

[REDACTED]

19 September 2023

Dear [REDACTED]

Re: Official Information Act Request – SSDF and Burnham

Thank you for your email to on Tuesday 29 August 2023, in which you request information under the Official Information Act 1982. You requested:

Any briefings or memos generated this year that include details about the SSDF as a whole, as well as any that specifically concern the Burnham coal boiler project.

Please refer to the attached PDF document for EECA's response to your OIA request.

Note, the documents released in the PDF contain information that meet the following grounds to be withheld under the Act:

- 9(2)(a) - to protect the privacy of natural persons, including that of deceased natural persons.
- 9(2)(b)(ii) – to protect information where making available the information would unreasonably to prejudice the commercial position of the person who supplied or who is subject to the information, under section.
- 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials.

There are two additional briefings (dated 20 June and 9 August 2023) which meet the scope of your request but have been redacted in full under Section 9(2)(f)(iv) as described above.

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

A handwritten signature in blue ink, appearing to be 'MP' with a stylized flourish extending to the right.

Dr Marcos Pelenur
EECA Chief Executive

Overview of content in Appendix

Document Number	Pages in Appendix	Date	Document Title	Decision
1	1 - 3	31 January 2023	SSDF January Monthly Report – 31 January 2023	Release in Full.
2	4 - 6	28 February 2023	SSDF February Monthly Report – 28 February 2023	Release in Part: - 9(2)(f)(iv)
3	7 - 30	15 March 2023	SSDF Tranche 14 project approval briefing (EECA 2023 BRF 001)	Release in Part: - 9(2)(a) - 9(2)(b)(ii) - 9(2)(f)(iv)
4	31 - 33	31 March 2023	SSDF March Monthly Report – 31 March 2023	Release in Part: - 9(2)(f)(iv)
5	34 - 35	30 April 2023	SSDF April Monthly Report – 30 April 2023	Release in Part: - 9(2)(f)(iv)
6	36 - 37	31 May 2023	SSDF May Monthly Report – 31 May 2023	Release in Part: - 9(2)(f)(iv)
7	38 - 40	30 June 2023	SSDF June Monthly Report – 30 June 2023	Release in Part: - 9(2)(f)(iv)
8	41 - 43	31 July 2023	SSDF July Monthly Report – 31 July 2023	Release in Part: - 9(2)(f)(iv)
9	44 - 48	Various, 2023	Relevant Excerpts from Fortnightly and Quarterly Reports to the Minister of Energy & Resources	Release in Part: - 9(2)(f)(iv)

State Sector Decarbonisation Fund

Monthly Report

As at 31 January 2023

Document 1. SSDF January Monthly Report



Overview

This report provides the Minister of Finance, the Minister for Climate Change and the Associate Minister of Finance with an update on progress under the Government's \$219.54m* State Sector Decarbonisation (SSD) Fund.

*of which \$0.58m has been allocated to the Ministry for the Environment, leaving EECA responsible for \$218.96m.

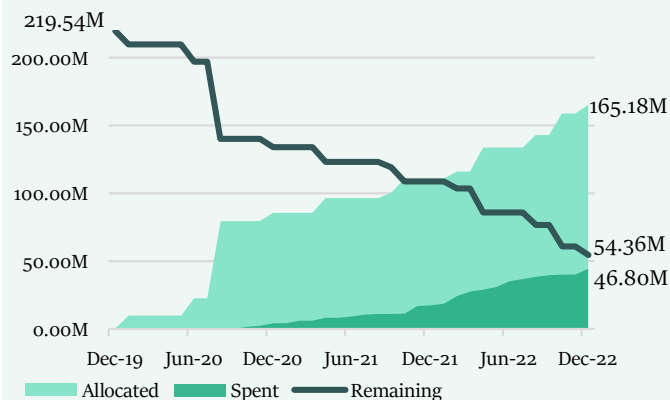
Recent Activity

- Tranche 13 projects (9 projects, \$6.533 million) were approved by Ministers in December. These projects are expected to reduce state sector's carbon emissions by 13,083 tonnes over 10 years. This tranche was the first instance where the fast-track approval mechanism was deployed.
- Tranche 14 project approval briefing will be sent to all SSDF Ministers in February.

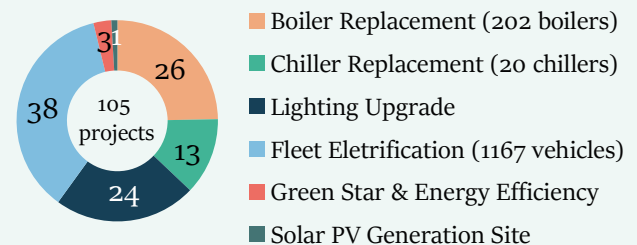
Potential Risks

- No additional projects are at risk of delivery since the November update. NZDF's Burnham coal boiler replacement project and Te Whatu Ora – Waitemata fleet electrification project both remain at risk. Officials are assessing options to deliver best outcomes on both at risk projects. Refer to Appendix Two.
- These overdue projects are reflected in the 'SSDF Financial Milestones by Status' table below.

Funding Allocation to Date



Number of Projects by Type



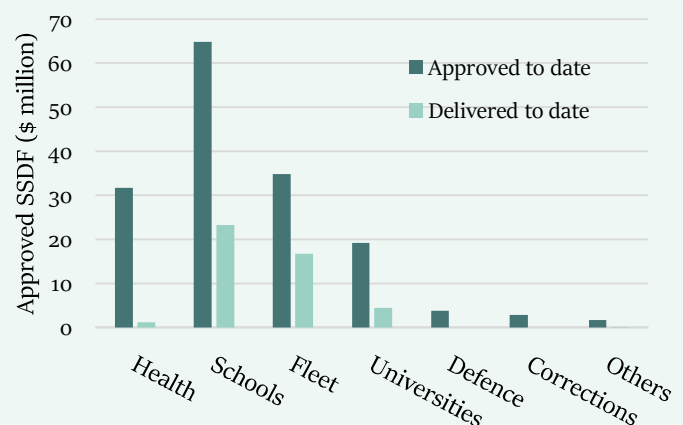
Committed CO₂ Reductions:
69,103 tonnes p.a.

Delivered CO₂ Reductions:
6,110 tonnes p.a.

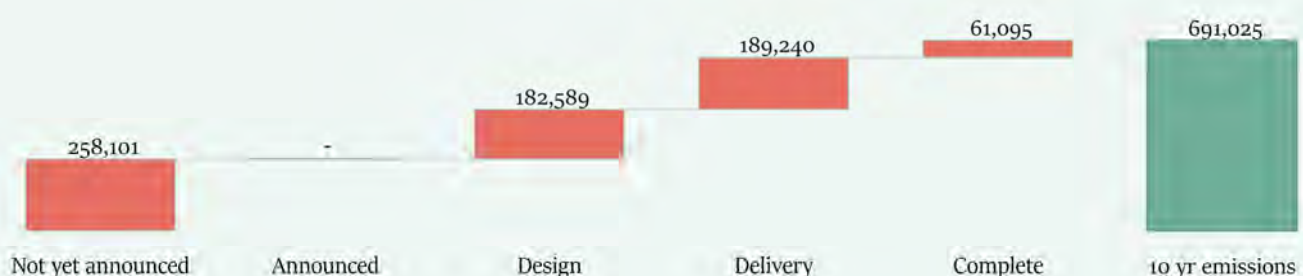
SSDF Financial Milestones by Status



Funding Approved to Date by Sector



SSD Fund Emissions Savings by Project Status (10 yr t CO₂)



Appendix One: State Sector Decarbonisation Fund (SSDF) spend profile by Vote as of 31 January 2023

Vote	SSD Funding	Total funding paid out to date	Percentage of funding allocated spent	Overdue	Forecast Spend 2022/23	Forecast Spend 2023/24	Forecast Spend 2024/25
Education	64.924M	23.344M	36%	0.000M	22.929M	13.414M	5.237M
Business, Science, and Innovation*	31.691M	9.549M	30%	0.000M	12.409M	9.728M	0.005M
Health	42.688M	4.008M	9%	0.158M	15.742M	4.648M	18.132M
Conservation	4.245M	4.245M	100%	0.000M	0.000M	0.000M	0.000M
Defence Force	4.823M	0.459M	10%	3.840M	0.262M	0.262M	0.000M
Corrections	4.086M	0.676M	17%	0.000M	0.581M	0.000M	2.829M
Social Development	3.416M	1.094M	32%	0.000M	2.322M	0.000M	0.000M
Police	2.080M	0.644M	31%	0.000M	1.056M	0.380M	0.000M
Agriculture, Biosecurity, Fisheries, and Food Safety	1.553M	0.000M	0%	0.000M	0.260M	1.293M	0.000M
Parliamentary Service	1.290M	0.000M	0%	0.000M	1.290M	0.000M	0.000M
Revenue	1.015M	1.015M	100%	0.000M	0.000M	0.000M	0.000M
Maori Development	0.493M	0.493M	100%	0.000M	0.000M	0.000M	0.000M
Statistics	0.108M	0.108M	100%	0.000M	0.000M	0.000M	0.000M
Labour Market	0.561M	0.561M	100%	0.000M	0.000M	0.000M	0.000M
Education Review Office	0.135M	0.000M	0%	0.000M	0.135M	0.000M	0.000M
Internal Affairs	1.487M	0.020M	1%	0.000M	0.467M	1.000M	0.000M
CNGP Establishment	0.580M	0.580M	100%				
Total	165.178M	46.798M	28%	3.998M	57.453M	30.725M	26.203M

*these are for Crown entity projects that are spread across portfolios

Appendix Two: State Sector Decarbonisation Fund (SSDF) At Risk Projects as of 31 January 2023

Organisation	Sector	Location	Project	Date of drawdown approval	Project Cost (\$m)	SSD Funding (\$m)	Co-funding	Original completion date	Project status
Te Whatu Ora - Waitemata	Health	Fleet	Electric vehicles (10) & charging infrastructure	26/06/2021	0.316	0.158	50%	31/05/2022	No suitable EV vans in stock, reassessing options. Waiting on suppliers.
NZ Defence Force	Defence Force	Burnham	Coal boiler replacement	16/06/2020	9.600	3.840	40%	26/04/2024	Project projected to be significantly over budget. EECA and NZDF are working to resolve this given the commitment to remove all coal boilers from the State sector by 2025.

State Sector Decarbonisation Fund

Monthly Report

As at 28 February 2023

Document 2. SSDF February Monthly Report



Overview

This report provides the Minister of Finance, the Minister for Climate Change and the Associate Minister of Finance with an update on progress under the Government's \$219.54m* State Sector Decarbonisation (SSD) Fund.

*of which \$0.58m has been allocated to the Ministry for the Environment, leaving EECA responsible for \$218.96m.

Recent Activity

- We are finalising the Tranche 14 project approval briefing which will be sent to Ministers in early March. This tranche includes projects to the value of \$49.972 million, with associated emissions reductions of 254,676 tonnes over ten years.

- Should Ministers approve this funding, there will be \$4.387 million SSDF remaining

[REDACTED]

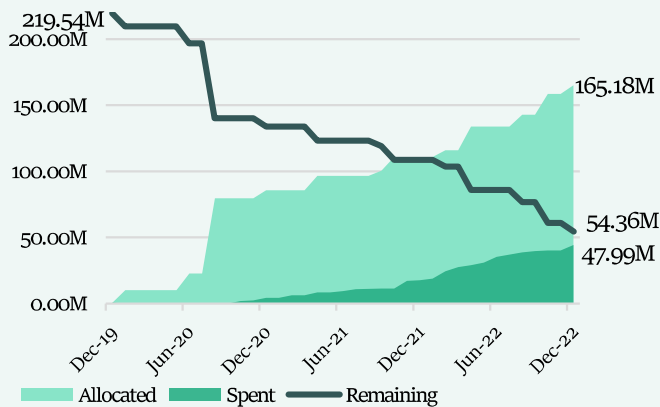
[REDACTED] 9(2)(f)(iv)

- [REDACTED]

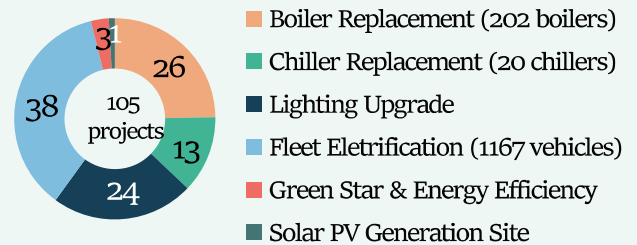
Potential Risks

- No additional projects are at risk of delivery since the November update. NZDF's Burnham coal boiler replacement project is now the only project that remains at risk of delivery due to significant price overruns. The Tranche 14 approval briefing will include advice on options to support this project going forward.
- Te Whatu Ora – Waitemata have revised their project due to difficulty procuring second hand electric vans. They will now purchase seven new electric vans and will no longer require charging infrastructure (repurposing this portion of SSD Funding to support fleet costs). Total SSD Funding remains unchanged as Te Whatu Ora – Waitemata will bear any additional costs for the project out of their own budget. Refer to Appendix Two for further details.

Funding Allocation to Date



Number of Projects by Type



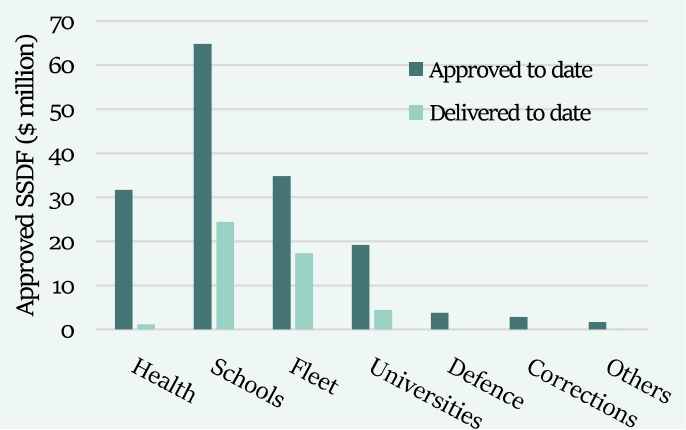
Committed CO2 Reductions:
69,103 tonnes p.a.

Delivered CO2 Reductions:
6,304 tonnes p.a.

