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## Full EECA 2023/24 levy consultation submissions

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5 December 2022

Energy Efficiency and Conservation Authority  
Level 8, 44 The Terrace,  
Wellington 6140.  
Via email: [levyconsultation@eeca.govt.nz](mailto:levyconsultation@eeca.govt.nz)

### Consultation on EECA's 2023/24 Energy Levies Proposal

Kia ora

Thank you for the opportunity to submit on this year's Levies Proposal.

Gull notes that in November the Government has confirmed the introduction of a mandate for the use of sustainable biofuels in New Zealand from April 2024. Historically EECA has supported the introduction of biofuels to New Zealand. Gull commends this action to EECA now as a key piece of implementation from April 2024.

Kiwi motorists have available to them from Gull and our competitors ( thanks to very good government legislation) a very high standard of petrol and diesel for their use. Any change to the fuel for many peoples first or second most valuable asset causes motorists to pause , think and choose. Gull submits that having good information from independent sources is very important to assist motorists in feeling confident in choosing a biofuel blend. This will greatly assist uptake of biofuels and thus the decarbonising of the existing vehicle fleet.

In 2007 or 2008 with the then proposed mandate EECA funded research into the effects of biofuel on engine components (from memory) specifically engine components in second hand Japanese import vehicles. This research proved that bioethanol blends caused no more wear on engine parts than 100% gasoline. This independent research was important in debunking wide ranging claims made by several parties that biofuels were 'bad for your engine'.

Gull notes there is no mention of biofuels in the funding proposal document but submits that biofuels will be a very important Emissions reduction tool for Aotearoa Incorporated. With the introduction of the Sustainable Mandate Gull sees that biofuels align well with key pieces of the proposal document:

- Page 11- Motivating people to use biofuels will greatly assist early uptake and use
- Page 12- EECA's Strategic Focus area of switching to low emissions technologies
- Page 23 Efficient and low emission transport programmes will include biofuels. Biofuels will act directly on the transport sector via the existing fleet to reduce carbon emissions.



EECA to consult and fund biofuels research, publications and publicity

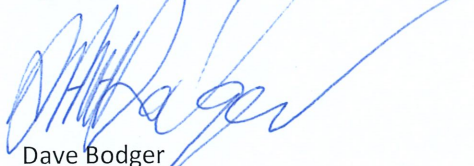
Gull now requests that EECA review funding options and consults with industry and interest groups for areas of assistance. Areas that Gull submits would be important for EECA research and publicity are:

- Publishing documents noting the suitability of engine types / vehicle make and model across various biofuel blends.
- Options and Recommended practices for the use of biofuels in specialist situations or with niche engine types for example:
  - Marine use
  - Vintage and veteran vehicles
- Fuel economy review and trials noting what actual differences in real world motoring biofuel blends may have versus 100% mineral fuel.

We commend this action to EECA as key areas of assistance in decarbonising transport fuels in the existing New Zealand vehicle fleet.

Gull is very happy to discuss this further.

Nga mihi



Dave Bodger  
General Manager

Copy to :

- Minister of Energy, The Honourable Dr Megan Woods
- MBIE, Energy & Resource Markets Branch, Sarah Holdem and Tal Yochay



## SUBMISSION

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Submission: 2023/24 Energy Levies Proposal

To: Te Tari Tiaki Pūngao Energy Efficiency And Conservation Authority

Date: 15 December 2022

Contact: Billy Clemens, Policy Advisor  
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## **Ia Ara Aotearoa Transporting New Zealand (Transporting New Zealand) submission to EECA on the 2023/24 Energy Levies Proposal**

