

28 August 2024

Dear [REDACTED]

Re: OIA 24/25-05 – GIDI projects and Warmer Kiwi Homes advice

Thank you for your email 6 August 2024 in which you requested information under the Official Information Act 1982. You requested:

- *Copies of any advice or documents that shows how approved projects that received funding from the Government Investment in Decarbonising Industry (GIDI) fund are preforming to reduce emissions.*
- *Copies of any advice or documents (if any) on the impacts of the return to centre of the planned expansion of the Warmer Kiwi Homes programme.*

You also confirmed via email that you were happy with our interpretation of the first part of your request, namely advice within the last year to EECA leadership and the Minister for Energy on the performance of the fund overall.

EECA has compiled three attachments of advice to respond to your request. Some information in the documents provided has been withheld due to being out of scope of your request, and some has been withheld under s (9)(2)(b)(ii) due to commercial sensitivity. See the table below for an overview of these attachments.

Document Name	Description	Information withheld	Other supporting notes
LT dashboards 2024 – GIDI performance info collated	Excerpts from monthly leadership team reporting this year – slides related to GIDI included only	<i>Out of scope</i> – financial information unrelated to performance, other programme info outside GIDI <i>s 9(2)(b)(ii)</i> – commercially sensitive project information	Estimated emissions reductions may change month to month depending on anticipated project commissioning dates and unexpected project delays.
Excerpts from Ministerial reporting – GIDI projects	Excerpts from quarterly reports and fortnightly updates to the Minister relevant to GIDI performance	<i>s 9(2)(b)(ii)</i> – commercially sensitive project information	
Advice to MBIE on WKH	Email advice to MBIE related to the return to centre of WKH expansion funding	<i>Out of scope</i> – unrelated information to the request	

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note that it is our policy to proactively release our responses to official information requests where possible. Our response to your request will be published shortly at <https://www.eeca.govt.nz/about/news-and-corporate/official-information/> with your personal information removed.

Yours sincerely



Murray Bell
Group Manager of Policy and Regulation

[illegible]

Out of scope

DECISIONS FOR LG	
Decision or flag	
None this month.	

PROGRAMME RISKS		
Risk	Mitigations	Rating after mitigations
GIDI Fund Closure	<ul style="list-style-type: none"> All applicants (both contracted and those that had submitted projects for consideration) have been advised that the Fund has closed. 	Low
GIDI does not deliver on the emissions reduction targets (and EECA misses its SPE targets)	<ul style="list-style-type: none"> Existing GIDI contracts will be contract managed through to completion. Emission reduction results versus targets will be appropriately explained (e.g. the Annual Report), and performance measures updated in SPE/SOI. 	Low (from strategic risk report)
Project delays (there are 45 total Industrial projects that are facing a >60 day delay).	<ul style="list-style-type: none"> All project teams have monthly meetings with Contract Managers. Many delays are caused by external issues outside control of the project team. Projects that have delayed starting are being advised of dates EECA expects progress to have been made and if there is no progress EECA may terminate. 	Med
Current projects in timber industry signalling significant downturn in revenue/cashflow (in some cases 50-75%). Two projects have requested an extension to commissioning and 1 is considering reducing project scope.	<ul style="list-style-type: none"> Monthly meetings with the companies to identify ongoing issues and risk of projects withdrawing. New applications from the timber industry will undergo detailed financial due diligence to assess the ability to co-fund the project and deliver outcomes. 	Med
Industrial projects withdraw impacting the expected portfolio impact.	<ul style="list-style-type: none"> Quarterly updates to public on the website to reflect the impact of withdrawn projects. 	Med
Reputational risk - withdrawal of SI biomass RFP (many RETA participants applied)	<ul style="list-style-type: none"> Biomass lead to maintain engagement/support RETA implementation targeted biomass initiatives Consider support for pilot/demonstration residue recovery and hub projects 	Low

