6 March 2025

NZ Automobile Association submission on:

EECA 2025-2026 Levy Consultation

SUBMISSION TO:	Energy Efficiency & Conservation Authority
REGARDING:	EECA 2025-2026 Levy Consultation
DATE:	6 March 2026

ADDRESS:	EECA PO Box 388 Wellington 6140 Email:levyconsultation@eeca.govt.nz
SUBMISSION AUTHORISED BY:	Simon Douglas Chief Policy & Advocacy Officer New Zealand Automobile Association Incorporated (NZAA) PO Box 1, Wellington, 6140
SUBMISSION AUTHOR:	Terry Collins
AUTHOR E-MAIL:	TJCollins@aa.co.nz
AUTHOR PHONE:	(04) 931 9986

Executive summary

The New Zealand Automobile Association (AA) welcomes the opportunity to provide comment on EECA's 2026-27 Levy Consultation.

The AA acknowledges that this round of consultation is seeking funds from three levies: Petroleum or Engine Fuel Monitoring Levy, the Electricity Industry Levy, and the Gas Safety, Monitoring and Energy Efficiency Levy. The AA's submission relates to the funding from the Petroleum or Engine Fuel Monitoring (PEFM) Levy only.

We support the use of the PEFM Levy to fund the Low Emission Heavy Vehicle Fund, the Distributed Flexibility Programme, especially the vehicle-to-everything (V2X) workstream, and the transport component of the Practical Consumer and Business Information Programme. Providing information and tools to the public allows our Members to make informed purchase decisions and there is a clear link between the PEFM and the programme deliverables.

However, the AA does not see a clear link between the Technology and Fuel Enabler Programme and the PEFM levy as the workstreams appear to be not related to transport and if so, these linkages are tenuous at best. This poor linkage risks contradicting the Government's levy principle that those who need or receive the benefit from activities should contribute to the cost of the activity.

Comment

The AA submitted last year that it did not see a clear business case to increase the PEFM levy from $13.5m to the proposed $14.62m, an increase of 8.3%. Poor economic conditions impacted on the market's response to EECA transport programmes across the board the previous year and we saw little evidence that these conditions would change in the 2025/26 levy period. Fortunately, the PEFM levy did not increase above $13.5m as the reality was EECA was unable to spend the full levy due to an $8.55 million PEFM levy underspend by EECA in 2024/25. Although this will lower the necessary PEFM collection for EECA in 2026/27, it is not good levy practice to collect levies from earlier years to apply at later years as it weakens the link between contributors and beneficiaries.

Low Emission Heavy Vehicle Programme.

The AA support the endeavours of this programme to lower the cost, risks and uncertainty of transitioning to new heav y vehicle technologies that will lower operating costs and emissions. We caution against a reliance of moving heavy vehicle automotive power to fully electric due to the mass of current battery technology. AA districts have reported significant road damage caused by battery powered buses being used on urban residential streets that were not designed or built to withstand the weight of these vehicles. A holistic approach is needed to ensure that the "savings" that accrue to the user of these vehicles is not subsidised by road damage or outweigh the cost of road maintenance and repair. When considering applying PEFM levy funds to this programme it is important that it is understood where the vehicles will be used and the impact they will have on the road surfaces.

Distributed Flexibility Programme.

The AA strongly supports the Vehicle-to-everything (V2X) workstream of this programme. The AA Research Foundation was a supporter of a multi client study looking into the potential for this technology in NZ.

The study identified potential for significant economic value for the country, for companies and for individuals. For example, this technology could enable:

- NZ to replace approximately 190 PJ of imported liquid fuels with 49 PJ of domestically produced electricity, resulting in an estimated annual fuel cost saving of $2.9 billion. This supports national energy independence and reduces reliance on volatile global fuel markets.
- Electric vehicles can act as distributed energy resources, reducing peak electricity demand, supporting grid stability, and providing backup power during outages. This enhances the resilience of New Zealand's electricity system and lowers infrastructure costs for both generation and distribution.
- The delivery of up to $2,000 per light vehicle and up to $10,000–$25,000 per heavy vehicle annually in economic value. These savings could reduce the total cost of ownership for vehicle owners and fleet operators, incentivising EV adoption and supporting government climate and transport goals.
- The technology has been successfully demonstrated internationally with modern EVs and chargers increasingly capable of bidirectional current flow. We know that managed V2G/X charging has minimal impact on battery life, and real-world trials show potential positive outcomes for both our grid and consumers.
- Early adoption and coordinated policy support for V2G could position New Zealand to capture economic, environmental, and energy security benefits, while accelerating the transition to a more efficient, renewable, and productive energy system.

Practical Consumer and Business Information Programme.

The AA supports the transport component of the Practical Consumer and Business Information Programme. We see a clear link between to PFEM Levy and the *fuelsaver* website and Vehicle Emissions and Energy Economy Labels. This allows consumers to compare the energy consumption and related CO^2 emissions of different vehicles and makes it easier for consumers to make informed decisions around the purchase of electric or low-emission light vehicles.

Technology and Fuel Enabler Programme.

The stated objective of the programme is to play a role in advancing the development and market-readiness of renewable fuels that can reduce dependence on imported petroleum and engine fuels in the medium to long term. However, none of the workstreams are related to transport and the AA does not support the use of funds from the PFEM Levy for this programme.

Wood energy may displace coal or gas use in industrial processes but it very hard to envisage wood energy being used for transport other than being a producer of electricity.

Biogas is a mature technology and the 2025 Government Statement on Biogas highlighted biogas as a strategic option to improve energy resilience as fossil gas reserves decline and to support decarbonisation of gas dependent, hard-to-electrify industries. It is not a viable option for transport.

Geothermal heat has mainly been applied across industrial, agricultural, commercial and residential sectors, not transport, unless considered as an alternative source of electricity generation.

Efficient heat is focused on industrial heat processing and looks to providing a range of efficient, smart technology options including innovative electric heating, mechanical vapour recompression, thermal energy storage, and high temperature heat pumps. These are not related to transportation.

Support for gas users the programme provides direct support for gas-using businesses to lower their energy costs and unlock long-term resilience. Compressed natural gas is no longer offered as a transport fuel in New Zealand and liquefied natural gas is now a rare fuel source for vehicles. This workstream, like the others in this programme, lack any clear link to transport and the PFEM Levy.

About the New Zealand Automobile Association

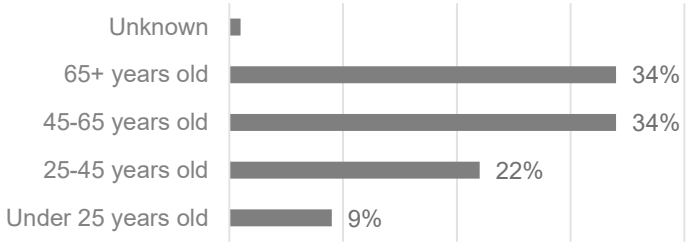
The NZAA is an incorporated society with over 1.8 million Members, representing a large proportion of New Zealand's road users. The AA was founded in 1903 as an automobile users' advocacy group, but today our work reflects the wide range of interests of our large membership, many of whom are cyclists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

Motorists pay over $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	**2.1+ million New Zealanders belong to the AA**
	Over 1.1 million are Personal Members

	Over 1.1 million are Business Vehicle Memberships
% of licenced drivers	At least 29% of licensed drivers are Personal AA Members (based on Class 1 licences for cars and light vehicles)
Gender split	54% Female 46% Male
Age range & Membership retention	**Age of AA Members**  53% of AA Members have been with us for over 10 years.