1. Transporting New Zealand appreciates the opportunity to provide feedback to EECA on the 2023/24 Energy Levies Consultation.
2. Transporting New Zealand supports the proposed \$3 million increase in the Petroleum or Engine Fuel Monitoring (PEFM) levy funding request, subject to EECA continuing to support freight decarbonisation.
3. Many decarbonisation technologies, particularly for road freight, are still in their infancy. The PEFM Levy and Low Emission Transport Fund (LETf) provide impactful funding for decarbonisation technologies and investments would not otherwise be commercially viable.
4. Supporting the proposal is also consistent with Transporting New Zealand's Green Compact: our framework for decarbonising commercial road transport by 2050, that will be launched [early next year](#).
5. Transporting New Zealand notes that the government and transport companies are operating in a constrained economic environment, and this does raise valid questions around whether a 29 percent levy increase is justifiable. However, in considering our submission, Transporting New Zealand came to the view that:
  - a. The indicative PEFM levy rate for 2023/2024 is .19 cent/litre for the variable EECA cost – a tiny element of total fuel cost; and
  - b. Challenging economic conditions in 2023/2024 could see transport companies suspend or delay decarbonisation investment. This will make co-funding through the LETf more important than ever.
6. We do note that our support for PEFM levy increases is not interminable. In the medium term, as decarbonisation technologies in the transport sector become more commercially viable and widely available, Transporting New Zealand expects that the need for co-funding through the LETf (and the PEFM levy) will reduce.

### **About Ia Ara Aotearoa Transporting New Zealand**

Ia Ara Aotearoa Transporting New Zealand is a national membership association representing the road freight transport industry. Our members operate urban, rural and inter-regional commercial freight transport services throughout the country.

As the peak body and authoritative voice of the road freight sector, Transporting New Zealand's purpose is creating the environment where trucking operators can drive successful, safe, sustainable businesses. Our strategic priorities are:

- Providing one industry voice for advocacy
- Promoting the road freight transport industry
- Attracting talent and promoting workforce development
- Supporting our members and customers
- Sustainability, safety and responsible emissions reduction

New Zealand's road freight transport industry employs 33,000 people (1.2% of the total workforce), and has a gross annual turnover in the order of \$6 billion. This is part of a wider transport sector that employs 108,000 people and contributes 4.8 percent of New Zealand's GDP. Road freight transport accounts for 93% of the total tonnage of freight moved in New Zealand (MoT National Freight Demands Study 2018).

**END**



Energy Efficiency and Conservation Authority (EECA)  
cc: [levyconsultation@eeca.govt.nz](mailto:levyconsultation@eeca.govt.nz)

**15 December 2023**

Kia ora

Thank you for your engagement with us to seek feedback on the proposed energy levy-funded activities for the 2023/24 year. Given the nature of our business, Z Energy's (Z) response to your consultation will be focused on the Petroleum or Engine Fuel Monitoring (PEFM) levy.

Z supports EECA's work programme to ensure Aotearoa New Zealand has a sustainable energy system. We believe electrons, biofuels and hydrogen all have a role to play as the country shifts towards low emission transport options. Z's view is that a policy framework that encourages investment in low carbon alternatives and enables the best solutions to rise to the top would be the best option for New Zealand.

We acknowledge the proposed \$3 million increase in the PEFM levy funding request to match the Government's \$3 million increase in contribution to the Low Emission Transport Fund for 2023/24. We support the intent of this as the Government looks to provide further funding for initiatives that support low emissions vehicles and infrastructure. We do however recommend this is reviewed in the future, with consideration of whether funding for these initiatives should be separated from the PEFM levy, as its primary purpose is for monitoring the quality of petrol or engine fuel in New Zealand.

While Z has a robust and detailed quality assurance plan to manage the quality of fuel we supply to our customers, it is important that an independent scheme is in place to verify fuel quality and provide assurance to the public of the high quality of fuels supplied in New Zealand.

The PEFM levy supports an independent and statistically valid fuel quality monitoring scheme, ensuring the quality of fuels supplied in the New Zealand market is monitored and provides an independent confirmation of the compliance of the fuels in line with New Zealand regulations. We recommend that the funding for the MBIE fuel monitoring scheme continues to ensure statistically valid monitoring for the 2022/23 period. We would like to stress the importance of continuing to provide adequate funding for this scheme to maintain high-quality, statistically valid monitoring in the future.

We note that with the Sustainable Biofuels Obligation coming into effect 1 April 2024, there will be additional requirements for fuel monitoring with increased level of biofuel products in market. With this in mind, we would like to understand what considerations have been made to ensure robust, statistically valid monitoring can continue to be supported through the PEFM levy.