METRICS

Industrial commissioning timeline					
Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
JS Ewers (R1)	Blue Sky Meats (R3)	Talleys (R2) Aki Meat (R2)	SouthPine (R3) Canterbury Spinners (R3)	AFFCO R2 Alliance Puk (R5)	Alliance Mataura (R2) Alliance Smithfield (R2)
Alliance (R1)	Woolworks (R3)	Bremworth (R3)	Ovation (R3)	AlSCO (always-on)	
Alliance (R4)	Downer (R4)	Ovation (R4)	Ngahere (R4) T & G (R4)		

FINANCIALS

Dashboard as at
21 Feb 2024

[illegible]

Key programme of work	Key updates
<p>  </p>	<p>      </p>
<p>  </p>	<p>       </p>
<p>  </p>	<p>   </p>
<p>  </p>	<p>    </p>

Out of scope

PROGRAMME RISKS

Risk	Rating
<div> <div></div> <div></div> <div></div> </div>	<div> <div></div> </div>
Several GIDI projects at risk of cancellation due to changed economic conditions, will impact abatement numbers	Med
<div> <div></div> <div></div> </div>	<div> <div></div> </div>

MEASURES

Type	Measure	Target	Result	RAG	Explanation
[REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[GREEN]	
[REDACTED]	[REDACTED] [REDACTED] [REDACTED]	[REDACTED]	[REDACTED]	[RED]	[REDACTED]
SPE	Estimated emissions reductions achieved by GIDI 1.0 and GIDI 2.0 projects during the financial year	210,000t	111,579t	[GREEN]	
SPE	Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB1 (22-25)	170,000t	128,020t	[RED]	GIDI closure
SPE	Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB2 (26-30)	5,000,000t	5,622,241t	[GREEN]	Largely 2x partnerships

PROJECT/MILESTONE RISKS

Programme	Number of milestones >60 days overdue	Number >\$100K	Cancellations during month	Projects at risk	Notes
GIDI Industrial 1.0	31 (\$8.23m)	14	0	Ovation NZ South Pine Bremworth Carpet & Rugs	
GIDI Industrial 2.0	18 (\$2.75m)	8	0	<div> <div></div> <div>Oji</div> </div>	Withheld under s 9(2)
Partnerships	0	0	0	-	

Business Programmes

FINANCIALS									
Programme	2023/24				2022/23				Notes
	Budget	Actual	Variance	% Variance	Budget	Actual	Variance	% Variance	
Programme A	100	100	0	0%	100	100	0	0%	
Programme B	200	200	0	0%	200	200	0	0%	
Programme C	300	300	0	0%	300	300	0	0%	
Programme D	400	400	0	0%	400	400	0	0%	
Programme E	500	500	0	0%	500	500	0	0%	
Programme F	600	600	0	0%	600	600	0	0%	
Programme G	700	700	0	0%	700	700	0	0%	
Programme H	800	800	0	0%	800	800	0	0%	
Programme I	900	900	0	0%	900	900	0	0%	
Programme J	1000	1000	0	0%	1000	1000	0	0%	
Programme K	1100	1100	0	0%	1100	1100	0	0%	
Programme L	1200	1200	0	0%	1200	1200	0	0%	
Programme M	1300	1300	0	0%	1300	1300	0	0%	
Programme N	1400	1400	0	0%	1400	1400	0	0%	
Programme O	1500	1500	0	0%	1500	1500	0	0%	
Programme P	1600	1600	0	0%	1600	1600	0	0%	
Programme Q	1700	1700	0	0%	1700	1700	0	0%	
Programme R	1800	1800	0	0%	1800	1800	0	0%	
Programme S	1900	1900	0	0%	1900	1900	0	0%	
Programme T	2000	2000	0	0%	2000	2000	0	0%	

PROGRAMME RISKS	
Risk	Rating
Further GIDI cancellation risk – e.g., Bremworth Carpets & Rugs. Still dealing with large insurance issues.	Med

