programmes will contribute towards lowering costs and creating efficient, more productive and lower-carbon businesses.

As well as increasing efficient gas use, in some situations there are also economically-viable lower-emission alternatives that can avoid the use of gas and its associated emissions. This includes the use of biomass fuels for heating (e.g. wood) where appropriate, and electrically-powered heat pumps to make hot water. Using gas levy funding to facilitate these activities by providing information and funding feasibility studies, helps mitigate the emissions that gas causes, and conserves gas reserves for those activities where there are no viable lower-emission alternatives.

<sup>23</sup> Energy Link, *Electricity Price Impact of the EECA Levy-funded Electricity Efficiency Programmes*: Updated 2015, (October 2015).

<sup>24</sup> Concept Consulting Group Ltd, *What is the case for electricity efficiency initiatives?* June 2017.



## Appendix 1: Our proposed 2020/21 work programme and forecasted budget

EECA's 2020/21 work programme										(as per 19/20 Forecast)			Total Cost with Mvt in Commitments included			Levy funding allocated Pro-Rata (except for PEFML)		
	Total fully allocated cost per project	Electricity Industry Levy activities		GSMEELeavy activities		PEFMLeavy activities		Non-Levy related activities		Commitments b/f			Commitments c/f			Electricity Industry Levy		
		%	\$	%	\$	%	\$	%	\$	Electricity Industry Levy	GSMEELeavy activities	PEFMLeavy activities	Electricity Industry Levy	GSMEELeavy activities	PEFMLeavy activities	Electricity Industry Levy	GSMEELeavy activities	PEFMLeavy activities
<b>Productive and low-emissions business</b>																		
Standards and Regulations	1,884,758	92%	1,733,977	8%	150,781			0%	0							1,733,977	150,781	0
Information & Promotion to Business	1,647,218							100%	1,647,218							0	0	0
Large Energy Users - Direct	2,891,672	55%	1,590,420	18%	520,501			27%	780,751	(967,091)	(316,503)		716,841	234,603		1,340,170	438,601	0
Technology Demonstrations	2,723,387	25%	680,847	3%	81,702			72%	1,960,838	(480,689)	(57,683)		271,189	32,543		471,347	56,562	0
Industry Development	542,539	40%	217,016	30%	162,762			30%	162,761	(59,960)	(44,970)		59,960	44,970		217,016	162,762	0
NABERSNZ	440,085	80%	352,068	0%				20%	88,017							352,068	0	0
Energy Transition Accelerator (ETA)	1,635,538	50%	817,769	15%	245,331			35%	572,438	(210,044)	(63,013)		210,044	63,013		817,769	245,331	0
Large Energy Users - Indirect	1,111,613	70%	778,129	30%	333,484			0%	0	(235,570)	(100,959)		191,470	82,059		734,029	314,584	0