In summary, we support the proposed 2023/24 levies in order to improve energy productivity and reduce carbon emissions. We believe the focus of the PEFM levy needs to remain on providing sufficient funding for the fuel quality monitoring scheme, to be fit for purpose now and as Aotearoa New Zealand introduces more biofuels to the market, in order to provide statistically valid data that gives New Zealanders credible assurances.

Regards  
David Jacobson

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19 December, 2022

NZ Automobile Association submission on:  
**EECA 2023-2024 levy funding proposal**





**SUBMISSION TO:** Energy Efficiency & Conservation Authority

**REGARDING:** EECA 2023-2024 levy funding proposal

**DATE:** 19 December 2022

**ADDRESS:** EECA  
PO Box 388  
Wellington 6140  
Email: [levyconsultation@eeca.govt.nz](mailto:levyconsultation@eeca.govt.nz)

**SUBMISSION AUTHORISED BY:** Simon Douglas  
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**SUBMISSION AUTHOR:** Terry Collins

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## Executive summary

The New Zealand Automobile Association (AA) welcomes the opportunity to provide comment on EECA's 2023-2024 levy funding proposal. The AA's submission relates to the funding from the Petroleum or Engine Fuel Monitoring (PEFM) Levy, the Electricity Industry Levy and the Emissions Trading Scheme (ETS).

The AA supports both the Low Emissions Transport Fund and the Low Emissions Transport Behaviour Change Programme. Providing trustworthy information to motorists about transport emissions and changing the perception of low emission vehicles will drive future purchase decisions and increase the uptake of low-emitting vehicles.

The AA acknowledges that this round of consultation is based on the levy funding proposal for the 2023-2024 work programme funded from three levies: Petroleum or Engine Fuel Monitoring Levy, the Electricity Industry Levy, and the Gas Safety, Monitoring and Energy Efficiency Levy.

As encouraged last year, the AA would like to see greater investment in public and private electric vehicle charging infrastructure to accelerate the uptake of low/zero emission transport options. We believe additional investment funding should come for these initiatives from a mixture of sources including appropriated funds, Petroleum or Engine Fuel Monitoring Levy, Electricity Industry Levy, and hypothecated Emission Trading Scheme revenue.

## Scaling up the Low Emissions Transport Fund

The AA is supportive of both programmes funded by the Petroleum or Engine Fuel Monitoring (PEFM) levy, however, note that any future scaled-up programmes should be funded from other sources including appropriated funds, Electricity Industry Levy, and hypothecated Emission Trading Scheme revenue.

At the end of October 2022 there were 41,894 BEV and 17,350 PHEV for a total of 59,244 EV in the New Zealand light fleet. In August 2022, 816 public charging stations had been built, a ratio of 1 charging station for every 72 EVs.

In the first year of the Clean Car Discount programme 57,000 EVs and Hybrids were registered - a 56% increase on the previous year. While a growth rate of this level can't be sustained in the long-term, demand for EVs and Hybrid vehicles will continue to be strong while supported by the Clean Car Programme. The limiting factor to satisfying this demand will be the lack of available vehicles to meet demand in the short term.

Therefore, it is likely that the EV vehicle fleet will grow faster than the supporting charging network if financial support for charging infrastructure is not forthcoming. At least 50% of new vehicles entering the fleet will need to be zero-emission vehicles (BEV) in 2027 for industry to meet targets set in the Land Transport (Clean Vehicles) Amendment Act 2022. This equates to 75,000 new BEV alone in 2027, not counting used EVs and Hybrids.

## **More funding needed for public and private EV charging infrastructure**

The AA welcomes the increase of \$6.37m to the Low Emission Transport Fund if this is to be used to fund investment in EV charging infrastructure to meet the growing demand for public charging stations. As well as increasing public charging infrastructure, there is also the need to rapidly increase the installation of private charging infrastructure at scale.