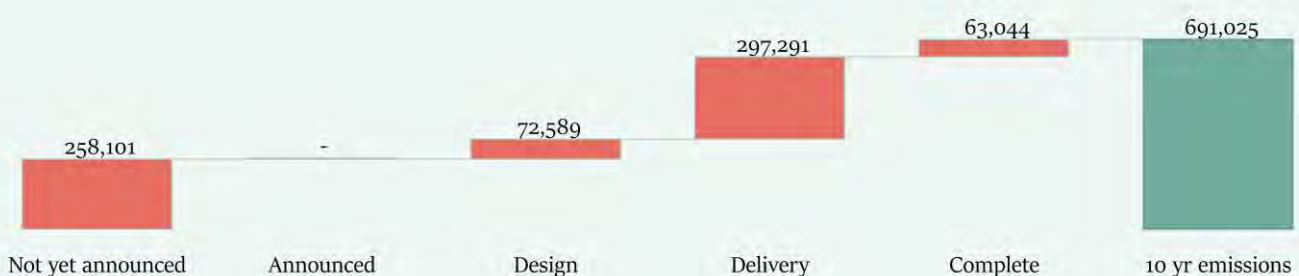
SSDF Financial Milestones by Status



Funding Approved to Date by Sector



SSD Fund Emissions Savings by Project Status (10 yr t CO₂)



Appendix One: State Sector Decarbonisation Fund (SSDF) spend profile by Vote as of 28 February 2023

Vote	SSD Funding	Total funding paid out to date	Percentage of funding allocated spent	Overdue	Forecast Spend 2022/23	Forecast Spend 2023/24	Forecast Spend 2024/25
Education	64.924M	24.534M	38%	0.000M	21.739M	13.414M	5.237M
Business, Science, and Innovation*	31.691M	9.549M	30%	0.000M	12.409M	9.728M	0.005M
Health	42.688M	4.008M	9%	0.000M	12.942M	7.606M	18.132M
Conservation	4.245M	4.245M	100%	0.000M	0.000M	0.000M	0.000M
Defence Force	4.823M	0.459M	10%	3.840M	0.262M	0.262M	0.000M
Corrections	4.086M	0.676M	17%	0.000M	0.581M	0.000M	2.829M
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Parliamentary Service	1.290M	0.000M	0%	0.000M	1.290M	0.000M	0.000M
Revenue	1.015M	1.015M	100%	0.000M	0.000M	0.000M	0.000M
Maori Development	0.493M	0.493M	100%	0.000M	0.000M	0.000M	0.000M
Statistics	0.108M	0.108M	100%	0.000M	0.000M	0.000M	0.000M
Labour Market	0.561M	0.561M	100%	0.000M	0.000M	0.000M	0.000M
Education Review Office	0.135M	0.000M	0%	0.000M	0.135M	0.000M	0.000M
Internal Affairs	1.487M	0.020M	1%	0.000M	0.467M	1.000M	0.000M
CNGP Establishment	0.580M	0.580M	100%				
Total	165.177M	47.986M	29%	3.840M	53.463M	33.683M	26.203M

*these are for Crown entity projects that are spread across portfolios

Appendix Two: State Sector Decarbonisation Fund (SSDF) At Risk Projects as of 31 January 2023

Organisation	Sector	Location	Project	Date of drawdown approval	Project Cost (\$m)	SSD Funding (\$m)	Co-funding	Original completion date	Project status
NZ Defence Force	Defence Force	Burnham	Coal boiler replacement	16/06/2020	9,600	3,840	40%	26/04/2024	Project projected to be significantly over budget. EECA and NZDF are working to resolve this given the commitment to remove all coal boilers from the State sector by 2025.

Appendix Three: State Sector Decarbonisation Fund (SSDF) Resolved At Risk Projects as of 31 January 2023

Organisation	Sector	Location	Project	Date of drawdown approval	Project Cost (\$m)	SSD Funding (\$m)	Co-funding	Original completion date	Project status
Te Whatu Ora - Waitemata	Health	Fleet	Electric vehicles (10) & charging infrastructure	26/06/2021	0.316	0.158	50%	31/05/2022	Te Whatu Ora – Waitemata will now use the funding to purchase 7 new EV vans, rather than second hand vans. They will not require charging infrastructure for these due to existing infrastructure from previous projects. They will bear any additional costs for the project out of their own budget



To	Hon Grant Robertson MINISTER OF FINANCE Hon Dr Megan Woods ASSOCIATE MINISTER OF FINANCE Hon James Shaw MINISTER OF CLIMATE CHANGE		
Title	State Sector Decarbonisation – drawdown of funding from tagged capital contingency (Tranche 14 projects)		
Date	15 March 2023		
EECA/MBIE reference number	EECA 2023 BRF 001 MBIE 2223 2804	Response required by:	29 March 2023
EECA priority	Routine		
Consultation	The Treasury, the Ministry for the Environment and MBIE (New Zealand Government Procurement).		

EECA contacts


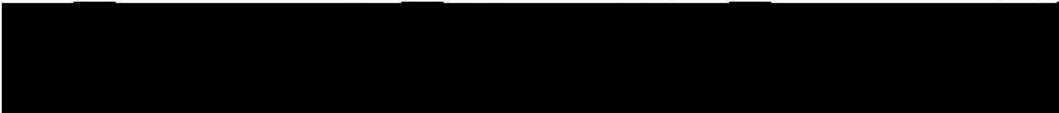
9(2)(a)

Position	Name	Mobile Number	Work Number	1 st Contact
Chief Executive	Andrew Caseley		04 470 2201	✓
Manager, Energy Use	Daniel Brown			
Principal author (MBIE)	Debbie Buck	-	04 4897 5485	
Principal author (EECA)	Mandira Shailaj	-	04 495 2975	

Purpose

1. To seek your approval to draw down funding from the State Sector Decarbonisation Fund tagged capital contingency to support Tranche 14 projects.

Key messages

- We recommend that you draw down \$49.972 million from the State Sector Decarbonisation Fund tagged capital contingency for Tranche 14 projects.
- Tranche 14 includes the following projects:
 - a. \$38 million to support Te Whatu Ora's \$99 million Stationary Energy Transition Programme, to reduce stationary energy emissions across New Zealand hospitals. The programme is estimated to reduce stationary energy emissions across New Zealand hospitals by around 230,000 tonnes over ten years (around 23,000 tonnes per annum on average over 10 years). This centralised approach will allow Te Whatu Ora to deliver decarbonisation projects across their hospitals, aligning investment with their required emissions reductions under the Carbon Neutral Government Programme (CNGP). Approval of this funding will allow Te Whatu Ora to conduct the next phase of prioritisation and commitment to projects by 30 June 2023 at which point we will provide further detail of these projects to you. Projects will be informed by opportunities identified in the Energy Transition Accelerator (ETA)¹ undertaken with EECA assistance for the Health sector. This will include boiler replacements (diesel and fossil gas) and upgrades, LED lighting upgrades and energy management projects (such as smart meters, energy monitoring systems, HVAC systems, chiller replacements). Fleet electrification projects will be out of scope. All projects will be delivered by 30 June 2025.
 - b. Two coal boiler replacement projects at University of Otago (one boiler) and University of Canterbury (two boilers), representing the replacement of all remaining coal boilers across New Zealand's tertiary education institutions. 

 - c. Six fleet electrification projects, which will add 96 new electric vehicles to the State sector fleet (to date, the total funded through SSDF will be 1,263 vehicles).
 - d. Three projects to replace seven chillers which use high global warming potential (GWP) refrigerants, and four LED lighting upgrade projects.

9(2)(f)(iv)

¹ EECA's Energy Transition Accelerator programme supports organisations (both public and private) to develop a long-term pathway to emissions reduction by identifying technically and economically viable decisions and investments.

- We estimate that Tranche 14 projects will reduce the State sector's carbon emissions by around 254,676 tonnes over ten years. The estimated breakeven cost of abatement for these projects ranges from \$-425 to \$1,631 per tonne of carbon dioxide equivalent (tCO₂-e).
- The total capital funding drawn down to date, including this and the previous thirteen tranches, will be \$215.150 million (including the \$0.580 million drawn down for Carbon Neutral Government Programme establishment costs), with \$4.387 million remaining in the tagged capital contingency which will be allocated prior to 30 June 2023. We estimate the combined emissions reduction impact of the funding allocated to date will be around 945,699 tonnes over ten years².
- To date, the SSDF has provided the primary source of co-funding to support agencies emissions reductions requirements under the CNGP. This funding has bridged the financial gap between capital cost of equipment replacements with low emissions alternatives. As the Fund approaches full allocation, officials are considering opportunities to expand support for fleet electrification (where demand is still high) and expect to provide further advice to Ministers on this in the Tranche 15 briefing.
- This briefing also provides an update and proposed solutions on NZDF's Burnham coal boiler replacement project that has faced delays which have led to high risks to delivery.
- EECA will begin working with funding recipients to implement projects as soon as Ministers have approved the drawdown. Should you wish to announce these projects, EECA and MBIE will work with your offices to arrange this, along with announcements for Tranches eleven to thirteen.

Recommended actions

- Note** that \$219.537 million of capital expenditure has been allocated to reduce State sector greenhouse gas emissions through the Cabinet agreed Capital Investment Package [CAB-19-MIN-0572] and Budget 2021 ('top up' of \$19.537 million).
- Note** that the balance of the tagged capital contingency (which expires in June 2025) in Vote Business, Science and Innovation is as follows:

	\$m				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
State Sector Decarbonisation -Tagged Capital Contingency	54.359	-	-	-	-

- Agree** to consider the advice in recommendation d below and discuss any issues.

² Note that many assets have a lifespan of longer than ten years, meaning the actual emissions reduction impact per dollar of capital investment in alternatives will continue beyond 10 years.

Minister of Finance: Agree / Disagree

Associate Minister of Finance: Agree / Disagree

Minister of Climate Change: Agree / Disagree

- d. **Note** that we recommend you approve the drawdown of funding to the agencies listed below, for the following projects, as part of Tranche 14:

Vote Health

- i) \$38.000 million for Te Whatu Ora to support their Stationary Energy Transition Programme;
- ii) \$0.753 million for Te Whatu Ora – Canterbury to purchase electric vehicles and install charging infrastructure (25 vehicles);
- iii) \$0.790 million for Te Whatu Ora – Whanganui to purchase electric vehicles and install charging infrastructure (24 vehicles);

Vote Business, Science and Innovation

- iv) \$1.082 million for the Ministry of Business, Innovation and Employment (MBIE) to purchase electric vehicles and install charging infrastructure (35 vehicles);
- v) \$0.104 million for AgResearch to replace three chillers across their Invermay, Ruakura & Grasslands campuses with more efficient models with low GWP refrigerant;
- vi) \$0.021 million for GNS Science to install efficient LED lighting at their Avalon campus;
- vii) \$0.092 million for Te Papa to purchase electric vehicles and install charging infrastructure (4 vehicles);
- viii) \$0.195 million for Lotteries New Zealand to purchase electric vehicles and install charging infrastructure (6 vehicles);
- ix) \$0.070 million for the National Institute of Water and Atmospheric Research (NIWA) to purchase electric vehicles and install charging infrastructure (2 vehicles);

Universities

- x) \$2.772 million for Massey University to replace 18 fossil gas boilers across their Albany, Manawatu and Wellington campuses with low emissions alternatives;
- xi) \$0.516 million for Massey University to replace a chiller at their Albany campus with a more efficient model with lower GWP refrigerant;
- xii) \$0.115 million for Massey University to install efficient LED lighting at their Manawatu campus;
- xiii) \$0.112 million for Victoria University of Wellington to replace a fossil gas boiler at their Kelburn campus (Von Zedlitz building) with electric boiler technology;

- xiv) \$4.500 million for the University of Canterbury to replace two coal boilers at their Dovedale campus;
- xv) \$0.200 million for Lincoln University to replace two chillers at their main campus, and install upgrades on a chiller at the New Zealand Biotron Research Facility, which will make it more efficient, greatly extend it's lifetime and allow it to run on a low GWP refrigerant;
- xvi) \$0.010 million for Lincoln University to install efficient LED lighting in their Johnstone Memorial Laboratory;
- xvii) \$0.122 million for the University of Otago to replace the coal boiler at their Invercargill campus;
- xviii) \$0.234 million for the University of Otago to install efficient LED lighting at their physiotherapy building at the Dunedin campus;

Vote Internal Affairs

- xix) \$0.284 million for the Department of Internal Affairs to install efficient LED lighting at their Archives New Zealand Wellington and Auckland buildings.

- e. **Approve** the following changes to appropriations to provide for the decisions in recommendation d above, with a corresponding impact on net debt:

	\$m – increase/(decrease)				
Vote Health Minister of Health	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-Departmental Capital Expenditure: Health Capital Envelope	-	39.543	-	-	-
Total Capital	-	39.543	-	-	-

Minister of Finance: Approved / Not approved

Minister of Climate Change: Approved / Not approved

Minister of Health: Approved / Not approved

	\$m – increase/(decrease)				
Vote Business, Science and Innovation Minister of Energy and Resources	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Capital Injections: Ministry of Business, Innovation and Employment - Capital Injection	0.907	0.175	-	-	-
Non-Departmental Capital Expenditure: Energy and Resources: Crown Energy Efficiency - Capital Injection	-	4.563	4.500	-	-
Total Capital	0.907	4.738	4.500	-	-

Minister of Finance: Approved / Not approved

Minister of Climate Change: Approved / Not approved

Minister of Energy and Resources: Approved / Not approved

	\$m – increase/(decrease)				
Vote Internal Affairs Minister of Internal Affairs	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Departmental Capital Injection	-	0.284	-	-	-
Total Capital	-	0.284	-	-	-

Minister of Finance: Approved / Not approved

Minister of Climate Change: Approved / Not approved

Minister of Internal Affairs: Approved / Not approved

- f. **Agree** that the capital expenditure incurred under recommendation e above be charged against the State Sector Decarbonisation – Tagged Capital Contingency.