MEASURES					
Type	Measure	Target	Result	RAG	Explanation
Programme A	Measure A	100	100	Green	
Programme B	Measure B	200	200	Green	
Programme C	Measure C	300	300	Green	
SPE	Estimated emissions reductions achieved by GIDI 1.0 and GIDI 2.0 projects during the financial year	210,000t	111,000t	Yellow	
SPE	Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB1 (22-25)	170,000t	195,000t	Green	
SPE	Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB2 (26-30)	5,000,000t	5,195,000t	Green	
Estimates	Forecast emissions reductions expected to be achieved in EB1 by GIDI projects co-funded during the financial year	45,000t	92,000t	Green	Target revised through supp
Estimates	Forecast emissions reductions expected to be achieved in EB2 by GIDI projects co-funded during the financial year	4,500,000t	4,660,000t	Green	Target revised through supp

KEY PROGRAMME UPDATES	
Key programme of work	Key updates
Programme A	Update A
Programme B	Update B
Programme C	Update C
Programme D	Update D
Programme E	Update E
Programme F	Update F
Programme G	Update G
Programme H	Update H
Programme I	Update I
Programme J	Update J
Programme K	Update K
Programme L	Update L
Programme M	Update M
Programme N	Update N
Programme O	Update O
Programme P	Update P
Programme Q	Update Q
Programme R	Update R
Programme S	Update S
Programme T	Update T
Programme U	Update U
Programme V	Update V
Programme W	Update W
Programme X	Update X
Programme Y	Update Y
Programme Z	Update Z
GIDI	<ul style="list-style-type: none">3 projects requested to withdraw (Oji, Ovation, South Pine) and another at riskMVM Opening x Fonterra Stirling x Fonterra Brands has indicated willingness to work with EECA on a B2B site visit event to share its learningsBoth partnerships tracking well
Abatement verification	<ul style="list-style-type: none">We have received completed M&V reports for 3 GIDI projects, completed before 1 July 2023 – note the future need for this resourcingWe expect to receive 10 more M&V reports by the end of FY 23/24, which will give EECA confidence in GIDI's abatement performance relative to estimatesContract managers are working with recipient companies to ensure all M&V and energy and carbon reporting is provided to EECA within 12 months of commissioningWe are conducting a mini audit to determine next steps on verification
Programme A	Update A
Programme B	Update B
Programme C	Update C
Programme D	Update D
Programme E	Update E
Programme F	Update F
Programme G	Update G
Programme H	Update H
Programme I	Update I
Programme J	Update J
Programme K	Update K
Programme L	Update L
Programme M	Update M
Programme N	Update N
Programme O	Update O
Programme P	Update P
Programme Q	Update Q
Programme R	Update R
Programme S	Update S
Programme T	Update T
Programme U	Update U
Programme V	Update V
Programme W	Update W
Programme X	Update X
Programme Y	Update Y
Programme Z	Update Z

PROJECT/MILESTONE RISKS				
Programme	Number of milestones >60 days overdue	Number >\$100K	Cancellations during month	Projects at risk
GIDI Industrial 1.0	28 (\$8.28m)	19	Ovation	South Pine Bremworth Carpet & Rugs
GIDI Industrial 2.0	23 (\$2.77m)	7	Oji	
Partnerships	0	0	0	
Programme A	Update A	Update B	Update C	Update D
Programme B	Update A	Update B	Update C	Update D
Programme C	Update A	Update B	Update C	Update D
Programme D	Update A	Update B	Update C	Update D
Programme E	Update A	Update B	Update C	Update D
Programme F	Update A	Update B	Update C	Update D
Programme G	Update A	Update B	Update C	Update D
Programme H	Update A	Update B	Update C	Update D
Programme I	Update A	Update B	Update C	Update D
Programme J	Update A	Update B	Update C	Update D
Programme K	Update A	Update B	Update C	Update D
Programme L	Update A	Update B	Update C	Update D
Programme M	Update A	Update B	Update C	Update D
Programme N	Update A	Update B	Update C	Update D
Programme O	Update A	Update B	Update C	Update D
Programme P	Update A	Update B	Update C	Update D
Programme Q	Update A	Update B	Update C	Update D
Programme R	Update A	Update B	Update C	Update D
Programme S	Update A	Update B	Update C	Update D
Programme T	Update A	Update B	Update C	Update D
Programme U	Update A	Update B	Update C	Update D
Programme V	Update A	Update B	Update C	Update D
Programme W	Update A	Update B	Update C	Update D
Programme X	Update A	Update B	Update C	Update D
Programme Y	Update A	Update B	Update C	Update D
Programme Z	Update A	Update B	Update C	Update D