### Timing of Investment is Critical

A December 2021 report from Concept Consulting<sup>1</sup>, funded by a group of energy providers and automotive interests (including the AA Research Foundation), estimates that approximately 85% of EV charging will occur at home, but there is also a need for significant public and community charging infrastructure. This infrastructure requires large-scale public funding to overcome the “chicken and egg” situation that arises with new technologies. Public chargers need to be leading, not lagging in investment. With uncertainty over the uptake rate of EVs, private investors tend to under-invest rather than over-invest. Concept Consulting’s analysis around the outcomes from under- or over-investment calculate that bringing forward investment two years too early would cost \$165m. Delaying the investment and impeding EV uptake by two years would increase transport costs by \$4.2bn, twenty-five times as much. This shows the importance of government investing to help stimulate action at the right time.

Scaling up funding will allow EECA to work with industry to build chargers in locations identified in their roadmap of the future roll-out of the public EV charging network. If the market is left to respond without increased public funding, then it is highly likely that industry will focus on the most commercially viable locations. This will be at the expense of remote or less commercial options. This will result in patchy coverage of New Zealand’s road network and dissuade motorists from using EVs in poorly serviced locations, thereby encouraging the use of hydrocarbon fuel vehicles.

### Changes to Planning Rules Increase the Need for Public Charging Infrastructure

The National Policy Statement on Urban Development (NPSUD) prevents councils in Auckland, Wellington, Tauranga, Christchurch, and Hamilton from imposing height restrictions of less than six-storeys. There is also no longer a requirement for developments to provide car parks. Further, for other urban areas with more than 10,000 people, district plans must not include minimum car parking requirements, other than for accessible carparks.

This densification of housing without carparks will create a much greater need for community EV charging stations as although it is envisaged that these large-scale apartment complexes will be serviced by good public transport there will still be a need for private vehicles, and to meet our carbon reduction targets these vehicles need to be electric.

### Provision of Private Charging Infrastructure

WorkSafe NZ has guidelines that strongly discourage allowing an employee with an employer-owned vehicle from charging the vehicle at home using Mode 2 charging with an in-cable control and

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<sup>1</sup> [Shifting Gear: How New Zealand can accelerate the uptake of low emission vehicles](#), Concept Consulting Group Ltd, January 2021

protection device. This is because it relies on the safety and integrity of the home's wiring, something that the employer has little control over.

To address this issue, WorkSafe recommends that when home charging a vehicle used for business purposes is considered appropriate, a dedicated charging station should be installed at home. These guidelines promote the safe use of EV domestic charging to limit the liability of the employer, but they could also act as a disincentive for companies to purchase EVs for work purposes. Any barriers such as this to purchasing EVs need to be removed. Given fleet buyers are the biggest purchasers of new vehicles, they are able to become the biggest purchasers of new EVs if any disincentives like this are removed.

Therefore, the AA proposes that EECA should significantly scale up the Low Emission Transport Fund so that there is a much greater investment in both public and community EV charging infrastructure and investigate the development of a scheme to co-fund private smart EV charging installations. These domestic charging points could be co-funded with electricity suppliers with a contribution from the householder. This model has been successfully used by EECA in its Warm-Up New Zealand home insulation programme.

Like insulation, a domestic EV charger would be a legacy asset to a home because it would remain installed even when a home changes ownership.

The AA favours the participation of the electricity suppliers in this, so that they know where chargers are located and can therefore forward plan demand profiles, the size of transformers, and facilitate a two-way smart grid where the householder is potentially a buyer and seller of electricity. This could further encourage and increase the uptake and utility of renewable electricity. Concept Consulting calculate that large scale smart charging could avoid \$1.7bn in peak and generation investment.

## Conclusion

The AA supports revenue from the Emissions Trading Scheme levy on mineral fuels being hypothecated towards funding projects that reduce transport emissions. Currently the government is collecting about \$950m a year in ETS revenue from transport.

The Minister of Finance has already used hypothecated revenue from the Emissions Trading Scheme to fund a light vehicle scrappage scheme known as the Clean Car Upgrade. Transport emissions are recognised as low hanging fruit in the Emissions Reduction Plan. However, CO2 emission savings projected for the Clean Car Upgrade programme appear modest in comparison to those that could be achieved by investment in EV charging infrastructure. Therefore, The AA strongly supports expansion of the Low Emissions Transport Fund with ETS funds to provide greater public and private EV charging infrastructure and commence a home EV charger installation scheme modelled and scaled on the Warm-Up New Zealand programme. It makes sense for these initiatives to all be funded from hypothecated ETS revenue to reduce transport emissions. We also suggest that revenue from the Electricity Industry Levy be allocated for some of these purposes as both chargers and EVs are users of electricity.

