Low Emission Transport Fund

14 October 2021

EECA
TE TARI TIAKI PŪNGAO
ENERGY EFFICIENCY & CONSERVATION AUTHORITY

EECA’s transport team

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EECA's strategy

Our purpose

Mobilise New Zealanders to be world leaders in clean and clever energy use

Our strategic principles

Focus on impact

Pursue high-impact change with agility and at pace.

Understand the customer

Focus on those it is important to influence and influence them based on what they care about.

Define the problem

Identify what's blocking progress and tackle it head on.

Join the dots

Work with and connect people and organisations who can be part of achieving our purpose.

Display leadership

Be proactive, have a fact-based point of view, own it.

Our strategic focus areas

Productive and low-emissions business

Mobilise decision makers and technical experts to accelerate action.

Efficient and low-emissions transport

Switch the fleet to low-emissions technology while ensuring that any remaining fossil-fuelled vehicles are as efficient as possible.

Energy efficient homes

Optimise New Zealanders' use of renewable energy through energy efficient homes, technologies and behaviours.

Government leadership

Equip the public sector to innovate and lead the transition to clean and clever energy use.

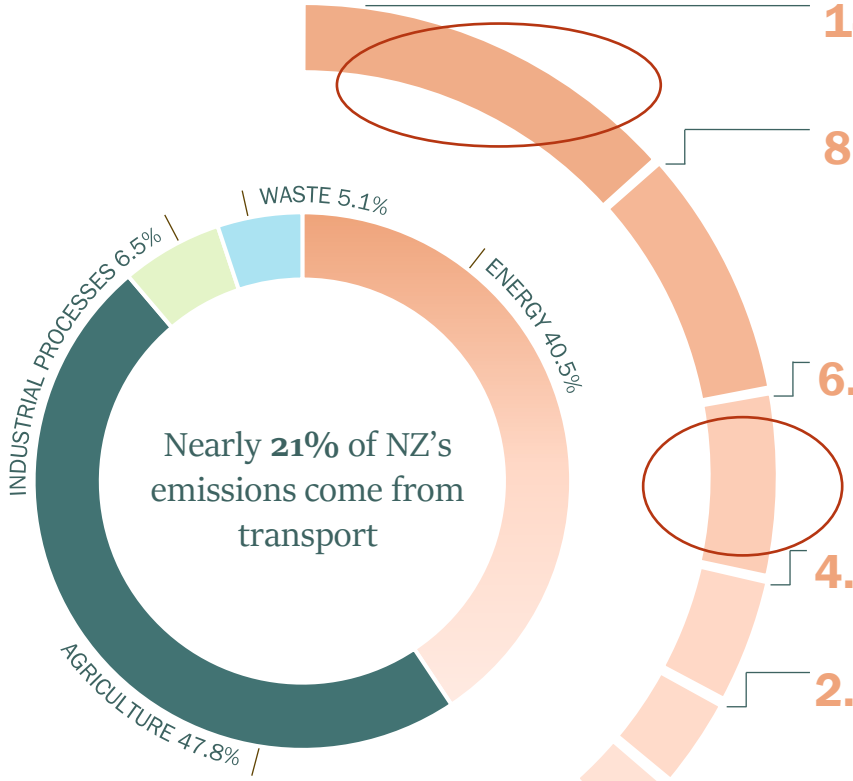
Engage hearts and minds

Foster a society in which sustainable energy is expected and demanded.

Our desired outcome

A sustainable energy system that supports the prosperity and wellbeing of current and future generations

New Zealand's energy emissions profile



14.5% LIGHT VEHICLES

8.1% MANUFACTURING INDUSTRIES
e.g. dairy, meat, textiles, products
& CONSTRUCTION
e.g. plumbing, electrical services

6.5% OTHER TRANSPORT
e.g. freight, buses, rail, domestic aviation

4.2% ELECTRICITY GENERATION
e.g. gas, coal, geothermal sources for electricity production

2.7% AGRICULTURE, FORESTRY, FISHING
e.g. dairy/stock farming, horticulture, aquaculture, fishing
& COMMERCIAL
e.g. retail, hospitality, education, healthcare

2.3% FUGITIVE EMISSIONS
e.g. methane release from coal seams in mining, flaring of waste gases in oil and gas production