Dashboard as at
20 Mar 2024

Out of scope

Out of scope

Withheld under s9(2)
(b)(ii)

Out of scope

Withheld under s9(2)
(b)(ii)

FINANCIALS

Dashboard as at
2 May 2024

Category		Region A				Region B			
		Sub-Region A1	Sub-Region A2	Sub-Region A3	Sub-Region A4	Sub-Region B1	Sub-Region B2	Sub-Region B3	Sub-Region B4
Category 1	Item 1.1	Value 1.1.1	Value 1.1.2	Value 1.1.3	Value 1.1.4	Value 1.2.1	Value 1.2.2	Value 1.2.3	Value 1.2.4
Category 2	Item 2.1	Value 2.1.1	Value 2.1.2	Value 2.1.3	Value 2.1.4	Value 2.2.1	Value 2.2.2	Value 2.2.3	Value 2.2.4
	Item 2.2	Value 2.2.1	Value 2.2.2	Value 2.2.3	Value 2.2.4	Value 2.2.1	Value 2.2.2	Value 2.2.3	Value 2.2.4
Category 3	Item 3.1	Value 3.1.1	Value 3.1.2	Value 3.1.3	Value 3.1.4	Value 3.2.1	Value 3.2.2	Value 3.2.3	Value 3.2.4
	Item 3.2	Value 3.2.1	Value 3.2.2	Value 3.2.3	Value 3.2.4	Value 3.2.1	Value 3.2.2	Value 3.2.3	Value 3.2.4
Category 4	Item 4.1	Value 4.1.1	Value 4.1.2	Value 4.1.3	Value 4.1.4	Value 4.2.1	Value 4.2.2	Value 4.2.3	Value 4.2.4
	Item 4.2	Value 4.2.1	Value 4.2.2	Value 4.2.3	Value 4.2.4	Value 4.2.1	Value 4.2.2	Value 4.2.3	Value 4.2.4
Category 5	Item 5.1	Value 5.1.1	Value 5.1.2	Value 5.1.3	Value 5.1.4	Value 5.2.1	Value 5.2.2	Value 5.2.3	Value 5.2.4
	Item 5.2	Value 5.2.1	Value 5.2.2	Value 5.2.3	Value 5.2.4	Value 5.2.1	Value 5.2.2	Value 5.2.3	Value 5.2.4
Category 6	Item 6.1	Value 6.1.1	Value 6.1.2	Value 6.1.3	Value 6.1.4	Value 6.2.1	Value 6.2.2	Value 6.2.3	Value 6.2.4
	Item 6.2	Value 6.2.1	Value 6.2.2	Value 6.2.3	Value 6.2.4	Value 6.2.1	Value 6.2.2	Value 6.2.3	Value 6.2.4
Category 7	Item 7.1	Value 7.1.1	Value 7.1.2	Value 7.1.3	Value 7.1.4	Value 7.2.1	Value 7.2.2	Value 7.2.3	Value 7.2.4
	Item 7.2	Value 7.2.1	Value 7.2.2	Value 7.2.3	Value 7.2.4	Value 7.2.1	Value 7.2.2	Value 7.2.3	Value 7.2.4
Category 8	Item 8.1	Value 8.1.1	Value 8.1.2	Value 8.1.3	Value 8.1.4	Value 8.2.1	Value 8.2.2	Value 8.2.3	Value 8.2.4
	Item 8.2	Value 8.2.1	Value 8.2.2	Value 8.2.3	Value 8.2.4	Value 8.2.1	Value 8.2.2	Value 8.2.3	Value 8.2.4
Category 9	Item 9.1	Value 9.1.1	Value 9.1.2	Value 9.1.3	Value 9.1.4	Value 9.2.1	Value 9.2.2	Value 9.2.3	Value 9.2.4
	Item 9.2	Value 9.2.1	Value 9.2.2	Value 9.2.3	Value 9.2.4	Value 9.2.1	Value 9.2.2	Value 9.2.3	Value 9.2.4
Category 10	Item 10.1	Value 10.1.1	Value 10.1.2	Value 10.1.3	Value 10.1.4	Value 10.2.1	Value 10.2.2	Value 10.2.3	Value 10.2.4
	Item 10.2	Value 10.2.1	Value 10.2.2	Value 10.2.3	Value 10.2.4	Value 10.2.1	Value 10.2.2	Value 10.2.3	Value 10.2.4