Minister of Finance: Agree / Disagree

Associate Minister of Finance: Agree / Disagree

Minister of Climate Change: Agree / Disagree

- g. **Agree** that the proposed changes to appropriations above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

Minister of Finance: Agree / Disagree

Associate Minister of Finance: Agree / Disagree

Minister of Climate Change: Agree / Disagree

- h. **Note** that EECA and MBIE (where appropriate) will amend existing agreements with each organisation receiving funding drawn down in recommendation d above, detailing project implementation timeframes and providing for effective monitoring and evaluation of the programme.
- i. **Note** that following the adjustments detailed in rec e above, the remaining balance of the tagged capital contingency (which expires on 30 June 2025) will be as follows:

	\$m				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
State Sector Decarbonisation –Tagged Capital Contingency	4.387	-	-	-	-

j.

9(2)(f)(iv)

Update on NZDF's Burnham coal boiler project

- k. **Note** that NZDF's Burnham coal boiler project has faced significant cost escalation since Ministers approved the project in June 2020 (with \$3.840 million SSD Funding for the \$9.600 million project, refer EECA 2020 BRF 040). The total cost for the coal boiler replacement is now estimated at [REDACTED] 9(2)(b)(ii)

- l. **Note** that EECA has continued to work with NZDF to identify solutions to support the project completion by June 2025, as required of all SSDF projects.
- m. **Note** that EECA has considered the merits of providing further SSD Funding to support the Burnham coal boiler removal, however NZDF has reported that the internal and external infrastructure upgrades required to support the replacement are preventing them from bringing forward the project's timelines to align with a June 2025 completion.
- n. **Approve** officials putting in place a Variation of Contract (VOC) with NZDF to rescope the Burnham coal boiler project with the \$9.600 million SSDF project (with 40% SSDF co-funding, \$3.840 million). The SSD Funding will then cover the first stage of the three-stage project which will deliver 15% of the total conversion and 23% of the original project's emissions reductions.

Minister of Finance: Approve / Disapprove


Associate Minister of Finance: Approve / Disapprove

Minister of Climate Change: Approve / Disapprove

- o. **Note** this will mean that NZDF's Burnham coal boiler will remain in use (with lower demand) beyond 2025, with final decommissioning of the coal boiler forecasted for 2028/29.
- p. **Agree** to forward this briefing to the Minister of Economic Development for his information.

Minister of Finance: Agree / Disagree

Minister of Climate Change: Agree / Disagree

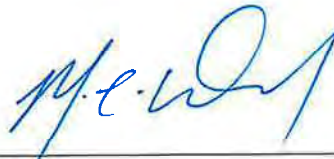


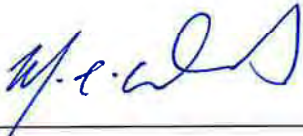
Andrew Caseley
CHIEF EXECUTIVE, EECA
15 / 03 / 2023



Daniel Brown
MANAGER, ENERGY USE, MBIE
15 / 03 / 2023

Hon Grant Robertson
MINISTER OF FINANCE
-- / -- / --


Hon Dr Megan Woods
ASSOCIATE MINISTER OF FINANCE
28/3/23


Hon Dr Megan Woods
**MINISTER OF ENERGY AND
RESOURCES**
28/3/23

Hon Dr Ayesha Verrall
MINISTER OF HEALTH
-- / -- / --

Hon Barbara Edmonds
MINISTER OF INTERNAL AFFAIRS
-- / -- / --

Hon James Shaw
MINISTER OF CLIMATE CHANGE
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Background

2. The Government established the State Sector Decarbonisation Fund (SSDF) as part of its Capital Investment Package announced in December 2019. The Minister of Finance and Minister of Climate Change were delegated joint authority to make further decisions on how to deploy this capital, in consultation with the Minister of Energy and Resources. The Minister of Finance then set an expectation that the Associate Minister of Finance and the Minister of Climate Change will reach a consensus view on projects recommended for funding before he receives advice on them.
3. As an outcome of the DPMC stocktake on the Carbon Neutral Government Programme (CNGP) officials identified opportunities to improve the approval process for the SSDF. In

August 2022, Ministers agreed to establish a new arrangement whereby all SSDF Ministers receive project approval briefings at the same time as portfolio Ministers (whose signatures are required for final project approval)³. This change is anticipated to reduce the time required for Ministerial approval to expedite the delivery of projects. Tranche 12 was the first time the improved approval process was used.

4. To date, Ministers have approved the drawdown of \$165.178 million from the \$219.537 million capital fund, as follows:

Drawdown	Funding (\$m)
Tranches One and Two	22.733
Tranche Three	56.783
Tranche Four	6.251
Tranche Five	10.683
Tranche Six	4.092
Tranche Seven	10.351
Tranche Eight	5.092
Tranche Nine	17.831
Tranche Ten	4.819
Tranche Eleven	4.226
Tranche Twelve	16.086
Tranche Thirteen	6.533
Return of funds due to project underspend	(0.882)

³ As agreed in [EECA 2022 BRF 007, MBIE: 2122-4905]

Operational costs for the establishment of the CNGP	0.580
Total funding drawn down	165.178
Remaining funding	54.359

5. See **Table One** on pages 19-23 for a summary of all previously approved projects under the 13 tranches.

Recommended Tranche 14 projects

6. We recommend you approve drawdown of \$49.972 million for Tranche 14 projects. We recommend these projects based on their fit with the five investment principles you agreed when establishing the tagged capital contingency in January 2020⁴, and as revised (italicised) by agreement of the CNGP Ministerial Group⁵:
- i) Projects must be able to be fully implemented *by the end of 2025*⁶, and be broadly implementation ready and supported by business case and/or feasibility studies where appropriate;
 - ii) Projects should provide significant emissions reductions, including by catalysing additional emissions abatement beyond the State sector;
 - iii) Projects should aim to optimise Crown value for money;
 - iv) Projects should, where possible, demonstrate government leadership and reinforce signals from wider climate policy;
 - v) The number of decarbonisation projects should, where possible, be maximised by leveraging funding from State sector organisations.
7. Our recommended projects are as follows (see Table Two for a summary of all Tranche 14 projects and their associated marginal abatement costs):

Health

- i) **\$38.000 million for Te Whatu Ora** to support their Stationary Energy Transition Programme. Te Whatu Ora will invest \$61.000 million from their budget. The programme is estimated to reduce stationary energy emissions across New Zealand hospitals by around 230,000 tonnes over ten years (around 23,000 tonnes per annum on average over 10 years). This centralised approach will allow Te Whatu Ora to

⁴ Treasury Report Number T2019/4160

⁵ Following discussion at its 7 July 2021 meeting

⁶ From 2022/23

deliver decarbonisation projects across their hospitals, aligning investment with their required emissions reductions under the Carbon Neutral Government Programme (CNGP). Should you approve this funding, Te Whatu Ora will prioritise and commit to projects by 30 June 2023 at which point we will provide an updated list to you. Projects will be informed by opportunities identified in the Energy Transition Accelerator (ETA)⁷ undertaken by EECA for the Health sector. This will include boiler replacements (diesel and fossil gas) and upgrades, LED lighting upgrades and energy management projects (such as smart meters, energy monitoring systems, HVAC systems, chiller replacements). Fleet electrification projects will be out of scope. All projects will be delivered 30 June 2025.

- ii) **\$0.753 million for Te Whatu Ora – Canterbury** to purchase battery electric vehicles and install charging infrastructure (25 vehicles). Te Whatu Ora – Canterbury will invest \$0.754 million from its own budget. We estimate that this will reduce carbon emissions by around 831 tonnes over 10 years (around 83.1 tonnes per annum on average over 10 years).
- iii) **\$0.790 million for Te Whatu Ora - Whanganui** to purchase electric vehicles and install charging infrastructure (24 vehicles). Te Whatu Ora – Whanganui will invest \$0.789 million from its own budget. We estimate that this will reduce carbon emissions by around 838 tonnes over 10 years (around 83.8 tonnes per annum on average over 10 years).

Universities

- iv) **\$2.772 million for Massey University** to replace 18 gas boilers across its Albany, Manawatu and Wellington campuses with heat pump technology. Massey University will invest \$4.159 million from its own budget. We estimate that this will reduce carbon emissions by around 5,404 tonnes over 10 years (around 540.4 tonnes per annum on average over 10 years).
- v) **\$0.516 million for Massey University** to replace a chiller at their Albany campus with a more efficient model that uses a lower GWP refrigerant. Massey university will invest \$0.774 million from its own budget. We estimate that this will reduce carbon emissions by around 512 tonnes over 10 years (around 51.2 tonnes per annum on average over 10 years).
- vi) **\$0.115 million for Massey University** to install efficient LED lighting at its Manawatu campus. Massey University will invest \$0.344 million from its own budget. We estimate that this will reduce carbon emissions by around 440 tonnes over 10 years (around 44 tonnes per annum on average over 10 years).
- vii) **\$0.112 million for Victoria University of Wellington** to replace a fossil gas boiler in the Von Zedlitz building at their main Kelburn Campus with a low emissions

⁷ EECA's Energy Transition Accelerator programme supports organisations (both public and private) to develop a long-term pathway to emissions reduction by identifying technically and economically viable decisions and investments.

alternative. Victoria University will invest \$0.168 million from its own budget. We estimate that this will reduce carbon emissions by around 1,487 tonnes over 10 years (around 148.7 tonnes per annum on average over 10 years).

- viii) **\$4.500 million for the University of Canterbury** to replace the coal boiler at their Dovedale campus. The University of Canterbury will invest \$4.500 million from its own budget. We estimate that this will reduce carbon emissions by around 9,509 tonnes over 10 years (around 950.9 tonnes per annum on average over 10 years).
- ix) **\$0.200 million for Lincoln University** to replace two chillers across their RFH and Asurequality buildings on their main campus and install upgrades to a chiller at the New Zealand Biotron Research Facility which will make it more efficient, as well as extend its lifespan and allow it to use low GWP refrigerant. Lincoln University will invest \$0.299 million from its own budget. We estimate that this will reduce carbon emissions by 1,441 tonnes over 10 years (around 144.1 tonnes per annum on average over 10 years).
- x) **\$0.010 million for Lincoln University** to install efficient LED lighting at their Johnstone Memorial Laboratory. Lincoln University will invest \$0.032 million from its own budget. We estimate that this will reduce carbon emissions by 86 tonnes over 10 years (around 8.6 tonnes per annum on average over 10 years).
- xi) **\$0.122 million for the University of Otago** to replace a coal boiler at its Invercargill campus. The University of Otago will invest \$0.184 million from its own budget. We estimate that this will reduce carbon emissions by around 420 tonnes over 10 years (around 42 tonnes per annum on average over 10 years). Note this coal boiler has low annual emissions relative to other SSD Funded coal boiler replacements due to the low stationary energy demands at the University's Invercargill campus.
- xii) **\$0.234 million for the University of Otago** to install efficient LED lighting in the physiotherapy building at their Dunedin campus. The University of Otago will invest \$0.703 million from its own budget. We estimate that this will reduce carbon emissions by around 417 tonnes over 10 years (around 41.7 tonnes per annum on average over 10 years).

Other

- xiii) **\$1.082 million for the Ministry of Business, Innovation and Employment (MBIE)** to purchase electric vehicles and install charging infrastructure (35 vehicles). MBIE will invest \$1.081 million from its own budget. We estimate that this will reduce carbon emissions by around 478 tonnes over 10 years (around 47.8 tonnes per annum on average over 10 years).
- xiv) **\$0.284 million for the Department of Internal Affairs (DIA)** to install efficient LED lighting at their Wellington and Auckland based Archives New Zealand buildings. DIA will invest \$0.853 million from its own budget. We estimate that this will reduce carbon emissions by 1,524 tonnes over 10 years (around 152.4 tonnes per annum on average over 8.6 years).

- xv) **\$0.104 million for AgResearch** to replace three chillers across their campuses with more efficient models which use low GWP refrigerant. AgResearch will invest \$0.155 million from its own budget. We estimate that this will reduce carbon emissions by 802 tonnes over 10 years (around 80.2 tonnes per annum on average over 10 years).
 - xvi) **\$0.021 million for GNS Science** to install efficient LED lighting its Avalon campus. GNS Science will invest \$0.064 million from its own budget. We estimate that this will reduce carbon emissions by 127 tonnes over 10 years (around 12.7 tonnes per annum on average over 8.6 years).
 - xvii) **\$0.092 million for Te Papa** to purchase electric vehicles and install charging infrastructure (4 vehicles). Te Papa will invest \$0.110 million from its own budget. We estimate that this will reduce carbon emissions by around 66 tonnes over 10 years (around 6.6 tonnes per annum on average over 10 years).
 - xviii) **\$0.195 million for Lotteries NZ** to purchase electric vehicles and install charging infrastructure (6 vehicles). Lotteries NZ will invest \$0.202 million from its own budget. We estimate that this will reduce carbon emissions by around 234 tonnes over 10 years (around 23.4 tonnes per annum on average over 10 years).
 - xix) **\$0.070 million for the National Institute of Water and Atmospheric Research (NIWA)** to purchase electric vehicles and install charging infrastructure (2 vehicles). NIWA will invest \$0.081 million from its own budget. We estimate that this will reduce carbon emissions by around 58 tonnes over 10 years (around 5.8 tonnes per annum on average over 10 years).
8. In total, we estimate these projects will reduce the State sector's carbon emissions by around 254,674.0 tonnes over ten years⁸ (Around 25,467.40 tonnes per annum on average).
 9. The fleet electrification projects will increase the number of electric vehicles co-funded through the SSDF to date by 96 (to 1,263 vehicles).
 10. The estimated project breakeven cost of abatement⁹ for Tranche 14 projects ranges from \$ - 425 to \$1,631 per tCO₂-e (see Table 2 below).
 11. Should you approve our recommended \$49.972 million for Tranche 14 projects, this will bring the total funding drawn down to \$215.150 million (including the \$0.580 million drawn down for CNGP establishment costs), with \$4.387 million remaining in the tagged capital contingency. This will take the combined emissions reduced from the first 14 tranches to an estimated 945,699 tonnes over ten years (around 94,569.9 tonnes per annum on average over ten years).¹⁰

⁸ Ten years from the date of commissioning, which in some cases will not occur until future financial years.

⁹ The estimated project breakeven cost of abatement refers to the CO₂ price at which net present value of the project is zero.

¹⁰ Note that many assets have a lifespan of longer than ten years, meaning the actual emissions reduction impact per dollar of capital investment in alternatives will continue beyond 10 years.