1.3% OTHER ENERGY INDUSTRIES
e.g. petroleum refining, manufacture of coal and wood

0.9% HOUSEHOLDS

Source:
Greenhouse Gas Inventory 1990-2017, MfE (2019); Light vehicles and Other transport estimates are based on data from the MBIE 2017 energy balances and MBIE Energy in New Zealand (2018)

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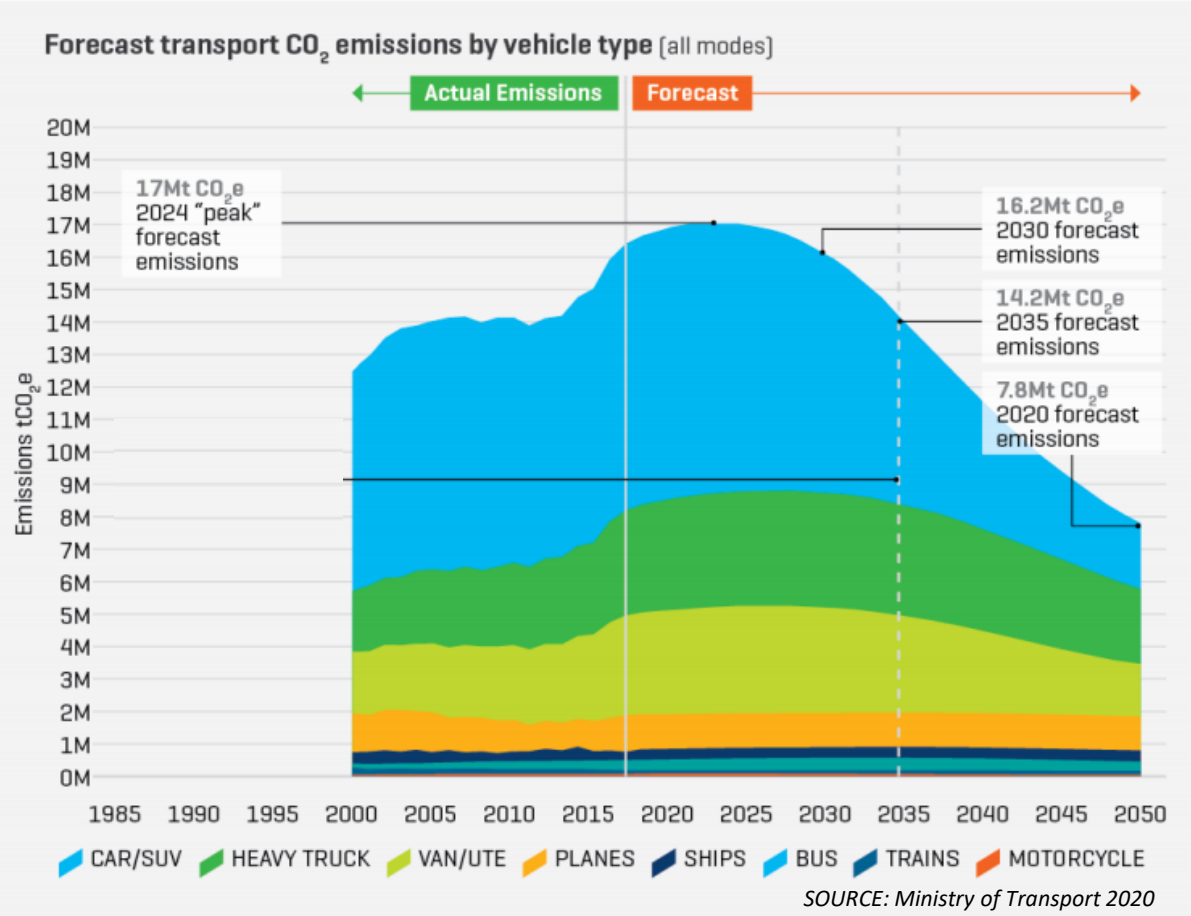
New Zealand Fleet has some interesting characteristics