## About the New Zealand Automobile Association

The NZAA is an incorporated society with over 1.8 million members, representing a large proportion of New Zealand road users. The AA was founded in 1903 as an automobile users' advocacy group, but today our work reflects the wide range of interests of our large membership, many of whom are cyclists and public transport users as well as private motorists.

Across New Zealand, the motoring public regularly come into contact with the AA through our breakdown officers, 36 AA Centres and other AA businesses. Meanwhile, 18 volunteer AA District Councils around New Zealand meet each month to discuss local transport issues. Based in Wellington and Auckland, our professional policy and research team regularly survey our Members on transport issues, and Members frequently contact us unsolicited to share their views. Via the AA Research Foundation, we commission original research into current issues in transport and mobility. Collectively, these networks, combined with our professional resource, help to guide our advocacy work and enable the NZAA to develop a comprehensive view on mobility issues.

Excluding the Government's 2022 temporary fuel tax discount, motorists pay around \$4.5 billion in taxes each year through fuel excise, road user charges, registration fees, ACC levies, and GST. This money is reinvested by the Government in our transport system, funding road building and maintenance, public transport services, road safety work including advertising, and Police enforcement activity. On behalf of AA Members, we advocate for sound and transparent use of this money in ways that improve transport networks, enhance safety and keep costs fair and reasonable.

Our advocacy takes the form of meetings with local and central government politicians and officials, publication of research and policy papers, contributing to media on topical issues, and submissions to select committees and local government hearings.

### Total Membership

1.8+ million members

Over 1.1 million are personal members

Over 0.7 million are business-based memberships

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### % of licenced drivers

At least 29% of licensed drivers are AA Members

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### Gender split

54% Female

46% Male

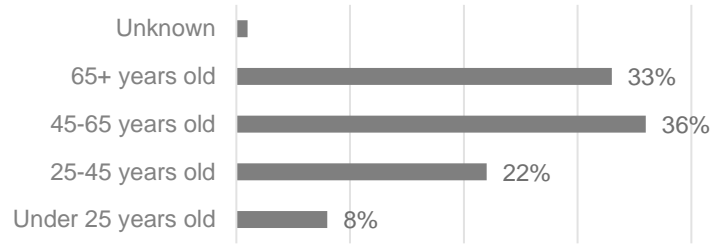
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**Age range & Membership retention**

**Age of AA Members**



52% of AA Members have been with us for over 10 years.

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19 December 2022

Energy Efficiency & Conservation Authority  
PO Box 388  
Wellington 6140

Via email: [levyconsultation@eeca.govt.nz](mailto:levyconsultation@eeca.govt.nz)

## **SUBMISSION ON EECA'S 2023/24 LEVY FUNDING PROPOSAL**

The Electricity Retailers' Association of New Zealand ('ERANZ') welcomes the opportunity to provide feedback on the Energy Efficiency & Conservation Authority's consultation paper 'Consultation on EECA's 2023/24 levy funding proposal and related work programme' from November 2022.

ERANZ is an industry association representing companies that sell electricity to kiwi households and businesses. Our members supply over 90 per cent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

### **Submission points**

Overall, ERANZ supports the EECA's proposed levy allocations for the 2023/24 financial year and the work programme it partially funds.

The proposed three energy levies show modest changes from the last financial year, and the reasons for the changes are well explained. ERANZ agrees with the slight \$200,000 rebalancing of the Electricity levy funding category over to the GSMEE levy funding category.

ERANZ supports the continued purpose, strategic principles and strategic focus areas for EECA. In particular, we support a greater focus on "efficient and low-emissions transport" as well as "energy efficient homes". These two areas will likely significantly improve New Zealanders' wellbeing, reduce energy costs, and lower emissions. Our members already contribute to many initiatives working towards similar outcomes. We welcome the government's continued efforts to highlight new technologies, test new business models, and regulate for higher performance standards.