12. Note these carbon reduction estimates are based on projected fossil fuel consumption and savings estimates reported by agencies. As we deliver projects, we will assess the actual abatement impact and report to Ministers on progress (as part of our monitoring and evaluation of projects).
13. EECA and MBIE (where relevant) will add to existing agreements with each organisation receiving funding. This agreement will detail specific deliverables and implementation timeframes and provide for robust monitoring and evaluation of project outcomes.

Progress towards removing all coal boilers

14. One of the core objectives of the Fund has been to support the removal of all coal boilers remaining across 24 state sector sites. Should you approve funding for this tranche's coal boiler removal projects at University of Canterbury (2) and University of Otago (1) [REDACTED]

9(2)(f)(iv)

15. [REDACTED]

9(2)(f)(iv)

Update on NZDF's Burnham coal boiler replacement project

16. Through the Fund's monthly reports, EECA has provided updates on the replacement of NZDF's Burnham coal boiler which has faced significant cost escalation since receiving Ministers' approval in June 2020 among Tranche 2 projects (refer EECA 2020 BRF 040). Initially, the total project cost was estimated at \$9.600 million with 40% SSDF co-funding (\$3.840 million).
17. The project has been complex from the outset based on the extensive upgrades to the dependent electrical networks both internally and externally which are crucial to replacing the coal boiler. This work was included in the initial budget for the project however the project has failed to meet required financial milestones over the past 2.5 years as NZDF have worked through updating the project's scope and receiving approval and budget to support the site-wide electrical network upgrades. The COVID pandemic also resulted in an increased presence at Burnham, and placed demand on buildings necessitating a staged approach to this upgrade work. Despite this, it wasn't until last month that officials were informed that due to the factors listed above, the boiler replacement would not be complete by mid-2025.
18. As a result of this further project design work which illuminated the complexity of the electrical upgrades, NZDF have revised their initial total cost estimate for the project to around [REDACTED]. The slow project start up since receiving project approval has also contributed to this cost escalation.

9(2)(b)(ii)

19. In light of these challenges, NZDF have identified a series of options to progress the project. Their preferred option (which EECA sees as the most viable and is recommended), is to deliver the project in stages. This approach pushes out the completion date to 2029, with the following stages:

Stage 1

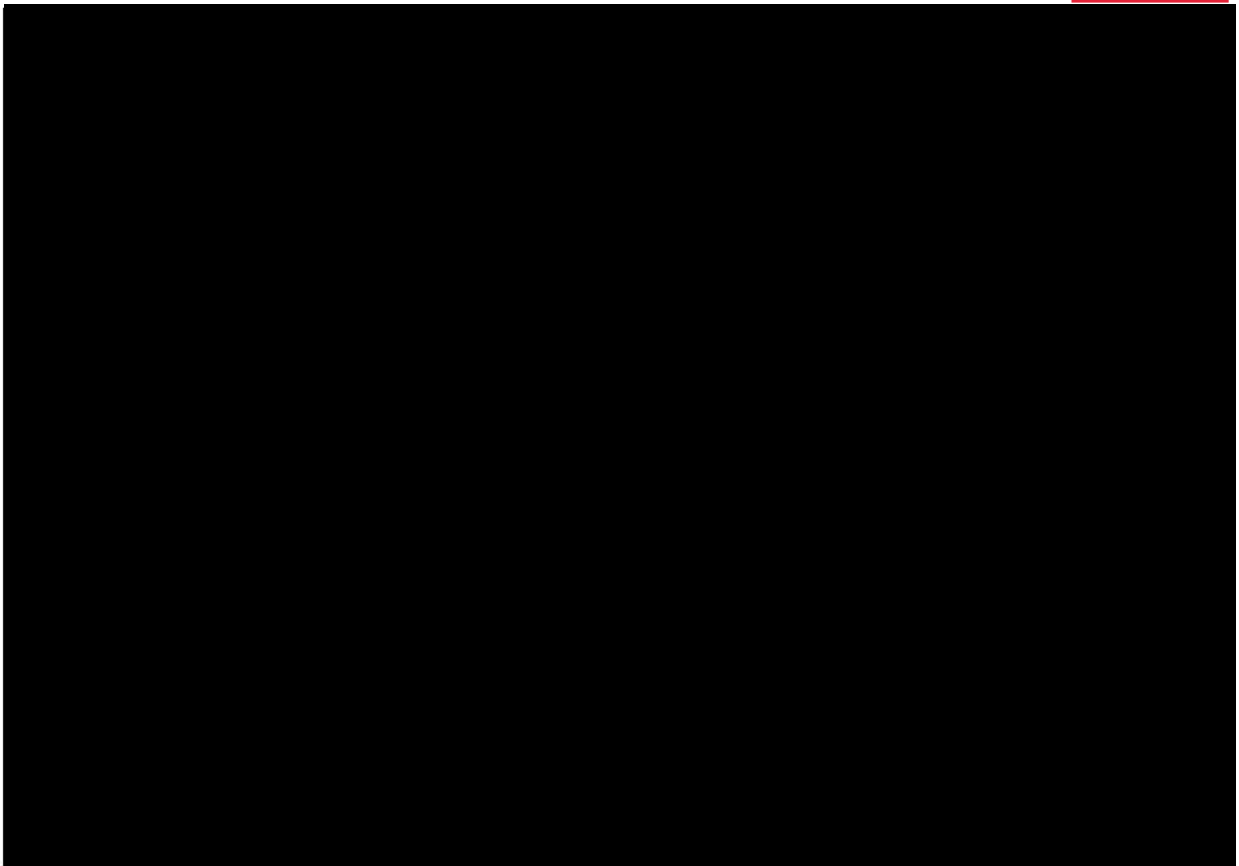
- The first stage of the project is expected to deliver upgrades that can be completed within the constraints of the existing infrastructure, to the value of the initial \$9.600m SSDF project.
- The revised project will deliver support upgrades to 15% of the in-scope buildings, reducing the load on the coal boiler to achieve a reduction in emissions of 1,132 T CO₂e, which represents 23.3% of the SSDF agreed carbon saving target. This stage of the project will be complete by 30 June 2025.

Stages 2 and 3

- The final two stages will go beyond the SSDF project, with NZDF funding remaining parts of the project through their operational budget. The second stage will deliver the electrical upgrades required to Burnham's internal and external networks.
 - The third and final stage includes upgrading the remaining buildings from 2027/28, which will enable the coal boiler to be shut down in 2028/29. Once the final project is complete, the total carbon abatement of 4,860 TCO₂e will be realised.
20. NZDF also considered requesting further SSD Funding support to deliver the coal boiler replacement in its entirety by June 2025. However due to the operational impact on NZ Army as well as the electrical upgrades not being complete by then, they believe this is not viable. Due to these reasons, EECA advises against allocating further funding for this project from the SSDF. EECA's view is that SSDF Funding would be better spent on removing the three remaining coal boilers at Defence (refer paragraph 15) as these projects have a greater chance of being successfully delivered before June 2025.

Future opportunities to support State Sector decarbonisation

21. To date, the SSDF has provided the primary source of co-funding to support agencies emissions reductions requirements under the CNGP. This funding has bridged the financial gap between capital cost of equipment replacements with low emissions alternatives.
22. Despite the significant investment to date, stationary energy emissions continue to constitute a significant portion of emissions across the State sector, as shown in the Tranche 1 CNGP emissions reporting, due to be presented to Ministers ahead of the upcoming March CNGP Ministers meeting.



Update on electric vehicle leasing

28. Budget 2021 included \$41.792 million increase in operational funding over four years for EECA, mainly to support State sector fleet optimisation and the leasing of electric vehicles but also to support delivery of the CNGP.
29. Since Tranche 13, EECA has agreed to support four more leasing project(s) (leased vehicles and associated charging infrastructure):
 - i) **\$0.060 million for Agresearch** to lease 2 electric vehicles and install charging infrastructure (2 chargers).
 - ii) **\$0.110 million for Te Pukenga – Wintec** to lease 4 electric vehicles and install charging infrastructure (5 chargers).
 - iii) **\$0.666 million for Te Whatu Ora – Tairāwhiti** to lease 37 electric vehicles and install charging infrastructure (20 chargers).
 - iv) **\$2.202 million for Ministry of Education** to lease 78 electric vehicles and install charging infrastructure (78 chargers).
30. To date (including the \$3.038 million above), we have committed \$9.195 million of the \$41.792 million to 22 leasing projects, with a further \$0.591 million funding to 25 fleet optimisation plans, charging assessments and fleet audits.

31. We will provide updates on further leasing projects in future Tranche drawdown briefings.

Table One – Summary of projects to which funding has been committed (Tranche One to Tranche Thirteen)

Notional Allocation	Organisation	Tranche	Location	Project	Project cost	SSD Funding	Co-funding	Ten-year emissions reduction	Estimated breakeven cost of abatement	Project status
Health	Te Whatu Ora - Waitaha Canterbury	1	Ashburton Hospital	Coal boiler replacement	6,000	2,400	40%	23,850	109	Project underway
	Te Whatu Ora - Waitaha Canterbury	1	Hillmorton Hospital, Christchurch	Green Star sustainability rating	2,800	2,800	100%	0	N/A	Project underway
	Te Whatu Ora - Lakes	2	Taupo Hospital	Chiller replacement	0.184	0.092	50%	340	394	Chillers replaced
	Te Whatu Ora - Te Pae Hauora o Ruahine o Taranaki MidCentral	2	Palmerston North Hospital	Chiller replacement	0.350	0.175	50%	3,050	52	Chiller replaced
	Te Whatu Ora - Counties Manukau	3	Middlemore Hospital, Auckland	Lighting replacement	0.367	0.147	40%	420	-130	Project underway
	Te Whatu Ora - Southern	3	Kew Hospital, Invercargill	Chiller replacement	0.800	0.320	40%	1,500	388	Chiller replaced
	Te Whatu Ora - Taranaki	3	Renal Unit at Taranaki Base Hospital, New Plymouth	Energy efficiency improvement	0.960	0.200	21%	300	2,283	Project underway
	Te Whatu Ora - Te Toka Tumai Auckland	4	Building 32, Auckland City Hospital	Lighting upgrade	0.430	0.172	40%	355	131	Lighting installed
	Te Whatu Ora - Te Matau a Maui Hawke's Bay	4	Information Services server room at Hawke's Bay Hospital, Hastings	Replace process cooler unit	0.125	0.050	40%	45	1,429	Cooler unit replaced
	Te Whatu Ora - Te Matau a Maui Hawke's Bay	4	Villa 6 Outpatients Facility at Hawke's Bay Hospital, Hastings	Replace and upgrade air conditioning units	0.032	0.013	40%	21	423	Air conditioning installed
	Te Whatu Ora - Taranaki	4	Acute Services at Taranaki Base Hospital, New Plymouth	Natural gas boiler replacement	2,700	1,080	40%	10,040	138	Project design
	Te Whatu Ora - Waikato	4	Hague Road Carpark, Waikato Hospital, Hamilton	Lighting upgrade	0.134	0.058	43%	127	9	Lighting installed
	Te Whatu Ora - Waitaha Canterbury	6	Christchurch Women's Hospital	Lighting upgrade	0.409	0.204	50%	342	124	Project underway
	Te Whatu Ora - Capital, Coast & Hutt Valley	6	Across CCDHB sites	Lighting upgrade	2,739	1,096	40%	1,895	307	Project underway
	Te Whatu Ora - Waikato	6	Meade Clinical Centre, Waikato Hospital, Hamilton	Lighting upgrade	0.300	0.120	40%	332	-102	Lighting installed
	Te Whatu Ora - Te Toka Tumai Auckland	7	Building A32, Auckland City Hospital	Lighting upgrade	8,125	2,031	25%	4,813	496	Project underway
	Te Whatu Ora - Counties Manukau	7	Manukau Health Park	Chiller replacement	0.915	0.366	40%	3,991	144	Project underway
	Te Whatu Ora - Nelson Marlborough	7	Wairau Hospital, Blenheim	Lighting upgrade	0.167	0.067	40%	254	-296	Lighting installed
	Te Whatu Ora - Southern	7	Dunedin Energy Centre	Coal boiler (3) replacements	1,200	1,200	100%	147,740	-7	Awaiting Ministerial announcement
	Te Whatu Ora - Southern	7	Tokanui Medical Centre	Diesel boiler replacement	0.075	0.030	40%	83	162	Project underway

