

28 August 2024

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



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 o8oo 8o2 6o2.

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

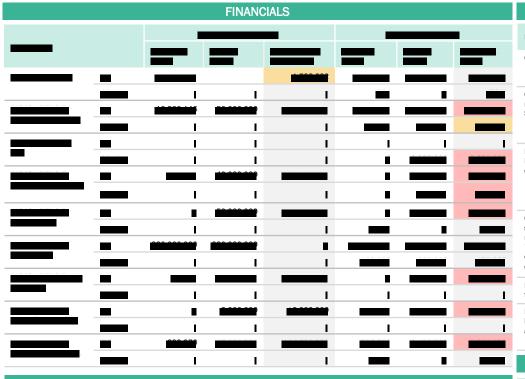
Murray Bell

Group Manager of Policy and Regulation

# Business – GIDI programme

### Dashboard as at 24 Jan 2024

### Out of scope



MEASURES							
Туре	Measure	Target	Result Q2	RAG	Explanation		
SPE	Estimated emissions reductions achieved by GIDI 1.0 and GIDI 2.0 projects during the financial year	210,000t	111,579 t				
SPE	Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB1 (22-25)	170,000t	128,020t		GIDI closure - no new contracts		
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		Largely 2x partnerships		
Estimat es	Forecast emissions reductions expected to be achieved in EB1 by GIDI projects co- funded during the financial year	100,000t	24,890t		GIDI closure – no new contracts		
Estimat es	Forecast emissions reductions expected to be achieved in EB2 by GIDI projects co- funded during the financial year	4,700,000t	5,092,977		Largely 2x partnerships		

**DECISIONS FOR LG** 

			PRU	GRAWINE	liono				
	Risk			ions					Rating after mitigations
	GIDI Fund Closure			All applicants (both contracted and those that had submitted projects for consideration) have been advised that the Fund has closed.					
	GIDI does not deliver on the emissions reduction targets (and EECA misses its SPE targets)			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.					
		here are 45 total ts that are facing a	a >60 M o • P d	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.					
	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.  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 project the expected por	ts withdraw impac rtfolio impact.		uarterly updates to mpact of withdrawi		e websit	e to reflect	the	Med
		<ul><li>withdrawal of SI any RETA participa</li></ul>	ints • R	Biomass lead to maintain engagement/support     RETA implementation targeted biomass initiatives     Consider support for pilot/demonstration residue recovery and hub projects					Low
				METRICS					
	Industrial 1.0	49	36	\$62.5M	\$42.8N	1	\$100.8N	1	350,900t
		Active projects	Commissioned projects	Co-funding Committed	Co-funding	paid	Industry c		Estimated annual CO2
	Industrial 2.0	39	4	\$60.4M	\$3.9M		\$125.2N	1	130,790t
		Active projects	Commissioned projects	Co-funding Committed	Co-funding paid		Industry co- funding		Estimated annual CO2
	Partnerships	2	0	\$230M	1 \$11M		\$438M		1,321,530t
_		Active projects	Commissioned projects	Co-funding Committed	Co-funding paid		Industry co- funding		Estimated annual CO2
	Clean Tech	28	3	\$1.88M	88M \$0.99M		\$1.64M		273t
		Active projects	Projects completed	Co-funding Committed	Co-funding paid		Industry co- funding		Estimated annual CO2
	Buildings Projects Projects		0	\$0.89M \$0		0 \$1.34M		915t	
			Projects completed	Co-funding Committed	Co-funding paid		Industry co- funding		Estimated annual CO2
	Industrial commissioning timeline								
	Dec-23	Jan-24	Feb-24	Mar-24 Apr-24				May	-24
	JS Ewers Blue Sky Meats Talleys ( (R1) (R3) Akl Meat Alliance Woolworks Bremwo (R1) (R3) (R3)		Talleys (R2) Akl Meat (R2) Bremworth (R3) Ovation (R4)	Canterbury Spinners AI (R3) (R Ovation (R3) AI		Alliance Puk (R2)		nce Smithfield	

T & G (R4)

(R4)

PROGRAMME RISKS



Decision or flag

None this month.

# Business Programmes

Forecast emissions reductions expected to be achieved by

Forecast emissions reductions expected to be achieved by

GIDI 2.0 projects contracted to date during EB1 (22-25)

GIDI 2.0 projects contracted to date during EB2 (26-30)