Key programme	Key updates
[REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED]	[REDACTED] [REDACTED]
[REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
GIDI	<ul style="list-style-type: none"> Three projects have withdrawn (Oji, Ovation, South Pine) Another two projects are at risk [REDACTED] Both partnerships are tracking well. Fonterra's 1st project is expected to be completed in April 2024 and NZ Steel has continued development work on the EAF.
Abatement verification	<ul style="list-style-type: none"> We are conducting a mini audit and engaging with a third party to determine next steps on verification for 2023/24
[REDACTED] [REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED]

Out of scope

PROGRAMME RISKS	
Risk	Rating
Withdrawal of further projects due to economic reasons	Med

MEASURES

Type	Measure	Target	Result	RAG	Explanation
SPE	Estimated emissions reductions achieved by GIDI 1.0 and GIDI 2.0 projects during the financial year	210,000t	143,483t		
SPE	Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB1 (22-25)	170,000t	177,765t		
SPE	Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB2 (26-30)	5,000,000t	5,107,396t		
Estimates	Forecast emissions reductions expected to be achieved in EB1 by GIDI projects co-funded during the financial year	45,000t	74,697t		Target revised through supps
Estimates	Forecast emissions reductions expected to be achieved in EB2 by GIDI projects co-funded during the financial year	4,500,000t	4,,576,793t		Target revised through supps

PROJECT/MILESTONE RISKS

Programme	Number of milestones >60 days overdue	Number >\$100K	Cancellations during month	Projects at risk
GIDI Industrial 1.0	20 (\$4.1m)	13	Ovation Southpine	Bremworth Carpet & Rugs
GIDI Industrial 2.0	18 (\$1.63m)	2		██████████ ██████████
Partnerships	0	0	0	
██████████	██████████	█	█	██████████
██████████	██████████		██████████	██████████

FINANCIALS

Dashboard as at
20 June 2024

Out of scope

Out of scope

PROGRAMME RISKS

Risk	Rating
Withdrawal of further projects due to economic reasons	Med

MEASURES					
Type	Measure	Target	Result 31 May	RAG	Explanation
SPE	Estimated emissions reductions achieved by GIDI 1.0 and GIDI 2.0 projects during the financial year	210,000t	240,065t		
SPE	Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB1 (22-25)	170,000t	165,923t		
SPE	Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB2 (26-30)	5,000,000t	5,083,695t		
Estimates	Forecast emissions reductions expected to be achieved in EB1 by GIDI projects co-funded during the financial year	45,000t	75,786t (Q3 result)		Target revised through supps
Estimates	Forecast emissions reductions expected to be achieved in EB2 by GIDI projects co-funded during the financial year	4,500,000t	4,581,773 (Q3 result)		Target revised through supps

KEY PROGRAMME UPDATES

Key programme	Key updates
[REDACTED]	<ul style="list-style-type: none"> [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED] [REDACTED]	<ul style="list-style-type: none"> [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED]	<ul style="list-style-type: none"> [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED] [REDACTED]	<ul style="list-style-type: none"> [REDACTED] [REDACTED]
GIDI	<ul style="list-style-type: none"> Bremworth Carpeting and Rugs have withdrawn from their agreement. [REDACTED]
Abatement verification	<ul style="list-style-type: none"> We are conducting an internal 'mini audit' and engaging with a third party (Lumen) who are reviewing energy reports.
[REDACTED] [REDACTED] [REDACTED]	<ul style="list-style-type: none"> [REDACTED] [REDACTED] [REDACTED]
[REDACTED] [REDACTED] [REDACTED]	<ul style="list-style-type: none"> [REDACTED] [REDACTED] [REDACTED]