- We have over 3.5m cars, 0.5m vans and Utes, which at 830 per 1000 people is the largest fleet per capita in the world (UK 480, S Korea 470, Norway 510)
- Two equal points of entry into the fleet, with 46% of our light vehicles entering as used imports versus 54% entering as new
- NZ is a RHD market - less than 20% of cars made are RHD
- The proportion of diesel vehicles & engine size in the light fleet is growing
- 30% of the fleet is over 20 years old (high emissions, inefficient, unsafe)
- 2020 Car sales down 20% against 2019
- Over recent years we spend in excess of $4b pa importing fuel ($3.1b 2020)
- Car growing at 3.5% pa, population growing at 1.5% pa
- 250,000 per year passenger vehicles added (excl Commercial)
- 160,000 cars per year are scrapped (net increase 7,500 per month)

Transport emissions increasing, system approach required in addition to current policies



SOURCE: Ministry of Transport 2020

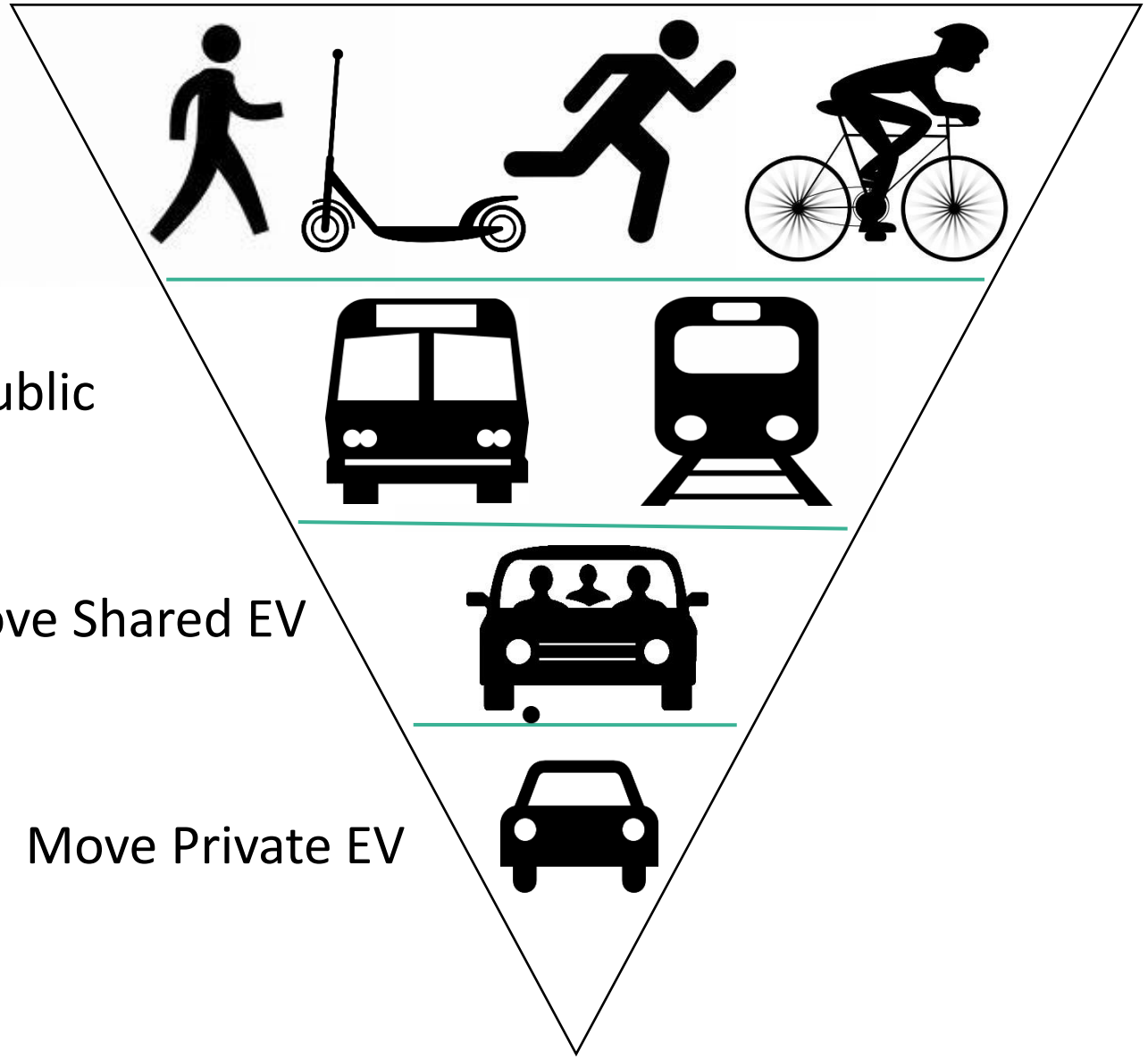
- Since 1990, transport emissions have increased by 90%. Emissions continue to rise.
- Emissions are expected to rise beyond 2024 as it considers it to be too optimistic (Ministry of Transport is remodelling this projection)

