6 March 2026

Energy Efficiency Conservation Authority (EECA)

Submission on the 26/27 levy funding proposal and related work programme consultation document prepared by the Energy Efficiency and Conservation Authority (EECA).

1. Introduction

KiwiRail is committed to decarbonising our own operations and supporting New Zealand to achieve its national net zero carbon emissions goal by 2050. Our Rautaki Whakauka Sustainability Strategy and Carbon Reduction Plan outline our commitment to emissions reduction. We have set targets to reduce our Scope 1 and 2 emissions by 40% by 2035 (against an FY19 base year) and to achieve net zero carbon by 2050.

We are committed to supporting our customers and the New Zealand freight sector to reduce transport emissions by moving more freight by rail. Our Steel Wheels model demonstrates that **freight moved by rail produces, on average, 60% fewer greenhouse gas emissions than the same freight moved by road.**

Our submission on the Energy Efficiency and Conservation Authority (EECA) proposed work programme focuses on the potential for EECA to broaden their transport work programme beyond a sole focus on road freight electrification, to consider how they can support and accelerate uptake of other low carbon transport modes such as rail.

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. Our business transports around 15 million tonnes of freight a year or 23% of New Zealand's exports.

KiwiRail acknowledges the previous support we have received from EECA to deliver various energy audits and other energy efficiency improvement projects. We are grateful for the levy's support - these grants have led to tangible improvements in our infrastructure and operations, as well as financial and energy savings for KiwiRail.

3. The case for funding modal shift to rail

- KiwiRail has carried out extensive modelling to confirm that rail in New Zealand creates on average 60% fewer greenhouse gas emissions than road freight. Our methodology for calculating this has been externally reviewed and verified by Toitū Envirocare through an independent audit.
- This means currently, rail freight provides one of the most viable options for freight companies in New Zealand to reduce emissions from long-haul, heavy freight.
- In the next three years we expect the low carbon advantage of rail to grow with the arrival of 66 new modern diesel locomotives into our fleet, which are built to EU Stage V emissions standards.
- As such, we consider that businesses should be funded to enable greater use of rail. Some examples of the types of initiatives that might support companies to use rail include:
    - investing in customer or product specific containers that are rail compatible
    - new or upgraded rail sidings to future proof the use of rail
    - road trailers that optimise the use of rail while enabling road for the first and last mile.

Pathway to further reduce rail emissions

- KiwiRail is working to further decarbonise and electrify rail – we have implemented a range of energy efficient improvements – such as the use of Driver Advice Systems, idling reduction and installation of a remote offline switch on our trains.
- KiwiRail is working to refurbish and reinstate 15 x electric locomotives to run between Hamilton and Palmerston North.
- We are developing a business case for electrifying trains in the Golden Triangle (Auckland to Hamilton to Tauranga). While funding for this project is not confirmed, if implemented it would mean approximately 54% of our freight would move by electric trains across the Golden Triangle and feeder lines.
- As such we see potential for rail to decarbonise in future alongside the road freight system.

4. Feedback on EECA Energy Levies funding Proposal for 2026/27

We note that under EECA's proposed work programme KiwiRail will only be able to access EECA grants for funds to reduce emissions from our electricity and gas consumption and some trucks. While valuable, these sources of emissions comprise less than 6 per cent of our total carbon footprint. There is no provision of support for off-road, marine or rail vehicles. Our freight customers will also not be able to access any support to use rail more frequently or to carry additional commodities.

Strategic goals

We support the three strategic goals that EECA has proposed in your draft work programme. However, we feel the interpretation of some goals has been too narrowly focused just on electrification of on-road vehicles, without consideration of the energy efficiency or carbon reduction benefits that using other transport modes can bring.

We believe that EECA grants should be made available for a wider range of purposes in the transport sector, including to support businesses to use rail freight more often.

The petroleum or engine fuel monitoring levy (PEFM)

- We note that 74% ($10m) of the ***Petroleum or Engine Fuel Monitoring (PEFM) levy*** is allocated to supporting road freight to decarbonise through the Low Emissions Heavy Vehicle Fund.
- There is no provision for use of PEFM funds to support any other lower emissions freight modes like rail or coastal shipping and no provision to support uptake of public transport by businesses.
- We believe that EECA should take a transport system approach to allocation of the PEFM and ensure that it supports uptake of other transport modes which could also help improve decarbonization, efficiency, and resilience of New Zealand's freight system.

Broader focus for EECA funds

- We recommend the use of the PEFM levy be broadened to support marine innovation and off-road plant – types of grants that were previously provided. We are an extensive asset owner of marine and off-road plant and would welcome opportunities to further decarbonise our business in these areas.
- With regards to electrifying road-based vehicles, we note that the Low Emissions Heavy Vehicle Fund (LEHVF) is now solely focused on supporting purchase of new electric trucks. There is no support available for light vehicles.
- For our business, and we believe many others, the practical barrier to electrifying our light vehicle fleet is the upfront capital cost of installing EV charging and upgrading site electrical facilities. We recommend that EECA reconsider whether businesses could be supported to overcome these hurdles.

Practical Consumer and Business Information Programme:

We note that this programme includes a workstream focused on helping New Zealanders making low emissions informed choices.

> *"Transport: Through the delivery of practical information, digital tools, and industry engagement, we will continue to support New Zealanders to make informed, efficient transport choices and investments."*

From the information online, the transport section of EECA's website is primarily focused on supporting businesses to electrify their light or heavy vehicle fleet. We recommend your information be extended to informing businesses about how they can potentially make better use of rail and other low carbon modes such as coastal shipping.

In 2025 KiwiRail published a **carbon calculator** that shows customers the emissions profile of moving their freight by rail versus road and the estimated carbon savings they can achieve for different freight movements. The calculator also shows tourism passengers the carbon savings they can achieve by moving by rail rather than road. The methodology and assumptions for this calculator have been externally verified by Toitū Envirocare. We recommend this calculator be included in your information pack and digital tools.

From a commuter perspective, EECA could potentially feature tools that have been developed by other parties and are used by businesses to encourage their staff to use a broader range of transport modes, including rail, such as FareShare (an Auckland Transport product) or Workride.

Technology and Fuel Enabler (TAFE) Programme

This programme includes a focus on encouraging use of biomass. Biomass is a high-volume product which is well suited to being transported by rail. We recommend that EECA consider as part of their grant scheme the most efficient way for biomass materials (and other materials such as forestry and aggregates) to be transported around the country, to avoid increased transport emissions and wear on local roads. For example, EECA could play a role in encouraging businesses to consider how biomass facilities could be strategically located near rail sidings or freight distribution hubs which provide road and rail connection points. KiwiRail would welcome the opportunity to collaborate on potential biomass projects.

5. Summary and next steps

KiwiRail is committed to reducing our emissions and delivering a more sustainable transport system for all New Zealanders. We appreciate the support we have received from EECA to date and the collaboration agreement we have in place. We would welcome the opportunity to meet with you to discuss our feedback on this submission further. We look forward to discussing how EECA's funding programme could be given a broader focus to support decarbonisation for the transport sector as an integrated whole, considering all modes.

Regards,

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