	Te Whatu Ora - Capital, Coast & Hutt Valley	8	Main Hospital building at Wellington Hospital	Heat recovery project	0.912	0.365	40%	3,810	121	Project underway
	Te Whatu Ora - Te Pae Hauora o Ruahine o Tairāia MidCentral	8	Palmerston North Hospital	Lighting upgrade	0.191	0.048	25%	65	1,456	Lighting installed
	Te Whatu Ora - Southern	8	Mental Health Unit at Dunstan Hospital	Diesel boiler replacement	0.3	0.120	40%	323	176	Project underway
	Te Whatu Ora - Waitaha Canterbury	10	Christchurch Hospital	Energy efficiency water cooling project	0.15	0.060	40%	150	-720	Project underway
	Te Whatu Ora - Capital, Coast & Hutt Valley	10	Hutt Hospital	LED lighting installation at Hutt Hospital	3.118	0.780	25%	2080	351	Project underway
	Te Whatu Ora - Lakes	11	Rotorua hospital	LED lighting upgrade	0.25	0.063	25%	169	341	Awaiting Ministerial announcement
	Te Whatu Ora - Capital, Coast & Hutt Valley	11	Total Energy Towers	DCI water treatment system	0.36	0.144	40%	187	1505	Awaiting Ministerial announcement
	Te Whatu Ora - Hauora a Toi Bay of Plenty	11	Tauranga Hospital	LED lighting upgrade	0.101	0.025	25%	104	-78	Awaiting Ministerial announcement
	Te Whatu Ora - Southern	11	Dunedin energy centre	Coal Boiler replacement (Tranche 7 top up)	1	1.000	100%	0	0	Awaiting Ministerial announcement
	Te Whatu Ora - Te Tai Tokerau	11	Whangarei Hospital	Gas boiler (2) replacement	0.975	0.390	40%	1100	481	Awaiting Ministerial announcement
	Te Whatu Ora	12	Multiple	Coal boiler replacements (11)	12.000	12.000	100%	56020	103	Awaiting Ministerial announcement
	Te Whatu Ora - Tairāwhiti	12	Gisborne hospital	Gas boiler replacement	5.000	3.000	60%	18700	192	Awaiting Ministerial announcement
	Te Whatu Ora - Counties Manukau	12	Middlemore hospital	Heat recovery project	2.715	1.086	40%	18660	69	Awaiting Ministerial announcement
Total					65.884	\$1,702		300,886	69	
Primary/Secondary Schools	Ministry of Education	9	All remaining schools (approx. 60)	Coal boiler replacements	20.000	10.000	50%	35,400	395	Site visits underway
	Ministry of Education	Multiple	Up to approximately 120 schools	Coal boiler replacements	54.840	54.840	100%	70,800	395	Site visits underway
Total					74.840	64,840		106,200	396	
	Inland Revenue Department	2	Fleet electrification	Electric vehicles (33) & charging infrastructure	2.000	1.015	51%	570	1,181	Project complete
	Te Whatu Ora - Te Pae Hauora o Ruahine o Tairāia MidCentral	2	Fleet electrification	Electric vehicle & charging infrastructure	0.073	0.041	56%	15	1,785	Project complete
	Accident Compensation Corporation	4	Fleet electrification	Electric vehicles (25) & charging infrastructure	1.517	0.758	50%	350	1,547	Project complete
	Department of Conservation	4	Fleet electrification	Electric vehicles (30) & charging infrastructure	2.079	1.039	50%	1,369	299	Project complete
	Statistics New Zealand	4	Fleet electrification	Electric vehicles (4)	0.216	0.108	50%	78	845	Project complete
Fleet	Te Puni Kōkiri	4	Fleet electrification	Electric vehicles (16) & charging infrastructure	1.005	0.493	50%	363	851	Project complete
	Te Whatu Ora - Te Matau a Maui Hawke's Bay	4	Fleet electrification	Electric vehicle (1) & charging infrastructure	0.062	0.029	47%	36	390	Project complete
	Department of Conservation	5	Fleet electrification	Electric vehicles (98) & charging infrastructure	6.411	3.206	50%	3,530	652	Project complete
	Kāinga Ora	5	Fleet electrification	Electric vehicles (40) & charging infrastructure	2.260	1.126	50%	860	790	Project complete
	Ministry of Education	5	Fleet electrification	Electric vehicles (3) & charging infrastructure	0.169	0.084	50%	64	796	Project complete

New Zealand Defence Force	5	Fleet electrification	Electric vehicles (32) & charging infrastructure	2,363	0.983	42%	1,050	623	Vehicles in delivery
Scion	5	Fleet electrification	Electric vehicles (3) & charging infrastructure	0.200	0.096	48%	65	990	Project complete
Te Whatu Ora - Te Tai Tokerau	5	Fleet electrification	Electric vehicles (150) & charging infrastructure	8,613	4,306	50%	3,840	620	68 vehicles delivered. Chargers installed
Te Whatu Ora - Waitemata	6	Fleet electrification	Electric vehicles (10) & charging infrastructure	0.316	0.158	50%	124	793	Project design
Ministry of Primary Industries	7	Fleet electrification	Electric vehicles (52) and charging infrastructure	3,260	1,553	48%	1,001	1,069	49 vehicles ordered
Waitemata District Health Board	7	Fleet electrification	Electric vehicles (62) & charging infrastructure	3,417	1,708	50%	1,131	965	Vehicles delivered
Western Institute of Technology	7	Fleet electrification	Electric vehicles (3) & charging infrastructure	0.242	0.105	43%	101	687	Project complete
Department of Corrections	8	Fleet electrification	Electric vehicles (24) & charging infrastructure	1,424	0.676	47%	362	1,370	Project complete
Kāinga Ora	8	Fleet electrification	Electric vehicles (28) & charging infrastructure	1,993	0.921	50%	416	1,797	Project complete
Ministry of Social Development	8	Fleet electrification	Electric vehicles (2) and charging infrastructure	0.093	0.046	50%	56	358	Project complete
New Zealand Police	8	Fleet electrification	Electric vehicles (45) & charging infrastructure	3.4	1.700	50%	1,761	481	20 vehicles delivered
Te Whatu Ora - Waikaranga	8	Fleet electrification	Electric vehicles (2)	0.089	0.045	50%	47	469	Project complete
Lincoln University	8	Fleet electrification	Electric vehicles (2) & charging infrastructure	0.115	0.057	50%	59	486	Project complete
Te Whatu Ora - Hauora a Toi Bay of Plenty	8	Fleet electrification	Electric vehicles (20) & charging infrastructure	1,261	0.631	50%	878	262	Project complete
Kāinga Ora	9	Fleet electrification	Electric vehicles (141) & charging infrastructure	8,696	3,787	44%	2,999	911	Vehicles in delivery
Landcare Research NZ	9	Fleet electrification	Electric vehicles (2) & charging infrastructure	0.113	0.056	50%	45	736	Vehicles in delivery
Ministry of Social Development	9	Fleet electrification	Electric vehicles (109) and charging infrastructure	7,489	3,370	45%	1,688	1,891	First vehicles arrived
Television New Zealand	9	Fleet electrification	Electric vehicles (2) & charging infrastructure	0.114	0.057	50%	69	356	Project complete
WorkSafe New Zealand	9	Fleet electrification	Electric vehicles (18) & charging infrastructure	1,163	0.561	48%	400	914	Project complete
Department of Internal Affairs	10	Fleet electrification	Electric vehicles (48) & charging infrastructure	3,126	1,467	47%	709	1,580	Project underway
Canterbury District Health Board	10	Fleet electrification	Electric vehicles (27) & charging infrastructure	1,589	0.789	50%	1,007	325	Project underway
NIWA	10	Fleet electrification	Electric vehicles (2) & charging infrastructure	0.133	0.066	50%	43	992	Project complete
New Zealand Lotteries Commission	10	Fleet electrification	Electric vehicles (1) & charging infrastructure	0.057	0.029	50%	10	2172	Project complete
Callaghan Innovation	10	Fleet electrification	Electric vehicles (5) & charging infrastructure	0.325	0.163	50%	61	1,988	Vehicles in delivery
Education Review Office	10	Fleet electrification	Electric vehicles (5) & charging infrastructure	0.270	0.135	50%	101	811	Vehicles in delivery
Department of Corrections	11	Fleet electrification	Electric vehicles (21) & charging infrastructure	1,329	0.581	50%	540	509	Awaiting Ministerial announcement
Te Whatu Ora - Hauora a Toi Bay of Plenty	11	Fleet electrification	Electric vehicles (60) & charging infrastructure	4,103	2,023	49%	1,798	823	Awaiting Ministerial announcement

	Te Whatu Ora - Te Toka Tūmā Auckland	13	Fleet electrification	Electric vehicles (40) & charging infrastructure	2,510	1,255	50%	693	1231	Awaiting Ministerial announcement
Total					78,515	38,223		28,288	853	
Tertiary Education	Auckland University of Technology	2	WB Building, Auckland	Natural gas boiler/chiller replacement	2,812	1,125	40%	4,010	378	Project underway
	Auckland University of Technology	2	WB Building, Auckland	Lighting upgrade	0.259	0.105	40%	440	-347	Lighting installed
	Auckland University of Technology	2	WC Building, Auckland	Natural gas boiler replacement	0.150	0.060	40%	330	241	Boiler replaced
	University of Canterbury	2	Ilam, Christchurch	Coal boiler replacement	15,600	6,240	40%	90,000	81	Project underway
	Lincoln University	3	Lincoln	Coal boiler replacement	11,440	4,576	40%	45,500	109	Project underway
	University of Auckland	3	Building 201, Auckland	Natural gas boiler replacement	0.625	0.250	40%	530	644	Equipment installed
	Massey University	4	Manawatu Campus Library, Palmerston North	Building improvements	4,762	2,000	42%	3,910	374	Project design
	Southern Institute of Technology	4	Telford College, Balclutha	Coal boiler replacements	0.552	0.276	50%	3,819	65	Boiler replaced
	Victoria University of Wellington	4	Rankine Brown building, Wellington	Lighting upgrade	0.436	0.175	40%	746	-351	Lighting installed
	Lincoln University	6	Lincoln	Lighting upgrade	0.496	0.198	40%	430	86	Lighting installed
	University of Canterbury	6	Ilam, Christchurch	Boiler replacement (expanding the scope of a Tranche Two project)	5,400	2,160	40%	20,000	134	Project underway
	University of Waikato	6	Field, court and campus, Hamilton	Lighting upgrade	0.308	0.154	50%	171	591	Lighting installed
	University of Otago	7	Araua College, Dunedin	Coal boiler replacement	0.561	0.224	40%	7,175	28	Project underway
	University of Waikato	7	Hamilton	Chiller replacement	0.220	0.100	45%	170	239	Chiller replaced
	Waikato Institute of Technology (Wintec)	7	Hamilton	Lighting upgrade	0.346	0.138	40%	319	34	Lighting installed
	Northland Polytechnic	8	Northland Polytechnic Campus Student village, Hamilton	Lighting upgrade	0.091	0.023	25%	63	305	Lighting installed
	University of Waikato	8	Hamilton	Natural gas boiler replacement	0.176	0.080	46%	86	1,600	Equipment installed
	University of Waikato	10	Hillcrest Campus	Lighting upgrade	1.8	0.450	25%	1618	54	Awaiting Ministerial announcement
	University of Waikato	10	Hillcrest Campus	Gas boiler replacement	2.15	0.860	40%	4100	290	Awaiting Ministerial announcement
	Victoria University of Wellington	13	Kelburn Campus	Lighting upgrade	0.501	0.125	25%	670	-226	Awaiting Ministerial announcement
	Auckland University of Technology	13	WM & WH building	Chiller and boiler replacements	5,800	2,320	40%	4,802	930	Awaiting Ministerial announcement
	Lincoln University	13	Lincoln	Chiller replacements	0.400	0.160	40%	159	1848	Awaiting Ministerial announcement
	Lincoln University	13	NZ BioTron	Lighting upgrade	0.192	0.048	25%	126	358	Awaiting Ministerial announcement
	Massey University	13	Albany - Library	Gas boiler replacement	1.335	0.534	40%	749	980	Awaiting Ministerial announcement
	Southern Institute of Technology	13	Invercargill	Coal boiler replacement	2,203	1,322	60%	3,680	544	Awaiting Ministerial announcement
	Southern Institute of Technology	13	Invercargill	Lighting upgrade	0.200	0.050	25%	313	-309	Awaiting Ministerial announcement

Table Two – Summary of recommended Tranche Fourteen Projects

Sector	Organisation	Project Type	Total Project Cost (\$M)	Recommended draw-down (\$M)	Ten-year carbon emissions reductions (tonnes)	Per annum emissions reductions	Estimated project breakeven cost of abatement (\$/tCO ₂ -e)
Health	Te Whatu Ora	Multiple	99,000	38,000	230,000	23,000.0	165
	Te Whatu Ora - Canterbury	25 EVs & charging infrastructure	1,507	0.753	831	83.1	480
	Te Whatu Ora - Whanganui	24 EVs & charging infrastructure	1,579	0.790	838	83.8	461
	Massey University	Gas Boiler replacements (18)	6,931	2,772	540.4	540.4	838
	Massey University	Chiller replacement	1,290	0.516	512	51.2	134
Tertiary	Massey University	LED Upgrade	0.459	0.115	44.0	44.0	1
	Victoria University	Gas Boiler Replacement	0.280	0.112	148.7	148.7	668
	University of Canterbury	Coal Boiler replacement	9,000	4,500	950.9	950.9	471
	Lincoln University	Chiller replacements (3)	0.499	0.200	144.1	144.1	238
	Lincoln University	LED Upgrade	0.042	0.010	86	8.6	-425
	University of Otago	Coal Boiler Replacement	0.306	0.122	420	42.0	389
	University of Otago	LED Lighting	0.937	0.234	417	41.7	926
	Ministry of Business, Innovation and Employment	35 EVs & charging infrastructure	2,163	1,082	478	47.8	1,631
	Department of Internal Affairs	LED Upgrade	1,137	0.284	152.4	152.4	-227
	AgResearch	Chiller replacements (3)	0.259	0.104	802	80.2	219
Central Government (public service)	GNS Science	LED Upgrade	0.085	0.021	127	12.7	-290
	Te Papa	4 EVs & charging infrastructure	0.202	0.092	66	6.6	1,184
	Lotteries NZ	6 EVs & charging infrastructure	0.397	0.195	234	23.4	435
	NIWA	2 EVs & charging infrastructure	0.151	0.070	58	5.8	766
Total/Average	-	-	126,234	49,972	254,674	25,467.4	62.6

State Sector Decarbonisation Fund

Monthly Report

As at 31 March 2023

Document 4. SSDF March Monthly Report



Overview

This report provides the Minister of Finance, the Minister for Climate Change and the Associate Minister of Finance with an update on progress under the Government's \$219.54m* State Sector Decarbonisation (SSD) Fund.

*of which \$0.58m has been allocated to the Ministry for the Environment, leaving EECA responsible for \$218.96m.