Withheld under s9(2)(b)
(ii)

PROJECT/MILESTONE RISKS

Programme	Number of milestones >60 days overdue	Number >\$100K	Cancellations during month	Projects at risk
GIDI Industrial 1.0	11 (\$1.84M)	4	Bremworth Carpet & Rugs	
GIDI Industrial 2.0	8 (\$1.28M)	3		With (ii)
Partnerships				

Withheld under s9(2)(b)
(ii)

FINANCIALS

Dashboard as at
24 July 2024

Out of scope

PROGRAMME RISKS

Risk	Rating
Withdrawal of further projects due to economic reasons	Med

MEASURES

Type	Measure	Target	Result 30 June	RAG	Explanation
				✓	
				✓	
SPE	Estimated emissions reductions achieved by GIDI 1.0 and GIDI 2.0 projects during the financial year	210,000t	180,059t	✗	Unexpected cancellations and delays
SPE	Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB1 (22-25)	170,000t	160,225t	→	Impacted by Govt (closure of fund)
SPE	Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB2 (26-30)	5,000,000t	4,714,336t	→	Impacted by Govt (closure of fund)
Estimates	Forecast emissions reductions expected to be achieved in EB1 by GIDI projects co-funded during the financial year	45,000t	58,762t	✓	
Estimates	Forecast emissions reductions expected to be achieved in EB2 by GIDI projects co-funded during the financial year	4,500,000t	4,190,408	→	Impacted by Govt (closure of fund)

Government Investment in Decarbonising Industry (GIDI) Fund

This fund supports energy efficiency and the switch from fossil fuels to cleaner renewable energy sources across the industrial and commercial sectors. The partnership approach helps by getting decarbonisation projects across the line and happening faster than they otherwise would, delivering larger and earlier emissions reductions.

12. Note we have a number of live applications in train, but do not intend to enter into any new contractual GIDI commitments over the caretaker period.
13. **An 'always on' funding approach for the GIDI Industrial went live on 1 July.** The always-on funding approach replaces the previous contestable funding round model. This approach aims to give more certainty to businesses planning their decarbonisation projects and reduce the application process timeline. In the first quarter, we received 23 project applications requesting \$33.4 million of co-funding (matched by \$101.6 million in applicant funding). Four of these applications have been contracted.
14. **Two GIDI Partnerships with large emitters are progressing well.** The partnership agreement with NZ Steel for an electric arc furnace went unconditional on 7 September 2023 after a feasibility study was completed. A partnership agreement with Fonterra was executed on 19 July 2023 which will see a series of energy efficiency and decarbonisation projects supported up to \$90 million. The first agreed project is a heat recovery project at its Clondeboy site which will be supported by \$1.7 million of co-funding (matched by \$1.7 million from Fonterra). The project is expected to reduce the site's emissions by 3,030 tonnes per year.
15. **A GIDI Commercial Buildings programme for space and water heating launched in early July 2023.** This programme offers co-funding to replace fossil fuel boilers in commercial buildings and has a similar co-funding model to the GIDI Industrial programme. We have received twelve applications from businesses including hotels, stadiums, and retirement villages, with more in the pipeline. One project has been contracted and \$892,000 of EECA funding has been committed to St. George's Hospital. The remaining applications will not be contracted until we receive direction from the new Government.
16. **A GIDI Clean Tech programme for hot water heat pumps launched in July 2023.** Clean Tech focuses on small, less complex but prevalent technologies and processes. Under the Clean Tech programme, the hot water heat pump workstream supports air-to-water heat pump hot water systems above 15kW (with a total project cost of up to \$150,000). A panel of suppliers have built a pipeline of applications, with one project contracted and two co-funding offers with customers for consideration. No further applications will be contracted without approval from a new Minister. In addition to hot water heat pumps, this quarter we completed a pilot programme for commercial lighting and started a pilot for electric motor systems.
17. **Respondents to the GIDI Infrastructure biomass registration of interest (ROI) respondents have been shortlisted.** Last quarter, we ran an ROI for the procurement of projects to increase the harvest and or production of biomass residue and boiler-ready fuel in the South Island. This quarter, shortlisted respondents have been invited to participate in a Request for Proposal (RFP) for a GIDI Infrastructure Biomass Supply Chain Investment Fund. This process is now on hold, with finalisation of RFP documentation subject to direction from the incoming Government.