Move Healthy

Move Public

Move Shared EV

Move Private EV



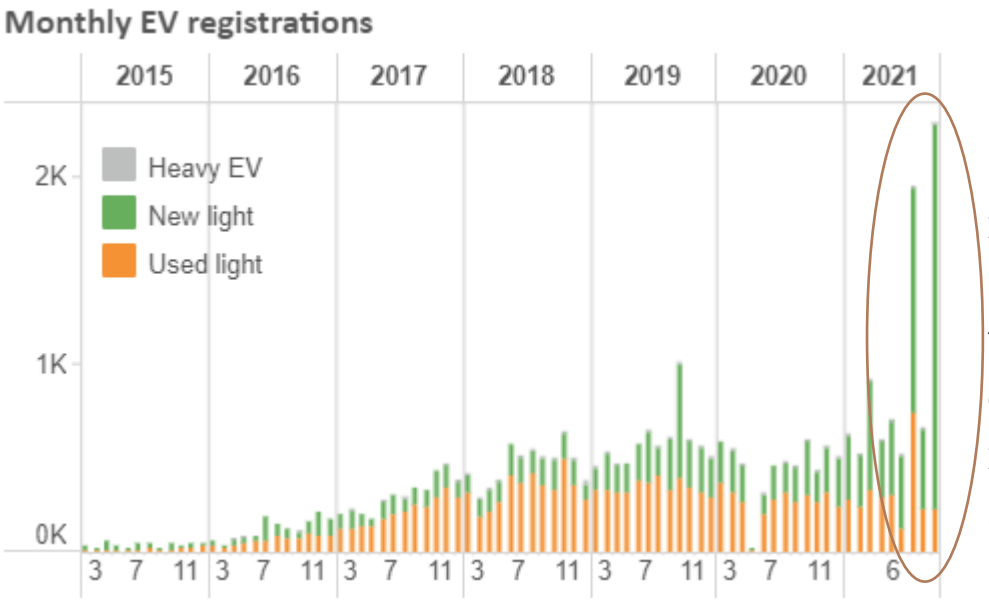
MOT

AVOID
Reduce or avoid the need to travel

SHIFT
Shift to or maintain share of more environmentally friendly modes

IMPROVE
Improve the energy efficiency of transport modes and vehicle technology

Clean Car Discount has lifted sales of EVs



2,282 EV registrations in September, beating the previous record of 1,947 in July (the month the CCD started)

EVs accounted for 8.76% total light vehicle registrations

Make	Model	Registration co
FORD	RANGER	1,407
TESLA	MODEL 3	1,066
MITSUBISHI	OUTLANDER	963
TOYOTA	COROLLA	744
TOYOTA	HILUX	648
TOYOTA	RAV4	575
MITSUBISHI	ASX	473
MITSUBISHI	ECLIPSE CROSS	427
MG	ZS	328
MAZDA	CX-5	297
KIA	SPORTAGE	266
HYUNDAI	KONA	242

Tesla model 3 was second most popular

MOT data Sept 2021

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EECA's Transport Programme

GEN LESS
LIVE MORE WITH LESS ENERGY

State Sector Decarbonisation Fund

- $20M for transport, $180M stationary energy
- Supporting the Carbon Neutral Government Programme

