

# Q&A for the Low Emission Transport Fund

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Questions from individual applicants should be referred directly to EECA:

[LETFund@eeeca.govt.nz](mailto:LETFund@eeeca.govt.nz)

## **Why has the Low Emission Transport Fund been created?**

Budget 2021 provided funding to progressively increase the size and scope of the Low Emission Vehicles Contestable Fund (LEVCF) administered by the Energy Efficiency and Conservation Authority (EECA), with the LEVCF being reconfigured into the Low Emission Transport Fund (LETF).

The fund will support an expanded scope for projects to demonstrate and adopt low emission transport technologies, innovations, infrastructure and fuels to decarbonise the New Zealand transport sector.

## **What is the funding increase?**

This initiative progressively increases the size and scope of Low Emission Vehicles Contestable Fund (LEVCF) administered by EECA. It will increase from its current \$6-7 million per year to \$25 million per year by 2023/24, split evenly between Crown funding and levy funding.

Budget 2021 provides \$41.36m of Crown funding over four years to deliver the Crown funding component of this initiative, which will be matched with levies.

## **Why have you increased funding?**

This initiative delivers on the Government's election manifesto commitment to expand the scope and funding for the Low Emission Vehicles Contestable Fund (the LEVCF).

Transport makes up 21% of the country's greenhouse gas emissions, so is therefore a critical area to address. Low emissions infrastructure, technologies, fuels and innovative business models have a vital role to play; this initiative will further increase their uptake.

## **Where is the money coming from?**

The funding will be evenly split between the Crown and the Petroleum or Engine Fuel Monitoring levy. The levy currently supports the Low Emissions Vehicles Contestable Fund (LEVCF). In March this year, Cabinet agreed to increase the cap on levy funding to EECA to allow the collection of up to \$12.5 million per year by 2023/24.

## **Who will be eligible to apply to the fund?**

The Fund will be open to all New Zealand-based and New Zealand-registered legal entities except Public Service Departments, Non-Public Service Departments (such as the New Zealand Defence Force), and Statutory Crown Entities such as District Health Boards.

## **How is the new Low Emission Transport Fund (LETF) different to the Low Emission Vehicles Contestable Fund (LEVCF)?**

This new initiative, the Low Emission Transport Fund (LETF), will still be administered by EECA.

It will have a different scope to the LEVCF, which was launched at a time there were just a handful of electric vehicles in New Zealand. While the LEVCF has successfully delivered projects that prove the case for electrification across the transport sector, the new fund will further support the move to a lower emissions transport sector. Its scope will include demonstration of innovative and replicable low emissions projects, however it will include support for adoption of proven technologies that require further support commercial integration and deployment.

**Why has ‘contestable’ been removed from the fund name?**

The LETF will be able to fund a range of project types, from demonstration of innovative technologies to the acceleration of commercially available technologies such as public charging infrastructure and vehicles. While a contestable funding approach will remain EECA’s default approach to allocating this funding, we do not want to exclude the potential to explore more appropriate and efficient ways of funding some project types.

**Does the new scope include non-road based applications?**

Yes, broadening the fund to cover transport, rather than just vehicles, enables the funding of projects such as maritime and off-road motive power applications, where these meet the criteria to be set by EECA.

**What about hydrogen, biofuels and other low emission fuels?**

Yes, the new LETF will be able to fund projects for low emission fuels such as hydrogen or biofuel from renewable energy sources. The criteria for this funding will include emissions reduction potential, so transport applications for low-emissions fuels are included.

**How will the fund run?**

Co-funding will be available in a series of investment activities such as funding rounds. EECA will announce the scope and terms of each one as it comes up.

**What will be offered?**

The first activities will be one to two funding rounds each for

1. Demonstration of Vehicles & Technology (for \$3.4M)
2. Adoption of Public Charging Infrastructure (for \$4.0M)

Both will open in October 2021, and decisions will be made by February 2022.

3. Fleet optimisation and transition plans will be offered from March 2022, with \$500,000 available to the end of June 2022.

As part of this programme, EECA will seek suppliers to become part of a panel for these services, with an RFP going out before the end of 2021.

EECA will scope out new funding areas during 2021-22, with co-funding to be offered following that.

**When will off-road, marine and aviation be in scope?**

A specific type of off-road vehicle is in scope for the first round of Demonstration of Vehicles & Technology, refer to the RFP for more detail.

During 2021-22, EECA will scope new areas for co-funding, including off-road more generally, and aviation and marine. As these are new areas to the Fund, EECA will carry out a market study, engage with key market stakeholders, and identify the most viable and beneficial parts to focus on.

### **How much can I apply for?**

Up to 50% of total core project costs, up to \$500,000 (unless specified in the RFP document). Co-funding above these levels is available in exceptional circumstances where there is significant public benefit. Refer to each RFP for details.

### **My project idea is similar to a successful Low Emission Vehicles Contestable Fund (LEVCF) project, can I apply for co-funding?**

Consider your proposal in light of previously approved LEVCF projects; projects that are similar or the same as previous projects will need to demonstrate a high level of innovation, advancement of the objectives and public benefit to score highly. Talk to us at EECA if you would like to discuss your project idea.

### **What do you mean by incremental cost in the RFP Response Form?**

Your project may be very similar to what you do in your business as an ongoing activity, except for the fact that you are purchasing a low emission vehicle instead of an internal combustion engine (ICE) vehicle. By incremental cost we mean all the additional costs of going the low emissions route, e.g. project management for delivery, the difference in cost between the low emissions vehicle and the ICE, and the total cost of charging infrastructure.

### **How can I apply?**

You will need to submit a proposal for funding on the RFP Response Form. Instructions and guidance on completing the form are in the RFP document on the EECA website.

The RFP document outlines the scope of the funding round, and projects that would be outside the scope of the fund, for example research, projects purely focused on delivering education and information, and projects involving bicycles, quadricycles, and hybrid vehicles.

### **How soon can I access the funding if I am successful?**

Once a proposal has been approved for funding by EECA, EECA and the successful applicant will negotiate a funding agreement that commits the recipient to implementing the project. The funding agreement will detail the obligations on the recipient for the duration of the project, which must be met in order to receive funding from the LETF.

### **Who decides which proposals will be funded?**

An assessment panel will assess the proposals against a set of criteria and then make recommendations to EECA, which will make the final decisions on which proposals are offered funding and how much that offer will be.

**Who is eligible to apply for funding from the LEVCF?**

The Fund is open to all New Zealand-based legal entities except Public Service Departments, non-Public Service Departments, and Statutory Crown Entities such as District Health Boards.

**Where can I find out what projects have been funded?**

Details are available on the EECA website.

**Who can I talk to about my project idea?**

Our Points of Contact for all enquiries, such as questions on the scope of the Fund or assistance with filling in the Response Form:

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