Excerpt from 23/24 Second Quarter Report

Government Investment in Decarbonising Industry (GIDI) Fund

GIDI Fund projects support energy efficiency and the switch from fossil fuels to cleaner renewable energy sources across the industrial and commercial sectors. The partnership approach helps get decarbonisation projects across the line and happening faster than they otherwise would, delivering larger and earlier emissions reductions.

13. **Thirteen GIDI Industrial projects were completed this quarter.** This includes an electrode boiler for Mataura Valley Milk in Gore, and a biomass boiler for J S Ewers in Nelson. Together, these thirteen projects have an estimated annual carbon abatement of 89,700 tonnes of CO₂e. 40 out of 88 projects are now commissioned.
14. **The two GIDI Partnerships projects have moved into the delivery phase.** Fonterra has largely completed its first partnership project, a heat recovery project at its Clandeboye site, with commissioning expected in February 2024. The project is expected to reduce the site's emissions by 3,030 tonnes per year. New Zealand Steel has continued development work to install its new electric arc furnace, which is expected to be completed by 2027 and reduce the site's emissions by 800,000 tonnes per year.
15. **EECA has closed the GIDI Fund as per the Mini Budget announcement.** EECA has taken steps to notify applicants who had submitted projects for GIDI funding (but were not yet contracted) that EECA is no longer providing funding.

Excerpt from 23/24 Third Quarter Report

Government Investment in Decarbonising Industry (GIDI) Fund

Projects supported by the GIDI fund increase energy efficiency and accelerate the switch from fossil fuels to cleaner renewable energy sources across the industrial and commercial sectors. Note this fund closed in December 2023 and EECA is focused is on supporting contracted projects through to completion.

16. **Almost half of the 85 active GIDI Industrial projects are now operational.** A heat recovery and process heat electrification project for Canterbury Spinners Limited in Oamaru was commissioned this quarter. The project has an estimated annual carbon abatement of 3,000 tonnes of CO₂e. Three projects were cancelled this quarter, with significant increases in cost estimates and the challenging financial environment given as key reasons for businesses withdrawing their projects.
17. **The two GIDI Partnerships projects, with Fonterra and NZ Steel, are progressing as expected.** Fonterra's first partnership project, a heat recovery project at its Clandeboye site, is expected to be completed in April 2024. Once commissioned, this project is expected to reduce emissions by 3,030 tonnes per year. The second project, to install an electrode boiler at Fonterra's Edendale site, is expected to be completed in October 2024 and reduce emissions by 47,500 tonnes per year. New Zealand Steel has continued development work to install its new electric arc furnace, which is expected to be completed in 2026 and is set to reduce the site's emissions by 800,000 tonnes per year.

Excerpt from 23/24 Fourth Quarter Report

Government Investment in Decarbonising Industry (GIDI) Fund

GIDI fund projects increase energy efficiency and accelerate the switch from fossil fuels to cleaner renewable energy sources across the industrial and commercial sectors. Note the fund closed to new projects in December 2023.

10. **The focus is on progressing projects to completion.** Three GIDI Industrial projects and three GIDI Clean Tech projects became operational this quarter. This brings the total number of operational GIDI projects to 52 (out of 121 active projects), with the remaining 69 projects in progress. One GIDI Industrial project was cancelled this quarter, with the company citing a lack of business resources as its key reason for termination.