Recent Activity

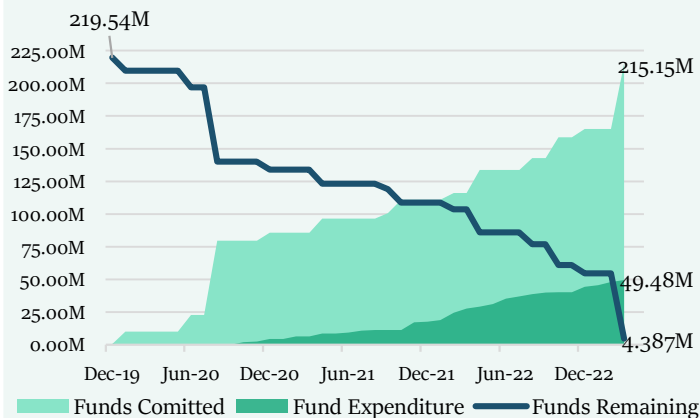
- Tranche 14 project approval briefing has been approved by Ministers. This tranche includes projects to the value of \$49.972 million, with associated emissions reductions of 254,674 tonnes over ten years.
- There will be \$4.387 million SSDF remaining

9(2)(f)iv

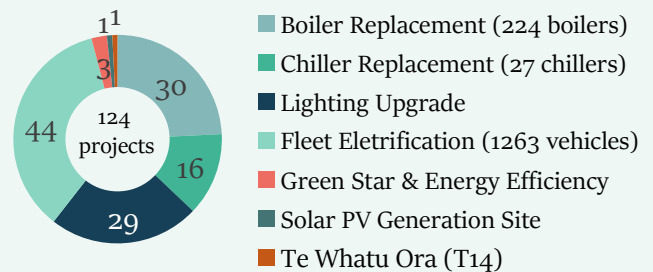
Potential Risks

- No additional projects are at risk of delivery since the February update.
- NZDF's Burnham coal boiler replacement project was addressed in the Tranche 14 briefing paper where Ministers were advised of new timelines for the project. The project will now be completed in 3 stages, pushing the final completion date back to 2029. Stage 1 will deliver 23.3% (1,132T p.a.) of the emissions by 30 June 2025. The remaining emissions reductions will be realised once the project has been completed.

Funding Allocation to Date



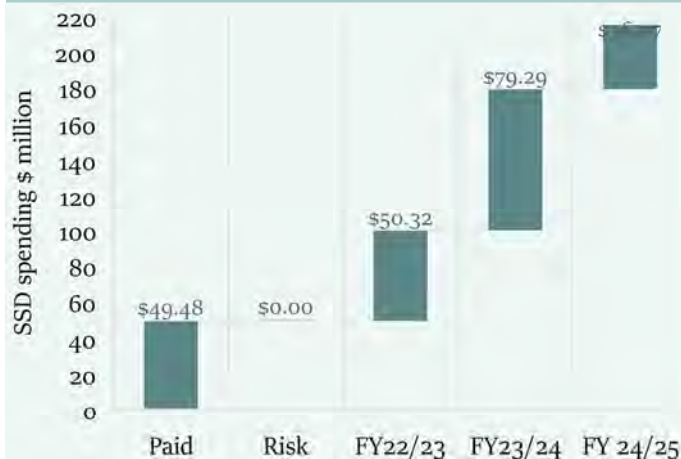
Number of Projects by Type



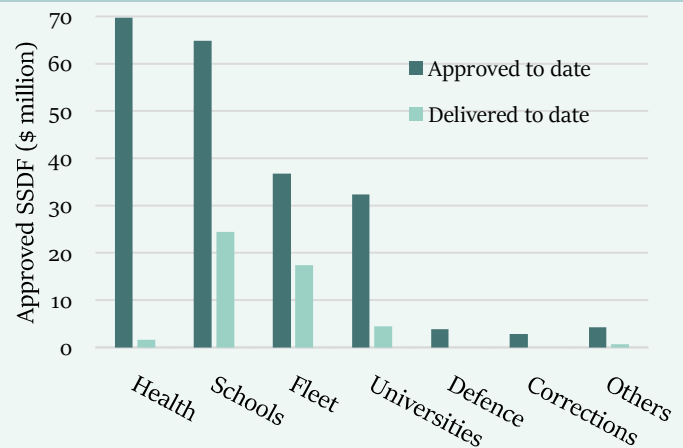
Committed CO2 Reductions:
94,569 tonnes p.a.

Delivered CO2 Reductions:
6,473 tonnes p.a.

SSDF Financial Milestones by Status



Funding Approved to Date by Sector



SSD Fund Emissions Savings by Project Status (10 yr t CO₂)



Appendix One: State Sector Decarbonisation Fund (SSDF) spend profile by Vote as of 31 March 2023

Vote	SSD Funding	Total funding paid out to date	Percentage of funding allocated spent	Overdue	Forecast Spend 2022/23	Forecast Spend 2023/24	Forecast Spend 2024/25
Education	64.924M	24.534M	38%	0.000M	21.739M	13.414M	5.237M
Business, Science, and Innovation*	41.836M	9.829M	23%	0.000M	8.919M	17.061M	6.027M
Health	82.231M	4.446M	5%	0.000M	11.846M	47.807M	18.132M
Conservation	4.245M	4.245M	100%	0.000M	0.000M	0.000M	0.000M
Defence Force	4.823M	0.459M	10%	0.000M	0.262M	0.262M	3.840M
Corrections	4.086M	0.676M	17%	0.000M	0.581M	0.000M	2.829M
Social Development	3.416M	1.094M	32%	0.000M	2.322M	0.000M	0.000M
Police	2.080M	0.644M	31%	0.000M	1.056M	0.380M	0.000M
Agriculture, Biosecurity, Fisheries, and Food Safety	1.553M	0.070M	5%	0.000M	1.406M	0.077M	0.000M
Parliamentary Service	1.290M	0.650M	50%	0.000M	0.640M	0.000M	0.000M
Revenue	1.015M	1.015M	100%	0.000M	0.000M	0.000M	0.000M
Maori Development	0.493M	0.493M	100%	0.000M	0.000M	0.000M	0.000M
Statistics	0.108M	0.108M	100%	0.000M	0.000M	0.000M	0.000M
Labour Market	0.561M	0.561M	100%	0.000M	0.000M	0.000M	0.000M
Education Review Office	0.135M	0.000M	0%	0.000M	0.135M	0.000M	0.000M
Internal Affairs	1.771M	0.075M	4%	0.000M	1.412M	0.284M	0.000M
CNGP Establishment Costs	0.580M	0.580M	0%	0.000M	0.000M	0.000M	0.000M
Adjustments to cover rounding errors (Tranche 6)	0.002M	0.002M	0%	0.000M	0.000M	0.000M	0.000M
Total	215.15M	49.48M	23.00%	0.000M	50.32M	79.29M	36.07M

*these are for Crown entity projects that are spread across portfolios

Appendix Two: State Sector Decarbonisation Fund (SSDF) Resolved At Risk Projects as of 31 March 2023

Organisation	Sector	Location	Project	Date of drawdown approval	Project Cost (\$m)	SSD Funding (\$m)	Co-funding	Original completion date	Project status
NZ Defence Force	Defence Force	Burnham	Coal boiler replacement	16/06/2020	9.600	3.840	40%	26/04/2024	Project schedule revised. Project to be completed in 3 stages between 2023 and 2029. 23.3% of emissions to be delivered by June 30 2025 and the remainder upon project completion.

State Sector Decarbonisation Fund

Monthly Report
As at 30 April 2023

Document 5. SSDF April Monthly Report

Overview

This report provides the Minister of Finance, the Minister for Climate Change and the Associate Minister of Finance with an update on progress under the Government's \$219.54m* State Sector Decarbonisation (SSD) Fund.

*of which \$0.58m has been allocated to the Ministry for the Environment, leaving EECA responsible for \$218.96m.

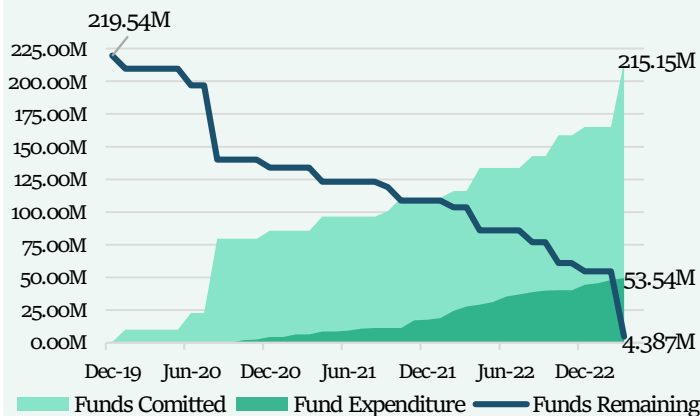
Recent Activity

- Tranche 14 project approval briefing has been approved by Ministers. This tranche includes projects to the value of \$49.972 million, with associated emissions reductions of 254,674 tonnes over ten years.
- There will be \$4.387 million SSDF remaining
- Minister Shaw is announcing the SSDF in Middlemore Hospital on Wednesday the 3rd of May
- Ministers to discuss the CNGP IU Stocktake report on the 3rd of May

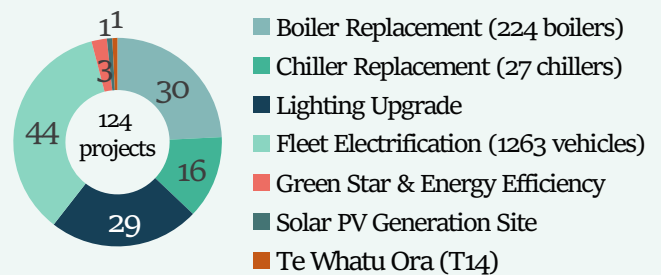
Potential Risks

- No additional projects are at risk of delivery since the March update.

Funding Allocation to Date



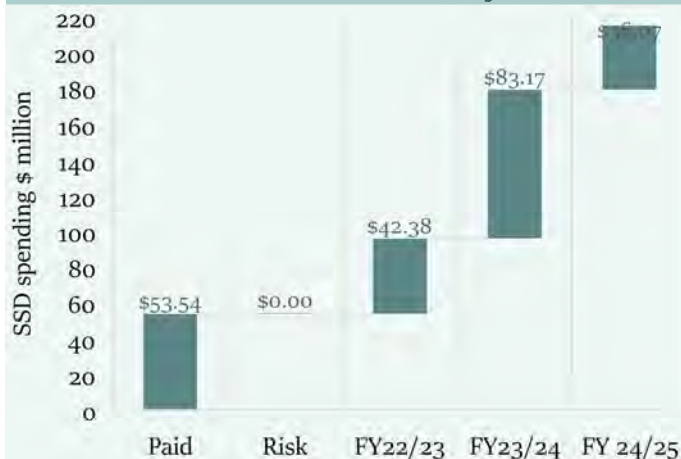
Number of Projects by Type



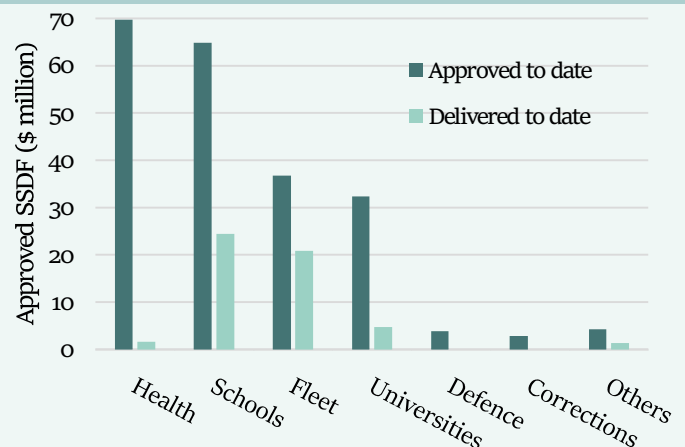
Committed CO2 Reductions:
94,569 tonnes p.a.

Delivered CO2 Reductions:
6,691 tonnes p.a.

SSDF Financial Milestones by Status



Funding Approved to Date by Sector



SSD Fund Emissions Savings by Project Status (10 yr t CO₂)



Appendix One: State Sector Decarbonisation Fund (SSDF) spend profile by Vote as of 30 April 2023

Vote	SSD Funding	Total funding paid out to date	Percentage of funding allocated spent	Overdue	Forecast Spend 2022/23	Forecast Spend 2023/24	Forecast Spend 2024/25
Education	64.924M	24.534M	38%	0.000M	21.739M	13.414M	5.237M
Business, Science, and Innovation*	41.836M	10.993M	26%	0.000M	3.473M	21.344M	6.027M
Health	82.231M	5.406M	7%	0.000M	11.286M	47.407M	18.132M
Conservation	4.245M	4.245M	100%	0.000M	0.000M	0.000M	0.000M
Defence Force	4.823M	0.721M	15%	0.000M	0.000M	0.262M	3.840M
Corrections	4.086M	0.676M	17%	0.000M	0.581M	0.000M	2.829M
Social Development	3.416M	1.094M	32%	0.000M	2.322M	0.000M	0.000M
Police	2.080M	1.538M	74%	0.000M	0.162M	0.380M	0.000M
Agriculture, Biosecurity, Fisheries, and Food Safety	1.553M	0.070M	5%	0.000M	1.406M	0.077M	0.000M
Parliamentary Service	1.290M	1.290M	100%	0.000M	0.000M	0.000M	0.000M
Revenue	1.015M	1.015M	100%	0.000M	0.000M	0.000M	0.000M
Māori Development	0.493M	0.493M	100%	0.000M	0.000M	0.000M	0.000M
Statistics	0.108M	0.108M	100%	0.000M	0.000M	0.000M	0.000M
Labour Market	0.561M	0.561M	100%	0.000M	0.000M	0.000M	0.000M
Education Review Office	0.135M	0.135M	100%	0.000M	0.000M	0.000M	0.000M
Internal Affairs	1.771M	0.075M	4%	0.000M	1.412M	0.284M	0.000M
CNGP Establishment Costs	0.580M	0.580M	0%	0.000M	0.000M	0.000M	0.000M
Adjustments to cover rounding errors (Tranche 6)	0.002M	0.002M	0%	0.000M	0.000M	0.000M	0.000M
Total	215.149M	53.536M	24.88%	0.000M	42.381M	83.168M	36.065M

*These are for Crown entity projects that are spread across portfolios

State Sector Decarbonisation Fund

Monthly Report
As of 31 May 2023

Document 6.
SSDF May Monthly Report



Overview

This report provides the Minister of Finance, the Minister for Climate Change and the Associate Minister of Finance with an update on progress under the Government's \$219.54m* State Sector Decarbonisation (SSD) Fund.

*of which \$0.58m has been allocated to the Ministry for the Environment, leaving EECA responsible for \$218.96m.