	<b>12,876,810</b>		<b>6,170,226</b>		<b>1,494,561</b>			<b>0</b>	<b>5,212,023</b>							<b>5,666,376</b>	<b>1,368,621</b>	<b>0</b>
<b>Efficient and low-emissions transport</b>																		
Transport Strategy & Development	641,466							100%	641,466							0	0	0
VFEL	391,133							100%	391,133							0	0	0
Low Emission Vehicles - CF	7,616,971					100%	7,616,971	0%	0			(7,654,185)			7,612,185	0	0	6,071,540
Electric Vehicles - IC	1,782,175					100%	1,782,175	0%	0							0	0	1,428,460
	<b>10,431,745</b>		<b>0</b>		<b>0</b>		<b>9,399,146</b>		<b>1,032,599</b>							<b>0</b>	<b>0</b>	<b>9,357,146</b>
<b>Energy efficient homes</b>																		
Standards and Regulations	1,884,757	92%	1,733,976	8%	150,781			0%	0							1,733,976	150,781	0
Peak Demand Management	722,267							100%	722,267							0	0	0
Warmer Kiwi Homes	46,075,202							100%	46,075,202							0	0	0
	<b>48,682,226</b>		<b>1,733,976</b>		<b>150,781</b>		<b>0</b>		<b>46,797,469</b>							<b>1,733,976</b>	<b>150,781</b>	<b>0</b>
<b>Government leadership</b>																		
Public Sector/Crown Loans	1,376,613	73%	1,004,927	3%	41,298			24%	330,388	(457,068)	(18,784)		401,588	16,504		949,447	39,018	0
Cross Government Collaboration	1,038,879							100%	1,038,879							0	0	0
	<b>2,415,492</b>		<b>1,004,927</b>		<b>41,298</b>		<b>0</b>		<b>1,369,267</b>							<b>949,447</b>	<b>39,018</b>	<b>0</b>
<b>Engage heart and minds</b>																		
Hearts and Minds	3,433,390							100%	3,433,390									
Community Renewables	309,854							100%	309,854									
	<b>3,743,244</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>3,743,244</b>							<b>0</b>	<b>0</b>	<b>0</b>
<b>Total to be expensed in 20/21</b>	<b>78,149,517</b>		<b>8,909,129</b>		<b>1,686,640</b>		<b>9,399,146</b>		<b>58,154,602</b>	(2,410,422)	(601,912)	(7,654,185)	1,851,092	473,692	7,612,185	<b>8,349,799</b>	<b>1,558,420</b>	<b>9,357,146</b>
<b>Less Levy expenditure related to commitments made and funded in prior years</b>			2,410,422		601,912		7,654,185											
19/20 Levy activities expensed in year			6,498,707		1,084,728		1,744,961											
<b>Add: 19/20 Levy activities contractually committed in year but not expensed in year (funding held in retained earnings)</b>			1,851,092		473,692		7,612,185											
<b>Total cost of 20/21 Levy related activities</b>			<b>8,349,799</b>		<b>1,558,420</b>		<b>9,357,146</b>											
<b>2020/21 Funding breakdown</b>																		
Levy Appropriations			5,500,000		1,300,000		7,500,000											
EECA Baseline Appropriation			2,849,799		258,420		1,857,146											
			<b>8,349,799</b>		<b>1,558,420</b>		<b>9,357,146</b>											