Charging Infrastructure Roadmap

- Cross-Government vision for charging

Low Emission Vehicles Contestable Fund

Low Emission Vehicles Contestable Fund

Accelerate the uptake of low emission vehicles in NZ

202
projects approved

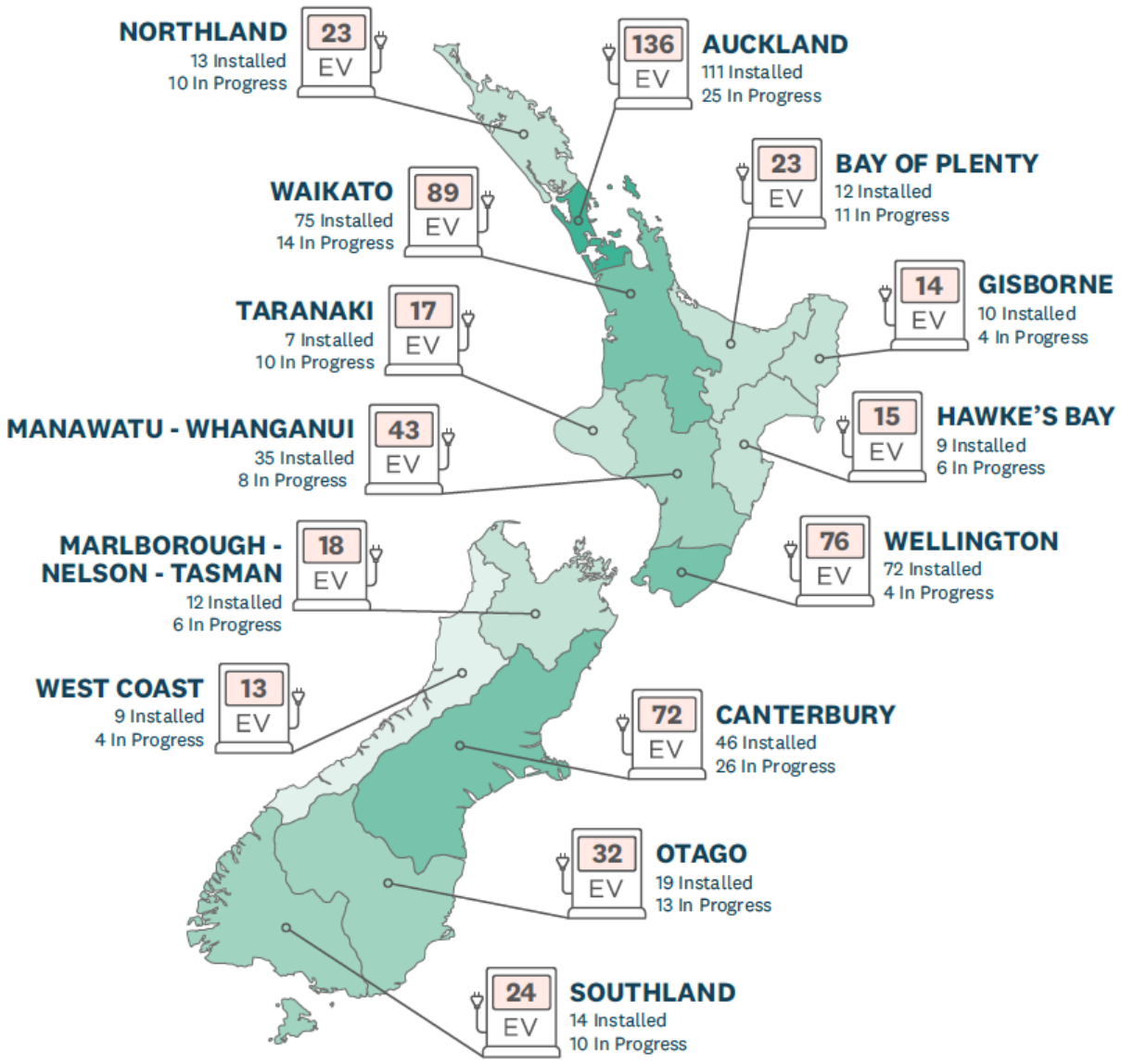
$35.8m
government funding

$77.8m
applicant funding

Boost to public charging

1100+
EV chargers co-funded nationwide

700+
co-funded chargers operational



LEVCF realignment opportunity

Internal review of LEVCF completed in 2020 and EECA transport strategy refresh – LEVCF within its current Government mandate has managed to demonstrate most of the available technologies. Clear need to refocus and expand to areas of greatest opportunity.

Labour manifesto outlined growing the scope and scale of the fund, seeking to increase funding and broaden the intent.