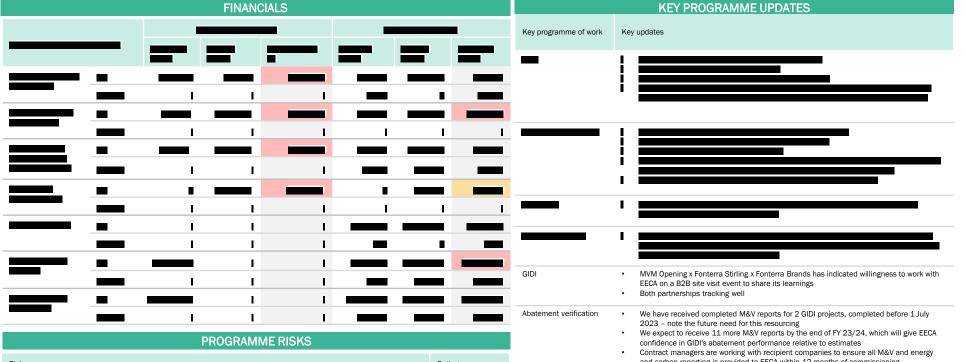
170,000t

5,000,000t

128,020t

5,622,241t

Dashboard as at 21 Feb 2024



Out of scope

Out of scope



GIDI closure

Largely 2x

partnerships

0

Partnerships

0

0

TE TARI TIAKI PÛNGAO

SPE

# **Business Programmes**

# FINANCIALS FINANCIALS FINANCIALS FINANCIALS FINANCIALS

Out of scope

Dashboard as at 20 Mar 2024

### 3 projects requested to withdraw (Oji, Ovation, South Pine) and another at risk MVM Opening x Fonterra Stirling x Fonterra Brands has indicated willingness to work Withheld under s9(2) with EECA on a B2B site visit event to share its learnings (b)(ii) Both partnerships tracking well Abatement We have received completed M&V reports for 3 GIDI projects, completed before 1 verification July 2023 - note the future need for this resourcing We 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 estimates **PROGRAMME RISKS** Contract managers are working with recipient companies to ensure all M&V and energy and carbon reporting is provided to EECA within 12 months of commissioning Rating We are conducting a mini audit to determine next steps on verification Further GIDI cancellation risk - e.g., Bremworth Carpets & Rugs. Still dealing with large insurance issues. Med Out of scope **MEASURES** Target Result RAG Explanation Type PROJECT/MILESTONE RISKS Number of Number Cancellations Programme milestones >60 Projects at risk >\$100K during month days overdue SPE 111,000t Estimated emissions reductions achieved by GIDI 1.0 and GIDI 2.0 210,000t GIDI Industrial 28 (\$8.28m) 19 Ovation South Pine projects during the financial year 1.0 Bremworth Carpet & Rugs SPE Forecast emissions reductions expected to be achieved by GIDI 2.0 170,000t 195,000t Withheld under s9(2) projects contracted to date during EB1 (22-25) GIDI Industrial 23 (\$2.77m) Oji (b)(ii) SPE 5,000,000t 5,195,000t 2.0 Forecast emissions reductions expected to be achieved by GIDI 2.0 projects contracted to date during EB2 (26-30) Forecast emissions reductions expected to be achieved in EB1 by GIDI 45,000t 92,000t Estimat Target revised Partnerships 0 0 projects co-funded during the financial year through supps Estimat Forecast emissions reductions expected to be achieved in EB2 by GIDI 4,500,000t 4,660,000t Target revised projects co-funded during the financial year through supps

**KEY PROGRAMME UPDATES** 

Out of scope

Key programme

of work

Key updates



**Business Programmes FINANCIALS KEY PROGRAMME UPDATES** Key updates programme Out of scope GIDI Three projects have withdrawn (Oji, Ovation, South Pine) Withheld under s9(2)(b) Another two projects are at risk **PROGRAMME RISKS** 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. Rating Abatement . We are conducting a mini audit and engaging with a third party to determine next steps Withdrawal of further projects due to economic reasons Med verification on verification for 2023/24 **MEASURES** Target Result RAG Explanation PROJECT/MILESTONE RISKS SPE Estimated emissions reductions achieved by GIDI 1.0 and GIDI 2.0 143,483t 210,000t Number of projects during the financial year Number Cancellations Projects at risk milestones >60 Programme >\$100K during month SPE 177,765t days overdue Forecast emissions reductions expected to be achieved by GIDI 170,000t 2.0 projects contracted to date during EB1 (22-25) GIDI Industrial 13 20 (\$4.1m) Ovation Bremworth Carpet & Rugs 1.0 Southpine SPE Forecast emissions reductions expected to be achieved by GIDI 5,000,000t 5,107,396t Withheld under s9(2)(b) 2.0 projects contracted to date during EB2 (26-30) GIDI Industrial 18 (\$1.63m) 2 2.0 Estimates Forecast emissions reductions expected to be achieved in EB1 by 45,000t 74,697t Target revised GIDI projects co-funded during the financial year through supps Partnerships 0 0 0 4,500,000t Estimates Forecast emissions reductions expected to be achieved in EB2 by 4,,576,793t Target revised GIDI projects co-funded during the financial year through supps