Renewable electricity offers economic and social improvements, including more efficient costs for customers, enhanced productivity, reduced investment costs, greater energy security, and improved health and wellbeing for families.

Electrifying transport offers significant emissions reduction gains, as highlighted in the consultation document. Together with EECA's efforts to promote new ways of getting around and additional electric vehicle charging infrastructure, our members are committed to building and supplying the new renewable generation required to power this future.

EECA's low-emissions transport behaviour change programme complements the work of our members to boost the uptake of electric vehicles. Member initiatives include off-peak pricing for

charging cars, constructing more locations for charging out and about, and simplified billing for charging vehicles away from home. These align well with EECA's objectives of lifting community engagement on electric cars, promoting their use, and providing guidance to motorists.

ERANZ supports EECA's focus on improving the energy efficiency of homes and home appliances. Improving efficiency provides families with choices such as more adequately heating their home in winter or lowering their energy bills in order to spend more on other everyday necessities. Improving the efficiency of appliances, even if only for new appliances, will gradually lift New Zealand's performance.

ERANZ is committed to helping New Zealand develop a viable and innovative demand flexibility market. Such flexibility will help take the pressure of peak times when generation and distribution assets are stretched. A key feature of flexibility is the ability for the market to communicate its needs through demand or price signals. ERANZ supports EECA's involvement in helping to establish credible standards for interoperability.

Likewise, with large energy users, ERANZ supports EECA's efforts to transition industry to predominantly renewable electricity. ERANZ members already provide a wealth of support for industrial and commercial customers to switch from fossil fuelled processes to electric ones. EECA's market education and demonstration initiatives are well supported.

## **Conclusion**

ERANZ thanks EECA for their work and is happy to provide any further information on this submission as required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Clark', with a long horizontal flourish extending to the right.

**Kenny Clark**  
Policy Consultant



19 December 2022

Andrew Caseley  
Chief Executive  
Energy Efficiency and Conservation Authority  
By email to [levyconsultation@eeca.govt.nz](mailto:levyconsultation@eeca.govt.nz)

Dear Andrew

### **EECA 2023/24 levy consultation submission**

1. This is a submission from the Major Electricity Users' Group (MEUG) on the Energy Efficiency and Conservation Authority (EECA) 2023/24 levy funding proposal and related work programme published 14 November 2022<sup>1</sup>.
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Members also make separate submissions.
3. This submission is guided by the MEUG mission statement<sup>2</sup>

“To add value to MEUG members’ management of electricity costs and risks achieving outcomes consistent with competitive markets for the long-term benefit of electricity consumers.”

MEUG’s mission statement aligns with the statutory objectives of the Commerce Commission and Electricity Authority with a focus on “the long-term benefit of electricity consumers.” In other words, MEUG takes a NZ Inc. perspective. MEUG members acting collectively as part of MEUG take a NZ Inc. approach, and in their individual businesses act in the best interest of those businesses.

4. MEUG members have an interest in this consultation because they are being asked to pay levies of around \$1.326m, that is around 26% of the total proposed electricity levy funded allocation of \$5.1m

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<sup>1</sup> Document URL <https://www.eeca.govt.nz/assets/EECA-Resources/Levy-consultation/EECA-2023-24-Levy-Funding-Proposal-Consultation-Document.pdf> at <https://www.eeca.govt.nz/about/news-and-corporate/consultations/levy-consultation/23-24-levy-consultation/>

<sup>2</sup> Refer [http://www.meug.co.nz/system/files\\_force/MEUG%20strategic%20plan%202022-23%20-%20public%20version.pdf?download=1](http://www.meug.co.nz/system/files_force/MEUG%20strategic%20plan%202022-23%20-%20public%20version.pdf?download=1) at <http://www.meug.co.nz/node/1216>