Minister Woods announced the expansion of fund (to be a Low Emission Transport Fund)

- *Renamed the Low Emission Transport Fund (LETF) delivered by EECA.*
- *The LETF expands the scope and size of funding for low-emission transport technology and fuels of the existing Low Emission Vehicle Contestable Fund (LEVCF). The LETF will provide co-funding for the delivery of both demonstration projects and wider diffusion of low emissions technologies in the transport sector.*
- *Funding now from Crown funding and levy funding (the Petroleum and Engine Fuel Monitoring levy). Total funding for the programme will reach up to $25 million per year by 2023/24*

Purpose & Scope

Partnering on co-funding to develop and share learnings

New and emerging transport decarbonisation solutions

Acceleration of market take-up by individual organisations and through offering solutions to market

To **support** the **demonstration** and **adoption** of low emission transport technology, innovation and infrastructure to **accelerate** the decarbonisation of the New Zealand **transport sector**

Covering on- and off-road vehicles, vessels and aviation, low carbon refuelling and charging infrastructure, and technologies which decarbonise transport

Focus on moving people and goods – not on the whole transport system

Low Emission Transport Fund

- Up to $25M per year
- Part of the Government's climate change agenda
- Crown funding and Petroleum and Engine Fuel Monitoring Levy
- Builds on success of Low Emission Vehicles Contestable Fund

Focusing on several key investment activities

Demonstrate innovative and replicable transport technology, vehicles and solutions

Demonstrate marine, aviation, and off-road projects

Demonstrate low carbon refuelling infrastructure

Support the rollout of public EV charging infrastructure

Transition of vehicle fleets with a focus on commercial and heavy road vehicles

Provision of market services, products and programmes

Delivered with co-funding* from EECA

FY22	FY23	FY24	FY25+
$13.5m	**$19m**	**$25m**	**$25m**

* Co-funding is 50/50 Crown and Levy funding

Low Emission Transport Fund

To support the demonstration and adoption of low emission transport technology, innovation and infrastructure to accelerate the decarbonisation of the New Zealand transport sector.

We are guided by six outcomes

- Enable future emission reductions
- Demonstrate innovation and replication
- Diffusion of knowledge and learnings
- Encourage sector transformation
- Leverage Investment
- Value for Money

Demonstration of Vehicles & Technology

$3.4M
2021/22

Objective: To demonstrate a range of low emission technologies, infrastructure, innovations and business models and low emission road and selected off-road vehicles

Technology

- innovation – reduce/defer peak electricity demand, vehicle optimisation, mobility modes, MaaS
- charging technology for constrained infrastructure or power availability

Vehicles

- a new business case, use case or sector, or addressing significant barriers
- consolidate and innovate the existing fleet

Software and support

- software to accelerate the transition of the fleet to zero emissions
- low emission transport maintenance, repair and other support services
- battery recycling and repurposing services

***NEW* Specific type of off-road vehicle**

Adoption of Public Charging Infrastructure

$4.0M
2021/22

Objective: Build public EV charging infrastructure such as hyper-chargers and destination chargers to support and accelerate wider deployment and market uptake of electric vehicles

1) **Journey** - identified gaps and future-proofing for expected increased demand - priority for multi-head chargers at higher speeds
2) **Destination** - community or neighbourhood charging (individual or a network, where users will spend between 30 mins and 2 hours) – minimum 25kW DC

Fleet Optimisation Programme

$0.5M
2021/22

Objective: To help private sector fleets to transition to zero emissions – issue: many businesses do not recognise the opportunity or know where to start

- What needs to be done, how to manage staff and instil confidence through the transition
- Provide charging advice, infrastructure audits, charger technology, charging from home
- Identify low risk opportunities to reduce the fleet and incorporate alternative transport modes into moving people and goods

=) Build and commit to a transition plan

Applying to the Fund

Who can apply?

- NZ-based private sector businesses and local Government organisations

Eligibility?

- NZ-based projects and companies
- $50,000+ total core project cost
- Commercially available technologies although not necessarily commercially viable yet
- 20% co-funding cap in any one financial year

Applying to the Fund

What can I apply for?

- Up to 50% of your project total core costs, up to $500,000 (unless exceptional circumstances)
- Knowledge sharing requirement

What's excluded?