Recent Activity

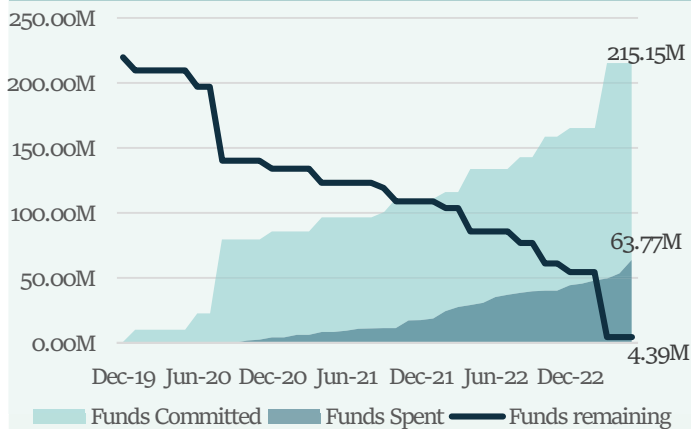
- EECA is confident that the remaining \$4.387 million in the SSDF will be utilised [REDACTED]

9(2)(f)(iv)

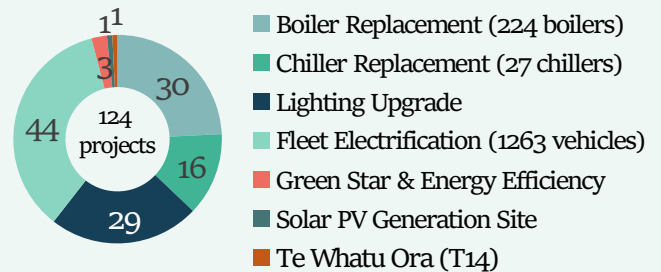
Potential Risks

- No additional projects are at risk of delivery since the March update.

Funding Allocation to Date



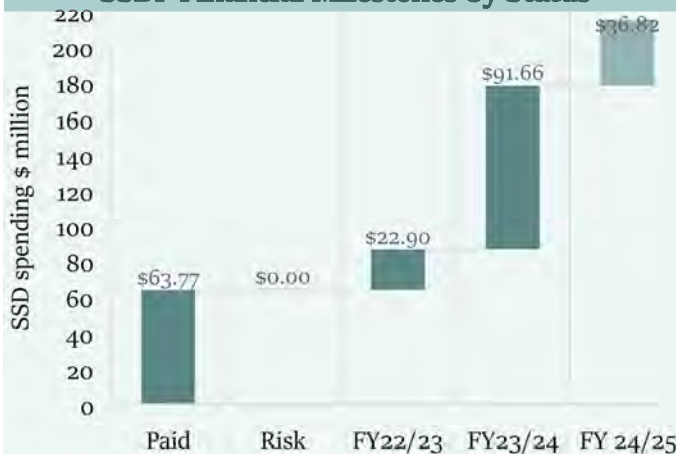
Number of Projects by Type



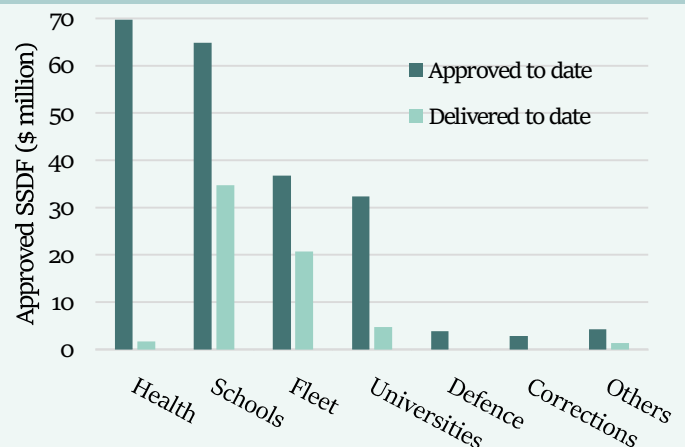
Committed CO2 Reductions:
94,569 tonnes p.a.

Delivered CO2 Reductions:
8,302 tonnes p.a.

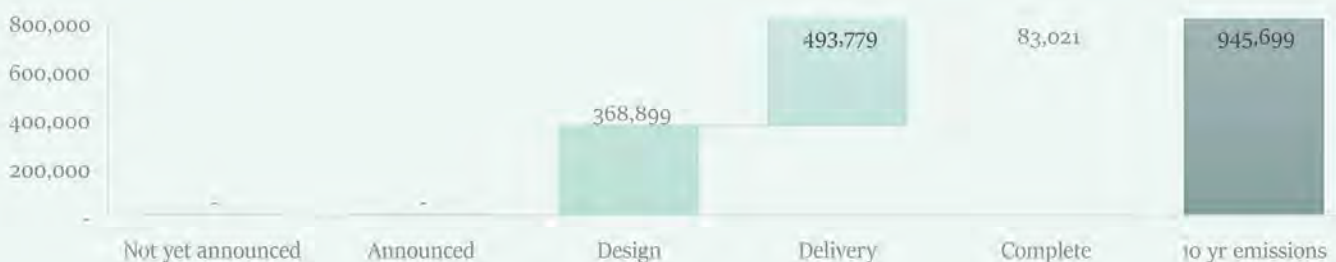
SSDF Financial Milestones by Status



Funding Approved to Date by Sector



SSD Fund Emissions Savings by Project Status (10 yr t CO₂)



Appendix One: State Sector Decarbonisation Fund (SSDF) spend profile by Vote as of 31 May 2023

Vote	SSD Funding	Total funding paid out to date	Percentage of funding allocated spent	Overdue	Forecast Spend 2022/23	Forecast Spend 2023/24	Forecast Spend 2024/25
Education	64.924M	34.815M	54%	0.000M	11.457M	13.414M	5.237M
Business, Science, and Innovation*	41.836M	11.156M	27%	0.000M	0.050M	24.228M	6.403M
Health	82.231M	5.196M	6%	0.000M	5.509M	34.869M	36.657M
Conservation	4.245M	4.245M	100%	0.000M	0.000M	0.000M	0.000M
Defence Force	4.823M	0.721M	15%	0.000M	0.000M	0.262M	3.840M
Corrections	4.086M	0.676M	17%	0.000M	0.581M	0.000M	2.829M
Social Development	3.416M	1.094M	32%	0.000M	2.322M	0.000M	0.000M
Police	2.080M	1.538M	74%	0.000M	0.162M	0.380M	0.000M
Agriculture, Biosecurity, Fisheries, and Food Safety	1.553M	0.070M	5%	0.000M	1.406M	0.077M	0.000M
Parliamentary Service	1.290M	1.290M	100%	0.000M	0.000M	0.000M	0.000M
Revenue	1.015M	1.015M	100%	0.000M	0.000M	0.000M	0.000M
Māori Development	0.493M	0.493M	100%	0.000M	0.000M	0.000M	0.000M
Statistics	0.108M	0.108M	100%	0.000M	0.000M	0.000M	0.000M
Labour Market	0.561M	0.561M	100%	0.000M	0.000M	0.000M	0.000M
Education Review Office	0.135M	0.135M	100%	0.000M	0.000M	0.000M	0.000M
Internal Affairs	1.771M	0.075M	4%	0.000M	1.412M	0.284M	0.000M
CNGP Establishment Costs	0.580M	0.580M	100%	0.000M	0.000M	0.000M	0.000M
Adjustments to cover rounding errors (Tranche 6)	0.002M	0.002M	100%	0.000M	0.000M	0.000M	0.000M
Total	215.149M	63.770M	29.64%	0.000M	22.899M	73.514M	54.966M

*These are for Crown entity projects that are spread across portfolios

State Sector Decarbonisation Fund

Monthly Report
As of 30 June 2023

Document 7.
SSDF June Monthly Report

Overview

This report provides the Minister of Finance, the Minister for Climate Change and the Associate Minister of Finance with an update on progress under the Government's \$219.54m* State Sector Decarbonisation (SSD) Fund.

*of which \$0.58m has been allocated to the Ministry for the Environment, leaving EECA responsible for \$218.96m.

9(2)(f)(iv)

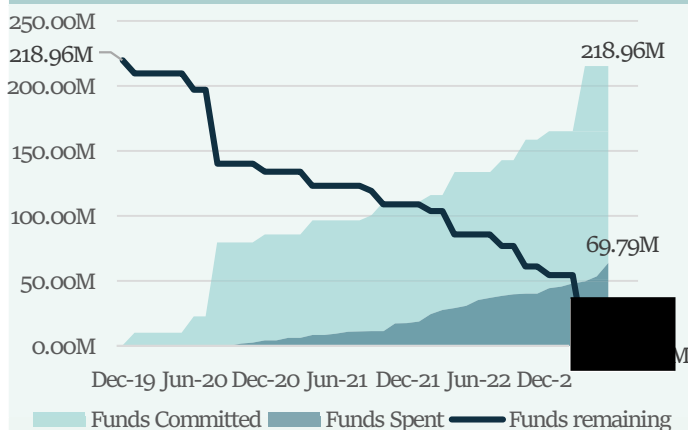
Recent Activity

- [REDACTED]
- [REDACTED] EECA is undergoing a stocktake of the SSDF delivery to provide insights into the performance of the fund and its value for money.

Potential Risks

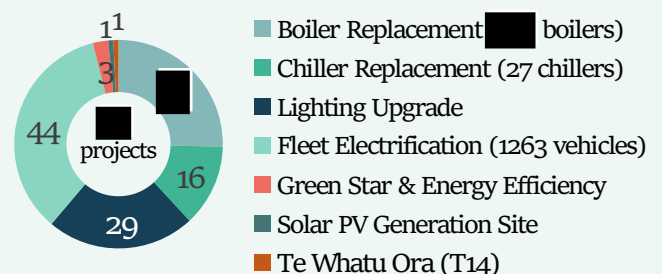
- Two projects have been identified as at risk since the May update.
- Department of Corrections have faced delays in their Tranche 7 coal boiler replacement project at Invercargill Prison. This is now due to reallocation/reprioritisation of capital funding.
- Te Whatu Ora Capital Coast have faced unforeseen technical issues which has put delivery of their Tranche 11 water treatment system project at risk. Project scope is being re-assessed and we are working to support.

Funding Allocation to Date



Number of Projects by Type

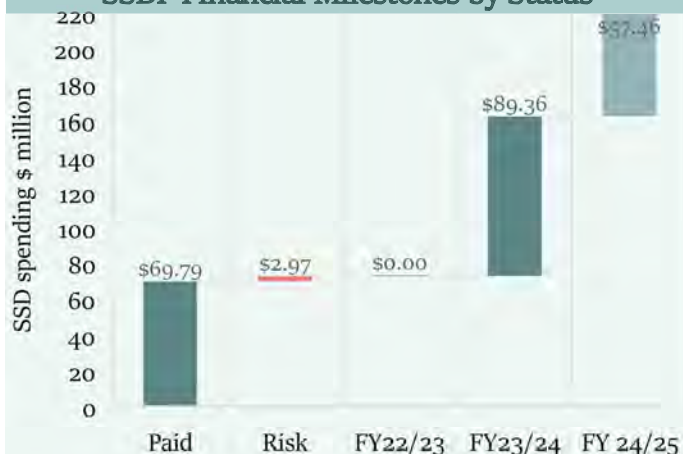
9(2)(f)(iv)



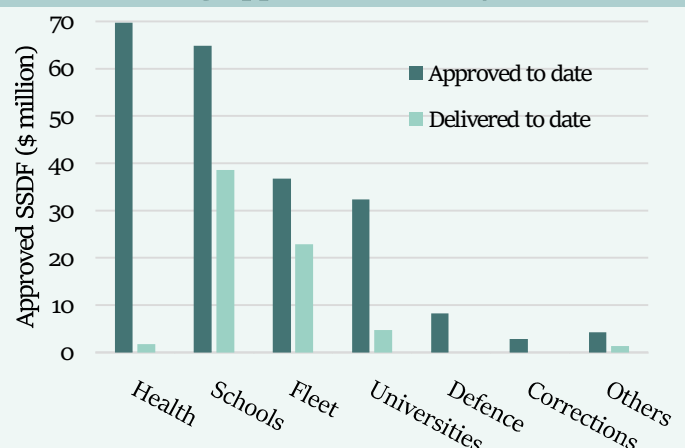
Committed CO2 Reductions:
[REDACTED] tonnes p.a.

Delivered CO2 Reductions:
9,174 tonnes p.a.

SSDF Financial Milestones by Status



Funding Approved to Date by Sector



SSD Fund Emissions Savings by Project Status (10 yr t CO₂)

9(2)(f)(iv)



Appendix One: State Sector Decarbonisation Fund (SSDF) spend profile by Vote as of 30 June 2023

9(2)(f)(iv)

*These are for Crown entity projects that are spread across portfolios

Vote	SSD Funding	Total funding paid out to date	Percentage of funding allocated spent	Overdue	Forecast Spend 2022/23	Forecast Spend 2023/24	Forecast Spend 2024/25
Education	64.924M	38.668M	60%	0.000M	0.000M	21.019M	5.237M
Business, Science, and Innovation*	41.836M	11.156M	27%	0.000M	0.000M	23.744M	6.937M
Health	82.231M	5.221M	6%	0.144M	0.000M	39.804M	37.062M
Conservation	4.245M	4.245M	100%	0.000M	0.000M	0.000M	0.000M
Corrections	4.086M	1.257M	31%	2.829M	0.000M	0.000M	0.000M
Social Development	3.416M	1.094M	32%	0.000M	0.000M	2.322M	0.000M
Police	2.080M	1.700M	82%	0.000M	0.000M	0.380M	0.000M
Agriculture, Biosecurity, Fisheries, and Food Safety	1.553M	1.474M	95%	0.000M	0.000M	0.079M	0.000M
Parliamentary Service	1.290M	1.290M	100%	0.000M	0.000M	0.000M	0.000M
Revenue	1.015M	1.015M	100%	0.000M	0.000M	0.000M	0.000M
Māori Development	0.493M	0.493M	100%	0.000M	0.000M	0.000M	0.000M
Statistics	0.108M	0.108M	100%	0.000M	0.000M	0.000M	0.000M
Labour Market	0.561M	0.561M	100%	0.000M	0.000M	0.000M	0.000M
Education Review Office	0.135M	0.135M	100%	0.000M	0.000M	0.000M	0.000M
Internal Affairs	1.771M	0.075M	4%	0.000M	0.000M	1.696M	0.000M
CNGP Establishment Costs	0.580M	0.580M	100%	0.000M	0.000M	0.000M	0.000M
Adjustments to cover rounding errors (Tranche 6)	0.002M	0.002M	100%	0.000M	0.000M	0.000M	0.000M
Total							

Appendix Two: State Sector Decarbonisation Fund (SSDF) at risk projects as of 30 June 2023

Organisation	Sector	Location	Project	Date of drawdown approval	Project Cost (\$m)	SSD Funding (\$m)	Co-funding	Project update
Department of Corrections	Corrections	Invercargill Prison	Coal boiler replacement	02/10/2021	4.042	2.829	70%	Department of Corrections have reported delays in their Tranche 7 Invercargill prison coal boiler replacement project due to capital funding being reprioritised.
Te Whatu Ora – Capital, Coast and Hutt Valley	Health	Total Energy Towers	DCI 2+ Water treatment	10/08/2022	0.360	0.144	40%	Te Whatu Ora – Capital, Coast & Hutt Valley have identified technical issues that put their tranche 11 water treatment project at risk of delivery. The project scope is being re-assessed and we are working to support.