5. MEUG appreciates:
  - a) The detail in the consultation paper to support the proposed expenditure and hence level of levies for next year. The level of detail has been continuously improving year by year and we want to acknowledge that and encourage EECA to continue that work including addressing the matters listed in paragraph [9] below.
  - b) The offer by you to brief myself and members. Unfortunately, this year we couldn't find time, nevertheless we do appreciate the offer.
  - c) The proposed decrease of \$200,000 (-3.9%) in the aggregate level of levies and hence approximately the same proportionate decrease in levies to be paid by individual MEUG members.
6. No new information has been provided to change the view of MEUG from prior years that:
  - a) Most of the proposed levy funded work should be paid not by levies, but from the Government general account.
  - b) It was a mistake by government two years ago to accept EECA's proposal to pool levies for work relating to the separate energy efficiency markets in the electricity and gas sectors because payers of the levies have no basis to assess before levies are struck or after levies are spent, the relevance to their household or business. For example, a household or business in the South Island that only has the option of using electricity, cannot confirm from this proposal or the accounts of EECA, if their share of levies was used only on electricity efficiency matters.
7. The work that may have merit to be paid for by electricity and gas levies are:
  - ~ Energy Efficiency Programme – Residential, \$2,573,140,
  - ~ Equipment Energy Efficiency Programme – Business, \$2,573,140,
 in total a proposed 2023/24 budget of \$5,146,280,  
 because those may address an information asymmetry market failure.
8. Apart from some uncertainty if all the work is to overcome a clear information asymmetry market failure, MEUG has two other concerns:
  - a) The budget for both programmes this year (2022/23) was \$1.8m each. A total of \$3.6m. The proposal is for a 43% increase from the budget this year for both and in total. MEUG does not support this increase. Since EECA commenced consultation in mid-November on this proposal (as reported by Stuff on 12 December)<sup>3</sup>:
 

‘Prime Minister has Jacinda Ardern has asked her Cabinet ministers to reconsider their policy priorities over the summer break, signalling contentious policies may be cut for the coming election year.

Ardern said on Monday ministers would “go away and look at our legislative programme” over Parliament’s summer break, due to begin on Friday, as the Government needed “an absolute focus on the economic situation” next year.

<sup>3</sup> <https://www.stuff.co.nz/national/politics/130741202/ardern-asks-cabinet-ministers-to-consider-priorities-over-summer>

“We need to be ensuring we are supporting New Zealanders and have a clear eye on that issue. We do need to trim back the amount of issues that we are progressing as a Government,” Ardern said.’

MEUG recommends EECA is pro-active in removing the proposed increase of 43% for the Energy Efficiency Programme – Residential and Equipment Energy Efficiency Programme – Business, for the appropriation request to the Minister to be acknowledge the request by the Prime Minister in recognising the critical financial stress now and expected in 2023 for most households and businesses.

- b) Because the electricity and gas sector budget proposals and annual reporting of outcomes is pooled, we have no line of sight to know if the proposed share of levies electricity users will pay for is directly beneficial to those users or whether there is material cross-subsidisation between the electricity efficiency and gas efficiency work.
9. For the record the following bullet points list the topic headings of the matters that in combination lead MEUG to oppose most of the proposed EECA levies:
- a) No robust cost-benefit-analysis (CBA) to justify much of the work, i.e., no clear market failure to be addressed.
  - b) Where there might be a market failure, no robust CBA to justify the use of levies rather than an appropriation from the general account. A CBA would consider all feasible solutions including removing any barriers to a market solution evolving.
  - c) NZ ETS carbon prices are the primary policy tool to manage and greenhouse gas externalities. A robust CBA of EECA work programmes would consider, for example, the waterbed effect.
10. In conclusion MEUG supports only that portion of two of the proposed programmes to be fully or partly funded by a levy on electricity consumers. Those programmes are:
- a) Energy Efficiency Programme – Residential.
  - b) Equipment Energy Efficiency Programme – Business.

MEUG does not agree with the proposed 43% increase in budget for both of those programmes compared to this year. Hence the combined maximum budget should be the current year budget of \$3.6m. We have no information to determine the breakdown of the proposed programmes into electricity and gas related work. Assuming it is around half each, then the maximum EECA electricity levy funded appropriation for 2023/24 supported by MEUG is \$1.8m.

Yours sincerely



Ralph Matthes  
Executive Director

19 December 2022

Andrew Caseley  
Chief Executive  
Energy Efficiency and Conservation Authority  
By email to [levyconsultation@eeca.govt.nz](mailto:levyconsultation@eeca.govt.nz)

Dear Andrew

### **EECA 2023/24 levy consultation submission**

This consumer's feedback relates to the proposed work programme where I believe EECA could provide residential consumers with specialist support.

