

Submission by KiwiRail

On the '2019/20 levy funding proposal and related work programme' consultation document prepared by the Energy Efficiency and Conservation Authority

14/12/2018

1. Introduction

KiwiRail acknowledges the need for New Zealand to transition to a low emissions future and is committed to making progress along this path to provide benefit for business and New Zealand.

We have prepared a submission in support of the Energy Efficiency and Conservation Authority (EECA) work programme with the view of outlining how our partnership with EECA has provided benefits for our business.

2. About KiwiRail

KiwiRail owns, operates and optimises rail and ferry transport and supply chain networks to facilitate the efficient movement of freight and passengers within New Zealand. The business transports around 25% of New Zealand's exports and has a current market share of around 16% of the total national freight task (based on tonnes-km).

KiwiRail is working with EECA in a number of business initiatives as part of the Large Energy User and Technology Demonstration Programmes.

3. Response to Consultation Paper Questions

Detailed below are responses to a number of specific of questions in the Consultation document:

Question 1 **What kinds of engagement have you or your organisation had with EECA?**

KiwiRail established a formal relationship with EECA through a Collaborative Agreement set up in November 2016, as part of the Large Energy User Programme. This collaborative arrangement has provided support for the business in establishing formal energy management systems that have helped to identify, implement, progress, monitor and evaluate significant energy savings opportunities across all areas of our operations. Specific activities include:

- Provision of technical expertise to develop an energy management programme aligned to international standards;
- Delivery of an energy audit for one the Interislander ships (Kaiarahi);
- Undertaking feasibility assessments for energy saving initiatives across the Interislander fleet;
- Establishing a role for an Energy Graduate within the organisation and support this role through a national network for energy graduates.

KiwiRail has also worked with EECA as part of the Technology Demonstration Programme to trial a new technology and monitoring system to improve the fuel efficiency of one of the Interislander ships (Aratere). The co-funding model and industry advice provided through EECA's programme has been a key aspect of progressing this opportunity for the Interislander and to realise tangible energy efficiency and emissions reductions benefits.

KiwiRail meets quarterly with EECA through a Steering Group established under the Collaboration Agreement. Along with progress monitoring for collaborative projects, this provides a valuable forum for two-way discussion on industry aspirations and the practical business context.

KiwiRail has provided support for EECA's work programme through delivery of a presentation at the EECA Large Energy Users Forum 2018, active participation in the EECA Graduate network, and discussions to inform EECA's strategic direction.

Question 5 Which of EECA's 2019/20 levy-funded activities are of most interest to you?

Given the nature of KiwiRail's business and interactions with EECA to date, KiwiRail has most interest in the following EECA 2019/20 levy-funded activities: Low Emissions Vehicle Contestable Fund, Large Energy User Program and Technology Demonstration Programme.

Question 6 Do you support the mix of levy-funded activities listed above?

The current mix of levy-funded activities has been highly valuable for our business and hence KiwiRail supports the current mix of levy-funded activities. The EECA programmes on which we have collaborated have assisted KiwiRail to deliver savings, build the culture for energy efficiency and gain further support for energy-saving initiatives. Various initiatives, some of which EECA have support for through co-funding and technical advice, have resulted in fuel performance improvements of 6% for our locomotives and 5% for our ferries in FY18 compared to a baseline year FY16.

Question 7 Are there any new activities or specific sectors that you think EECA should invest more or less levy funding in for 2019/20, and in the future?

KiwiRail supports EECA's investment approach and the range of investment activities set out in the consultation document. KiwiRail is particularly interested in the link between energy and emissions reduction and suggests there is opportunity for EECA to strengthen this for the purposes of existing activities and future programmes. This would not only enhance the connection between EECA's purpose statement and its delivery programmes, but also New Zealand's commitments in transitioning to a low-emissions future. Two particular areas of emerging interest to KiwiRail are research into the potential of alternative fuels in transport (e.g. hydrogen) and leveraging collective expertise to engage people in taking action and supporting the transition to a low-emissions future.

Question 8 - Do you agree that EECA's levy-funded activities result in benefits for New Zealand businesses and consumers in:

KiwiRail agrees that EECA's levy-funded activities result in benefits for New Zealand businesses and consumers in all aspects mentioned. This is based on direct experience through KiwiRail's collaborative partnership with EECA and the exchange of information with

other businesses participating in EECA business programmes. One practical example from our business has been the installation and trial of equipment on one of the Interislander ships, enabled through the Technology Demonstration Programme. This trial is to test an approach which has the potential to reduce marine fuel consumption by an estimated 2% and enhance visibility of fuel performance for operators and the wider business.

Thank you for the opportunity to provide this submission. For enquiries, please contact Grant Heather, Senior Strategy Manager, KiwiRail grant.heather@kiwirail.co.nz.