Excerpt from 27 June Fortnightly Report

GIDI cancellations and projects at risk

Four GIDI projects have been withdrawn since December 2023, totalling \$1.7 million in EECA co-funding and an estimated 3,457 tonnes of annual emission reductions. These projects have withdrawn due predominantly to industry downturn and financial/resourcing constraints. For example, the timber industry is experiencing a significant downturn with some recipients advising a drop in revenue of 50-75%. A number of projects have also been identified by EECA as at risk for similar reasons. We are monitoring the at-risk projects closely and in the case where there are technical challenges we are assisting the recipient to identify solutions within the scope of the original project.

Any funding clawed back or no longer allocated due to cancellations will be returned to the centre as per your letter to EECA, dated 20 December 2023, on the discontinuation of GIDI. See **Appendix One** for a list of recently cancelled projects and those at risk.

Appendix One: GIDI projects

Withdrawn GIDI Projects since December 2023					
Applicant	Technology	EECA Funding	Annual Abatement (tonnes CO2)	Withdrawal Date	Reason for withdrawal
South Pine (Nelson) Limited	Biomass Boiler	\$220,000.00	729	20/03/2024	Due to budget overrun and business downturn
Ovation New Zealand Limited	Biogas	\$263,139.00	469	18/03/2024	Due to financial constraints arising beyond the control of the company
Bremworth Carpet and Rugs Limited	Heat Pump	\$798,000.00	1,566	17/05/2024	Lack of in-house business resources after their Napier factory was damaged in Cyclone Gabrielle.
Oji Fibre Solutions NZ Ltd	Biomass Boiler	\$475,000.00	693	27/02/2024	No commitment by Oji Fibre Board to fund the project likely due to industry downturn and lack of financial resources.

[illegible]

Withheld
under s 9(2)
(b)(ii)

From: Will Jensen

Sent: Friday, February 2, 2024 3:37 PM

To: Scott Russell <Scott.Russell2@mbie.govt.nz>

Cc: Marcos Pelenur <Marcos.Pelenur@eeca.govt.nz>; Murray Bell [EECA] <Murray.Bell@eeca.govt.nz>; Jo Bye <Jo.Bye@eeca.govt.nz>; Richard Briggs <Richard.Briggs@eeca.govt.nz>; Alexandra Doyle-Franklin <Alexandra.Doyle-Franklin@eeca.govt.nz>; Neeraj Dutt <Neeraj.Dutt@eeca.govt.nz>

Subject: Further questions

Hi Scott

Please see answers below:

1. What are the impacts of reducing Low cost efficiencies, Hard to reach and Hot Water efficiencies programmes to 0? Are there contracts at risk of breach?

Removing the hard to reach component would have a significant impact on the broader WKH programme. WKH has been able to reach around 70% of target households. Expansion into decile 7 was to keep a viable network of service providers, while we unlock deciles 9 and 10 in particular. Service providers are struggling to reach deciles 9 and 10 due to a range of issues, including households' mistrust of government and general disconnection from the community. Hard to reach funding helps us unlock partnerships with intermediaries that do have established connections and trust so we can get into those homes.

Removing the HWHP component would have an impact. The remaining funding is aimed at allowing us to pilot and test out some of the technologies so that we can properly understand their costs/benefits. This is the type of financial evidence and technical data that we use to inform quality programme design and technical advice. This is a product that could have a material benefit in terms of energy efficiency. The funding is to fund standards development and pilots to understand the role of HWHP in electrifying NZ homes and the efficiency gains that could be gained by them.

Removing low cost energy efficiency measures would simply remove an additional service for households that makes sense to offer while contractors are in the home (providing LEDs, energy efficiency education).

2. Does the reduction in WKH OPEX reflect a return to delivery of only the Core programme and Repairs? Any further efficiencies in here if other programmes (referenced in the question above) reduce to 0?

The proposed WKH OPEX includes the core programme, home repairs and hard to reach. There would be very minimal efficiencies by returning the hard to reach component.

[REDACTED]

Out of scope

Will Jensen (he/him)
Manager – Policy & Engagement

Level 8 · 44 The Terrace · Wellington 6011 · PO Box 388 · Wellington 6140
P +64 4 470 2441 · Mobile: [REDACTED]

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