## Appendix 2: Our current 2019/20 work programme and budget

EECA's 2019/20 work programme										(as per 18/19 Actuals)			Total Cost with Mvt in Commitments included			Levy funding allocated Pro-Rata (except for PEFML)		
	Total fully allocated cost per project	Electricity Industry Levy activities		GSMEELeV activities		PEFM Levy activities		Non-Levy related activities		Commitments b/f			Commitments c/f			Electricity Industry Levy		
		%	\$	%	\$	%	\$	%	\$	Electricity Industry Levy	GSMEELeV activities	PEFM Levy activities	Electricity Industry Levy	GSMEELeV activities	PEFM Levy activities	Electricity Industry Levy	GSMEELeV activities	PEFM Levy activities
<b>Productive and low-emissions business</b>																		
Standards and Regulations	1,616,328	92%	1,487,021	8%	129,306			0%	(0)							1,487,021	129,306	0
Information & Promotion to Business	1,639,766							100%	1,639,766							0	0	0
Large Energy Users - Direct	3,551,894	41%	1,456,277	30%	1,065,568			29%	1,030,049	(1,100,770)	(954,603)		967,091	316,503		1,322,598	427,468	0
Technology Demonstrations	2,066,320	25%	516,580	3%	61,990			72%	1,487,750	(115,416)	(35,000)		480,689	57,683		881,853	84,673	0
Industry Development	659,720	40%	263,888	30%	197,916			30%	197,916	(60,000)	(30,000)		59,960	44,970		263,848	212,886	0
NABERSNZ	437,704	80%	350,163	0%				20%	87,541							350,163	0	0
Energy Transition Accelerator (ETA)	1,463,093	50%	731,547	15%	219,464			35%	512,083	(100,721)	(12,250)		210,044	63,013		840,870	270,227	0
Business - Non Heat	275,846	0%		0%		100%	275,846	0%	0							0	0	275,846
Large Energy Users - Indirect	1,672,796	70%	1,170,957	30%	501,839			0%	0	(787,352)	(5,974)		235,570	100,959		619,175	596,824	0
	<b>13,383,467</b>		<b>5,976,433</b>		<b>2,176,083</b>		<b>275,846</b>		<b>4,955,105</b>							<b>5,765,528</b>	<b>1,721,384</b>	<b>275,846</b>
<b>Efficient and low-emissions transport</b>																		
Transport Strategy & Development	264,092							100%	264,092							0	0	0
VFEL	384,984							100%	384,984							0	0	0
Low Emission Vehicles - CF	7,084,606					100%	7,084,606	0%	0			(6,171,185)			7,654,185	0	0	8,567,606
Electric Vehicles - IC	1,879,138					100%	1,879,138	0%	0							0	0	1,879,138
	<b>9,612,820</b>		<b>0</b>		<b>0</b>		<b>8,963,744</b>		<b>649,076</b>							<b>0</b>	<b>0</b>	<b>10,446,744</b>
<b>Energy efficient homes</b>																		
Standards and Regulations	1,616,328	92%	1,487,021	8%	129,306			0%	(0)							1,487,021	129,306	0
Energywise	1,001,265							100%	1,001,265							0	0	0
Peak Demand Management	714,487							100%	714,487							0	0	0
Warmer Kiwi Homes	41,328,309							100%	41,328,309							0	0	0
LED Pilot	1,000,000							100%	1,000,000							0	0	0
	<b>45,660,389</b>		<b>1,487,021</b>		<b>129,306</b>		<b>0</b>		<b>44,044,061</b>							<b>1,487,021</b>	<b>129,306</b>	<b>0</b>
<b>Government leadership</b>																		
Public Sector/Crown Loans	1,478,563	73%	1,079,351	3%	44,357			24%	354,855	(558,678)	(66,088)		457,068	18,784		977,741	(2,947)	0
Cross Government Collaboration	1,024,256							100%	1,024,256							0	0	0
Fleet Audit Pilot	269,954							100%	269,954							0	0	0
	<b>2,772,773</b>		<b>1,079,351</b>		<b>44,357</b>		<b>0</b>		<b>1,649,065</b>							<b>977,741</b>	<b>(2,947)</b>	<b>0</b>
<b>Engage heart and minds</b>																		
Hearts and Minds	2,418,552							100%	2,418,552									
	<b>2,418,552</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>2,418,552</b>							<b>0</b>	<b>0</b>	<b>0</b>
<b>Total to be expensed in 19/20</b>	<b>73,848,000</b>		<b>8,542,805</b>		<b>2,349,746</b>		<b>9,239,590</b>		<b>53,715,859</b>	(2,722,937)	(1,103,915)	(6,171,185)	2,410,422	601,912	7,654,185	<b>8,230,290</b>	<b>1,847,743</b>	<b>10,722,590</b>
<b>Less Levy expenditure related to commitments made and funded in prior years</b>			2,722,937		1,103,915		6,171,185											
<b>19/20 Levy activities expensed in year</b>			5,819,868		1,245,831		3,068,405											
<b>Add: 19/20 Levy activities contractually committed in year but not expensed in year (funding held in retained earnings)</b>			2,410,422		601,912		7,654,185											
<b>Total cost of 19/20 Levy related activities</b>			<b>8,230,290</b>		<b>1,847,743</b>		<b>10,722,590</b>											
<b>2019/20 Funding breakdown</b>																		
Levy Appropriations			5,200,000		1,100,000		7,500,000											
EECA Baseline Appropriation			3,030,290		747,743		3,222,590											
			<b>8,230,290</b>		<b>1,847,743</b>		<b>10,722,590</b>											

## Appendix 3: Notes on our financial projections for our 2019/20 and 2020/21 work programmes

The tables in Appendices 1 and 2 (above) outline the financial projections for our 2020/21 and 2019/20 work programmes. When reviewing them, it is important to understand that:

- The expenses incurred by EECA in any given year are a mix of the operating costs of our activities and our co-investment with partners in pursuit of government objectives.
- EECA enters into agreements with partners that frequently span multiple financial years. A good example of this is the Low Emission Vehicles Contestable Fund.