State Sector Decarbonisation Fund

Monthly Report

As of 31 July 2023

Document 8.
SSDF July Monthly Report



Overview

This report provides the Minister of Finance, the Minister for Climate Change and the Associate Minister of Finance with an update on progress under the Government's \$219.54m* State Sector Decarbonisation (SSD) Fund.

*of which \$0.58m has been allocated to the Ministry for the Environment, leaving EECA responsible for \$218.96m.

Recent Activity

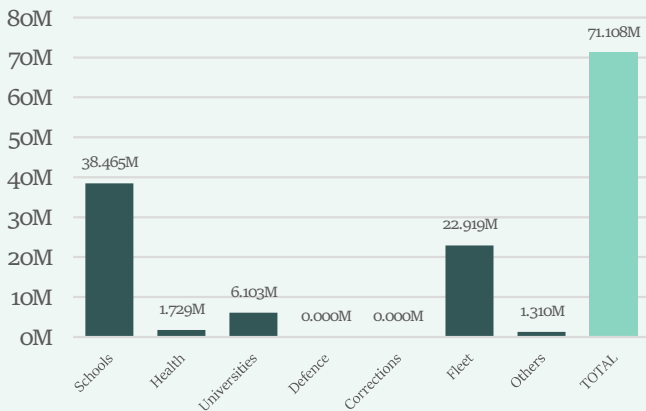
9(2)(f)(iv)

- [REDACTED]
- EECA is undergoing a stocktake of the SSDF delivery to provide insights into the performance of the fund and its value for money.
- The stocktake briefing will be presented to Ministers at the next CNGP meeting scheduled for 29 August.

Potential Risks

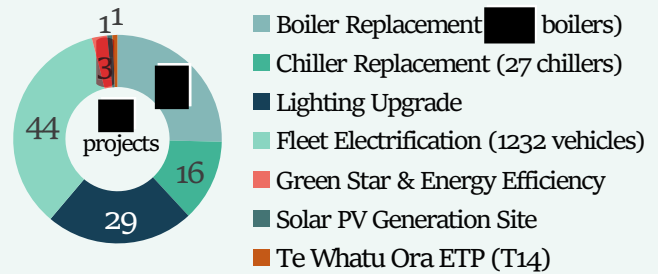
- Two projects remain at risk since the June update.
- Department of Corrections has delays in its Tranche 7 coal boiler replacement project at Invercargill Prison. This is due to reallocation/reprioritisation of capital funding. Awaiting confirmation as to whether funding will be allocated, and project completed before end of 2025.
- Te Whatu Ora Capital, Coast, Hutt Valley has faced unforeseen technical issues which has put delivery of its Tranche 11 water treatment system project at risk. Project scope is being re-assessed.

Funding Spent to Date



Number of Projects by Type

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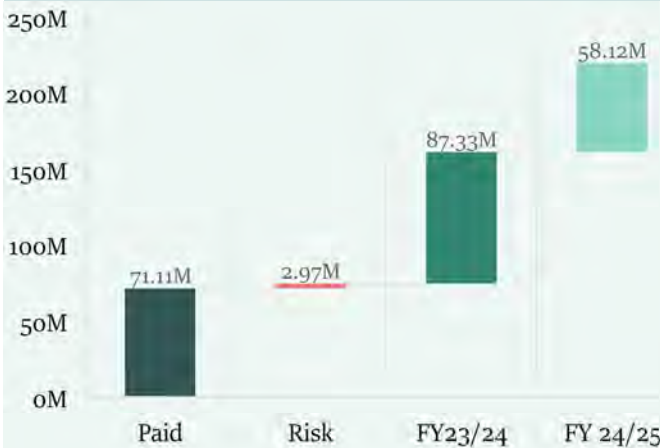
Committed CO2 Reductions:

[REDACTED] tonnes p.a.

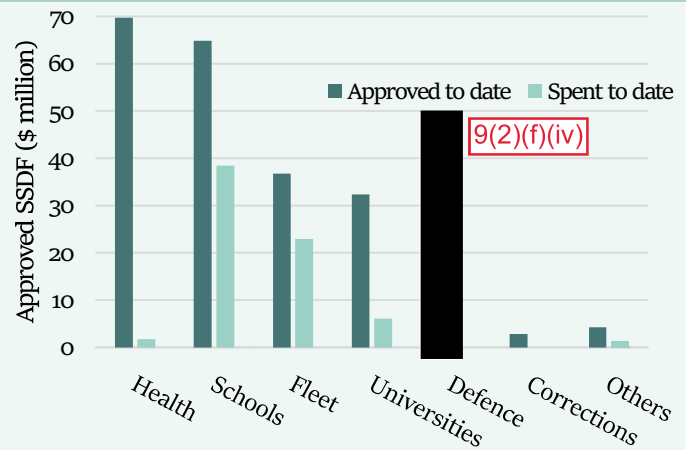
Delivered CO2 Reductions:

8,980 tonnes p.a.

SSDF Financial Milestones by Status



Funding Approved to Date by Sector



SSD Fund Emissions Savings by Project Status (10 yr t CO₂)

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Appendix One: State Sector Decarbonisation Fund (SSDF) spend profile by Vote as of 31 July 2023

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*These are for Crown entity projects that are spread across portfolios

Vote	SSD Funding	Total funding paid out to date	Percentage of funding allocated spent	Overdue	Forecast Spend 2022/23	Forecast Spend 2023/24	Forecast Spend 2024/25
Education	64.924M	38.549M	59%	0.000M	0.000M	21.138M	5.237M
Business, Science, and Innovation*	41.836M	12.588M	30%	0.000M	0.000M	22.312M	6.937M
Health	82.231M	5.221M	6%	0.144M	0.000M	39.146M	37.720M
Conservation	4.245M	4.245M	100%	0.000M	0.000M	0.000M	0.000M
Corrections	4.086M	1.257M	31%	2.829M	0.000M	0.000M	0.000M
Social Development	3.416M	1.094M	32%	0.000M	0.000M	2.322M	0.000M
Police	2.080M	1.700M	82%	0.000M	0.000M	0.380M	0.000M
Agriculture, Biosecurity, Fisheries, and Food Safety	1.553M	1.474M	95%	0.000M	0.000M	0.079M	0.000M
Parliamentary Service	1.290M	1.290M	100%	0.000M	0.000M	0.000M	0.000M
Revenue	1.015M	1.015M	100%	0.000M	0.000M	0.000M	0.000M
Māori Development	0.493M	0.493M	100%	0.000M	0.000M	0.000M	0.000M
Statistics	0.108M	0.108M	100%	0.000M	0.000M	0.000M	0.000M
Labour Market	0.561M	0.561M	100%	0.000M	0.000M	0.000M	0.000M
Education Review Office	0.135M	0.135M	100%	0.000M	0.000M	0.000M	0.000M
Internal Affairs	1.771M	0.075M	4%	0.000M	0.000M	1.696M	0.000M
CNGP Establishment Costs	0.580M	0.580M	100%	0.000M	0.000M	0.000M	0.000M
Adjustments to cover rounding errors (Tranche 6)	0.002M	0.002M	100%	0.000M	0.000M	0.000M	0.000M
Total							

Appendix Two: State Sector Decarbonisation Fund (SSDF) at risk projects as of 31 July 2023

Organisation	Sector	Location	Project	Date of drawdown approval	Project Cost (\$m)	SSD Funding (\$m)	Co-funding	Project update
Department of Corrections	Corrections	Invercargill Prison	Coal boiler replacement	02/10/2021	4.042	2.829	70%	Department of Corrections have reported delays in their Tranche 7 Invercargill prison coal boiler replacement project due to capital funding being reprioritised. Awaiting confirmation as to whether funding will be allocated, and project completed before end of 2025.
Te Whatu Ora – Capital, Coast and Hutt Valley	Health	Total Energy Towers	DCI 2+ Water treatment	10/08/2022	0.360	0.144	40%	Te Whatu Ora – Capital, Coast & Hutt Valley have identified technical issues that put their tranche 11 water treatment project at risk of delivery. The project scope is being re-assessed and we are working to support.

**Relevant Excerpts
from 2023 Fortnightly and Quarterly Reports to the Minister of Energy and Resources**

Contents:

1. Excerpt from EECA's Fortnightly Report to the Minister of Energy and Resources on 24 February 2023
2. Excerpt from EECA's Quarterly Report to the Minister of Energy and Resources for the period 1 January 2023 through 31 March 2023 (Third Quarter 2022/23)
3. Excerpt from EECA's Quarterly Report to the Minister of Energy and Resources for the period 1 April 2023 through 30 June 2023 (Fourth Quarter 2022/23)
4. Excerpt from EECA's Fortnightly Report to the Minister of Energy and Resources on 11 August 2023

1. EECA’s Fortnightly Report to the Minister of Energy and Resources – 24 February 2023

From page 2 of report:

The State Sector Decarbonisation Fund is on track to be fully allocated	
<p>By the end of this financial year, we expect that all \$219.54 million of the State Sector Decarbonisation Fund (SSDF) will be committed to projects. The upcoming SSDF Tranche Fourteen briefing (due to Ministers in March) includes projects to the value of \$49.972 million, with associated emissions reductions of 254,676 tonnes over ten years. Should you approve this funding, there will be \$4.387 million capital remaining in the SSDF tagged contingency.</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<div>9(2)(f)(iv)</div>
<p>The Tranche Fourteen briefing will provide a detailed update on the significant cost overruns at Defence’s Burnham coal boiler project and possible next steps. This will likely require attention from Ministers as the previously awarded SSDF funding will not be sufficient to get this project over the line.</p> <p>As we are close to exhausting the SSDF tagged contingency, the briefing will also include some initial advice on opportunities for extending further support for state sector decarbonisation to continue momentum and support for the Carbon Neutral Government Programme.</p>	

2. **EECA's Quarterly Report to the Minister of Energy and Resources for the period 1 January 2023 through 31 March 2023 (Third Quarter 2022/23)**

From pages 6 and 7 of report:

State Sector Decarbonisation Fund

The \$219 million fund helps decarbonise the State sector, predominantly through the replacement of coal boilers with low-emissions alternatives, with a focus on larger emitters like hospitals, schools, universities, and selected government departments.

15. **Tranche Fourteen projects have been approved by Ministers.** Ministers approved recommendations for \$49.97 million to be invested in nineteen Tranche Fourteen projects to support decarbonisation initiatives across the state sector. Eighteen of the projects will deliver a mix of fleet electrification, coal and natural gas boiler replacements, chiller replacements, and lighting upgrades. The projects will add a further 96 electric vehicles to the government fleet and remove two of the remaining five coal boilers. The nineteenth project sees Te Whatu Ora receiving \$38.0 million in co-funding to set up a stationary energy decarbonisation programme (matched by \$61.0 million from its own budget for the programme). Tranche Fourteen projects are expected to abate over 250,000 tonnes of emissions over a 10-year period. Thirty-eight projects across Tranches Eleven, Twelve, Thirteen, and Fourteen are now ready to be announced. This is expected to take place early in the fourth quarter.

16. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] 9(2)(f)(iv)

3. EECA's Quarterly Report to the Minister of Energy and Resources for the period 1 April 2023 through 30 June 2023 (Fourth Quarter 2022/23)

From pages 5 and 6 of report:

State Sector Decarbonisation Fund (SSDF)

The \$219 million fund helps decarbonise the State sector, predominantly through the replacement of coal boilers with low-emissions alternatives, with a focus on larger emitters like hospitals, schools, universities, and selected government departments.

15. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] 9(2)(f)(iv)

16. **EECA is reviewing how the fund has performed against the overarching objectives.** Work has begun on a stocktake which aims to provide insights into the effectiveness of the fund. We expect this to be completed in late August 2023 for reporting to the overseeing Ministerial Group.

4. EECA's Fortnightly Report to the Minister of Energy and Resources – 11 August 2023

From pages 3 and 4 of report:

State Sector Decarbonisation Fund (SSDF) Project Risks

In the July monthly update to the *State Sector Decarbonisation Fund* (SSDF) Ministers, we reported that there are two projects at risk of delivery. These are the Department of Corrections Invercargill Prison coal boiler replacement project (funded through Tranche 7, announced in October 2021) and Te Whatu Ora water treatment system at Total Energy Towers (funded through Tranche 11, announced in May 2023).

Te Whatu Ora received \$144,000 SSDF funding representing 40% of the total project cost to support the installation of an energy efficient water treatment system at Total Energy Towers (Wellington Regional Hospital) which was estimated to deliver 18.7 tonnes CO₂ reduction per annum. The project can no longer proceed due to insurmountable technical challenges. SSDF Ministers' approval is required to reallocate the funding so we will provide you with a briefing to this effect.

The Corrections coal boiler project received SSDF funding of \$2,829,410 representing 70% of the total project cost of \$4,042,015 and estimated to deliver at least 875 tonnes CO₂ reduction per annum. The project is now facing a significant delivery risk due to Corrections reprioritising the internal capital co-funding required to support the project which is very disappointing. We have engaged with Corrections on this matter and we have no confidence that the project will be completed by 2025, with flow-on impacts on the Government's ambition, under the Carbon Neutral Government Project (CNGP), to replace all State sector coal boilers by this date.

CNGP Ministers meet on 29 August and may wish to discuss this matter with officials. We will look to discuss this matter with you directly ahead of that meeting.