Electricity industry efforts to address the transition from the centralised electricity system to Distributed Energy Resources (DER) and Demand Response (DR) is impressive. However, the industry has yet to offer consumer-centric solutions.

This consumer endorses EECA supporting initiatives that align with:

1. *"Consumers have a role to play in making the network more resilient, as technology changes will allow them to better manage their own power consumption."* <sup>1</sup>
2. A Distributed System Operator (DSO) acting as an aggregator of local consumers/prosumers, orchestrating demand and load on a Low Voltage (LV) network using dynamic price signalling based on real-time voltage excursions.

It will be in consumers' interests to use autonomous Home Energy Management Systems (HEMS) to control the electrical devices inside their homes in a manner that supports DER and DR. The current NZ regulations are intolerant of Peer to Peer (P2P) trading enabling compensation for grid services.

Simply buying cheap oversupply and avoiding undersupply, consumers can assist in eliminating expensive peaks, reducing their bills and contributing to grid stability.

*"Flexible demand (such as demand response) provides another layer in supporting energy security as it allows for electricity consumption to flex (either up or down) in line with available supply. This dynamic potential is particularly useful at times when energy supply is tight. Flexible demand can be deployed to help avoid outages in the electricity system by preventing demand from exceeding supply line limits."* <sup>2</sup>

3. The results of smart data analytics algorithms on phone apps can provide realtime public visibility of the grids. Transitioning consumers from "mushrooms" will elicit responses to price signals, advancing engagement. Democratisation gives consumers ownership.

*"Accelerate the OpenADR project that will deliver an exemplar of open communication protocols being used by Electricity Distribution Businesses (EDBs) and Flexibility Providers to deliver and react to demand signals from connected devices in New Zealand homes."* <sup>3</sup>

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<sup>1</sup> Deborah Hart, Chair of the Consumer Advocacy Council, [CAC website](#)

<sup>2</sup> Whakamana I TeMauri Hiko Monitoring Report, September 2022, p.13

<sup>3</sup> EECA's 2023/24 Levy Funding Proposal, November 2022, p.28

4. As the number of EVs plugged into the grid increase they can provide valuable services to the grid. Responding more quickly than existing power sources providing instantaneous reserve and stability to the LV grid.

*"One potentially very significant source of DER is electric vehicles (EVs). EVs can be used to provide flexible demand response through smart charging. In the future, EVs may also provide energy back into the grid through technology known as Vehicle-to-grid (V2G)."* <sup>4</sup>

5. By aggregating or pooling together multiple EVs the industry can create a 'virtual battery that can deliver these grid services on a larger, nationwide scale.

*"A distributed energy future reduces demands on transmission and distribution assets by deploying DER assets (of all scales) at the demand/load point."*

*"Avoided costs of transmission and distribution benefit all consumers."* <sup>5</sup>

6. Other consumer devices such as hot water cylinders can sponge up excess rooftop solar during the day and EVs can reduce the evening peak by returning power to the grid.

It is not in prosumers' interests to push the voltage up when exporting excess solar generation on hot summer days. They would rather collaborate with the DSO to sell at low rates to their neighbours, thus reducing voltage than risk curtailment or have arbitrary connection limits imposed on their systems.

7. A case study has demonstrated that the tools required to meet consumer needs are available now. <sup>6</sup>

The technology is available, but the regulatory environment and high-level policies are not. The challenge is for innovators to step up and attract EECA support to hurdle the barriers.

*"We will need to do things differently if we are to create a sustainable energy system for generations to come."* <sup>7</sup>

Yours Sincerely

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<sup>4</sup> Whakamana I TeMauri Hiko Monitoring Report, P.13.

<sup>5</sup> SEANZ Energy Strategy and Policy 2022, "Think Big: Build Small"

<sup>6</sup> [P2P Trading-based Case Study by PowerLedger.](#)

<sup>7</sup> MBIE, TERMS OF REFERENCE NEW ZEALAND ENERGY STRATEGY, October 2022