Commitments delivered on and expended in the current financial year are shown as expenses in the Statement of Comprehensive Revenue and Expenses for the year. Outstanding co-investment commitments are shown as committed funds in retained earnings in EECA's Statement of Financial Position (see our [2018/19 Annual Report](#)).

The financial tables in Appendix 1 and 2 state the commitments brought forward for programmes that include co-investment in multi-year projects and the expected funding to be expended in future financial years.

### 1. Cost allocation

Direct costs are those costs directly attributable to specific programme activity, and include items such as:

- The co-funding provided by EECA
- The directly attributable marketing costs of the programme activity
- Outsourced services to help deliver the programme
- The personnel costs associated with delivery of the programme.

Indirect costs are costs which cannot be attributable to a specific programme and are distributed across the entire portfolio. Indirect costs are allocated to projects using cost drivers that are appropriate to the costs being allocated. Indirect costs include HR, Finance, ICT, and Property costs. These are predominantly a function of the number of people employed, and consequently, are attributed in proportion to the FTE's allocated to each programme. Indirect costs comprise approximately one third of the fully allocated cost of each programme.

### 2. Calculation of levy percentages applicable to each programme

For each levy-funded programme, a specific methodology is used to calculate the appropriate levy percentage:

- For the **E3 Programme**, we use the levy percentages from the previous year and apply it to the forecast costs for the upcoming financial year.
- All costs related to the **Low Emission Vehicles Contestable Fund** and **Electric Vehicle Information Campaign** are fully attributed as qualifying costs against the PEFM levy.
- For the **Productive and low-emission business activities**, every milestone within each contract in our grants system (GEM) has the relevant levy percentages attached to it based on the activities being carried out. We use the total programme levy percentages from the previous year and apply it to the forecast costs for the upcoming financial year.

### 3. Calculation of total levy costs expended in the year

Once the fully allocated work programme has been determined, the levy-related percentages is applied to each levy-funded programme, giving the total proposed levy funding.

## Appendix 4: Legal context for this consultation

### **Electricity Industry Act 2010**

Section 129A of the Electricity Industry Act 2010 requires EECA to consult with those industry participants who are liable to pay a levy and any other representatives of persons whom EECA believes to be significantly affected by a levy:

#### **129A Energy Efficiency and Conservation Authority consultation about request for appropriation**

(1) The Energy Efficiency and Conservation Authority must, before submitting a request to the Minister seeking an appropriation of public money for the following year, or any change to an appropriation for the current year, that relates to costs that are intended to be recovered by way of levies under section 128(3)(c), consult about that request with:

- (a) those industry participants who are liable to pay a levy under that section; and
- (b) any other representatives of persons whom the Energy Efficiency and Conservation Authority believes to be significantly affected by a levy.

(2) The Energy Efficiency and Conservation Authority must, at the time when the request is submitted, report to the Minister on the outcome of that consultation.

(3) This section applies to requests in respect of the financial year beginning 1 July 2018 and later financial years.

### **Energy (Fuels, Levies, and References) Act 1989**

The Energy Innovation (Electric Vehicles and Other Matters) Amendment Act 2017 inserts section 14A into the Energy (Fuels, Levies, and References) Act 1989, which requires EECA to consult with those industry participants who are liable to pay a levy and any other representatives of persons whom EECA believes to be significantly affected by a levy:

#### **14A Energy Efficiency and Conservation Authority consultation about request for appropriation**

(1) The EECA must, before submitting a request to the Minister seeking an appropriation of public money for the following year, or any change to an appropriation for the current year, that relates to costs that are intended to be recovered by way of a levy under section 23 or 24, consult about that request with—

- (a) those persons who are liable to pay the levy; and
- (b) any other representatives of persons whom the EECA believes to be significantly affected by the levy.

(2) The EECA must, at the time when the request is submitted, report to the Minister on the outcome of that consultation.

## Appendix 5: 2018/19 Annual Report on EECA's levy-funded activities