Dashboard as at 2 May 2024

Out of scope

EEC TE TARI TIAKI PÜNGAO



**Business Programmes FINANCIALS KEY PROGRAMME UPDATES** Key updates programme Out of scope **PROGRAMME RISKS** Withheld under s9(2)(b) GIDI Bremworth Carpeting and Rugs have withdrawn from their agreement. Rating Abatement We are conducting an internal 'mini audit' and engaging with a third party (Lumen) who Withdrawal of further projects due to economic reasons Med verification are reviewing energy reports. **MEASURES** Target Result 31 May RAG Explanation PROJECT/MILESTONE RISKS SPE Estimated emissions reductions achieved by GIDI 1.0 and GIDI 2.0 240,065t 210,000t Number of projects during the financial year Number Cancellations milestones >60 Projects at risk Programme >\$100K during month SPE 165,923t days overdue Forecast emissions reductions expected to be achieved by GIDI 170,000t 2.0 projects contracted to date during EB1 (22-25) GIDI Industrial 11 (\$1.84M) Bremworth 1.0 Carpet & Rugs SPE Forecast emissions reductions expected to be achieved by GIDI 5.000.000t 5,083,695t Withheld under s9(2)(b) 2.0 projects contracted to date during EB2 (26-30) GIDI Industrial 8 (\$1.28M) 3 2.0 Estimates Forecast emissions reductions expected to be achieved in EB1 by 45,000t 75,786t Target revised GIDI projects co-funded during the financial year (Q3 result) through supps Partnerships 4,500,000t Estimates Forecast emissions reductions expected to be achieved in EB2 by 4,581,773 Target revised GIDI projects co-funded during the financial year (Q3 result) through supps

Dashboard as at 20 June 2024

Out of scope

EEC / TE TARI TIAKI PÜNGAO

# **Business Programmes**

FINANCIALS

FINANCIALS

FINANCIALS

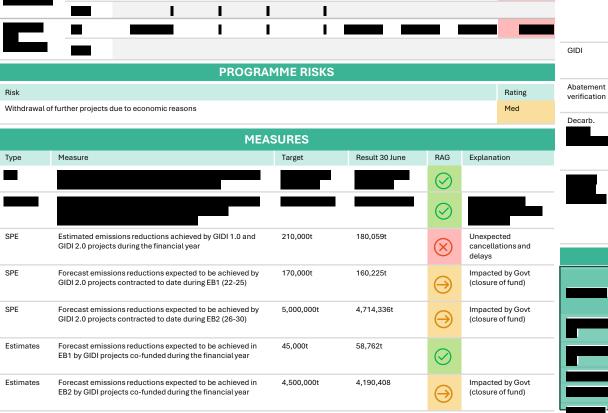
FINANCIALS

Out of scope

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

Out of scope

Dashboard as at 24 July 2024





Info not available

We are conducting an internal 'mini audit' and engaging with a third party (Lumen) who

No further cancellations in June.

**KEY PROGRAMME UPDATES** 

Key programme

Key updates



### Excerpt from 23/24 First Quarter Report

### 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 Clandeboye 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.

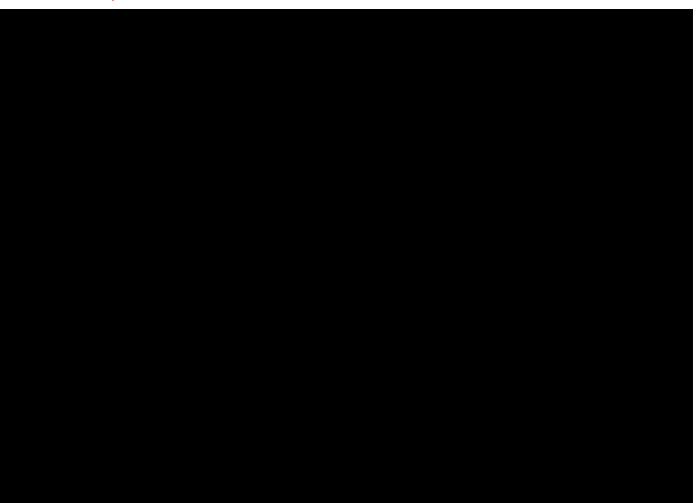
Any funding clawed back or no longer allocated due to cancellations will be returned to the centre as per your letter to EECA, dated 20 December 2023, on the discontinuation of GIDI. See **Appendix One** for a list of recently cancelled projects and those at risk.

### 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.		

At Risk GIDI Projects						
Applicant	Technology	EECA Funding	Annual Abatement (tonnes CO2)	Risk level	Reason for withdrawal	
-						
c						
-						

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?

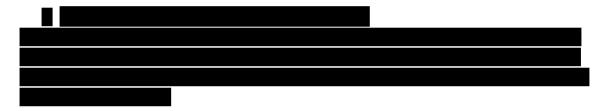
Removing the hard to reach component would have a significant impact on the broader WKH programme. WKH has been able to reach around 70% of target households. Expansion into decile 7 was to keep a viable network of service providers, while we unlock deciles 9 and 10 in particular. Service providers are 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.



Out of scope

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

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