- Subsidies and BAU
- Projects and ideas we have seen before
- Transport system, waste-to-energy, fuel displacement, fuel storage, energy production (e.g. solar panels)
- Desktop research/R&D, marketing campaigns

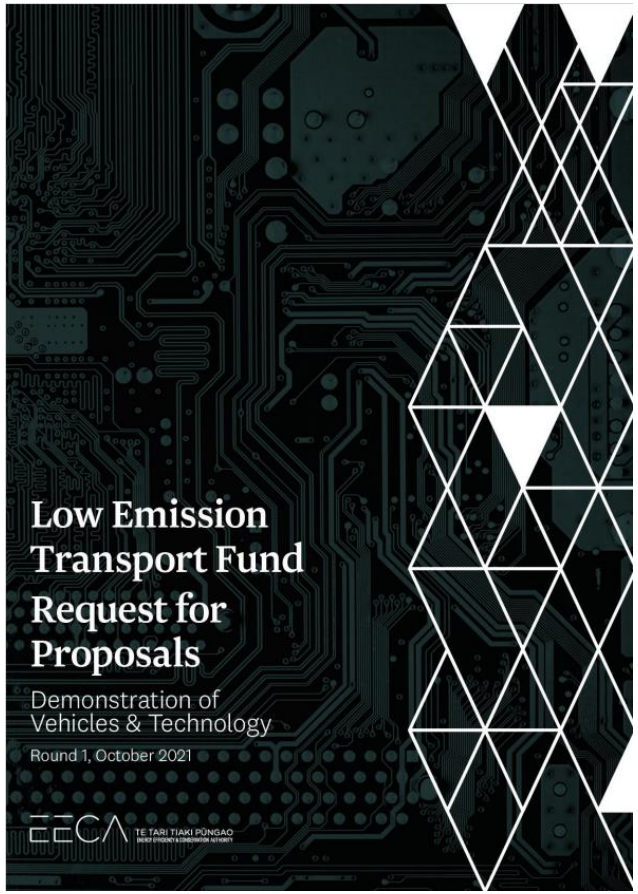
Application materials

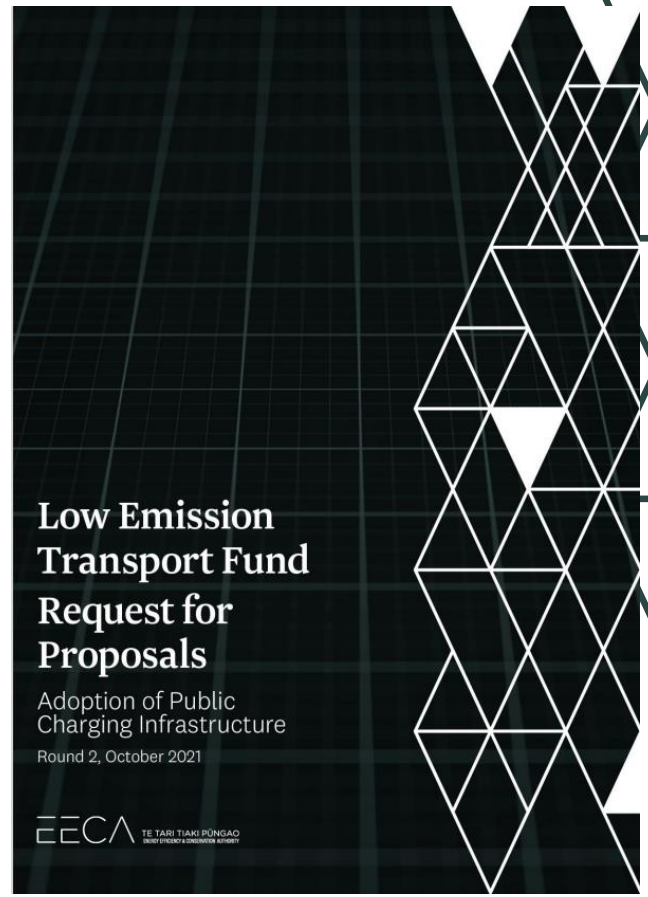
www.eeca.govt.nz/LETF

Application materials:

- Request for Response document
- Response Form
- Proposed Funding Agreement
- Knowledge Sharing and Reporting

LETFund@eeca.govt.nz





Tips for applicants

Talk to us about your project idea – something new or same-same?

Make it compelling - strong story, clear benefits, delivers quickly – ideally within 6-12 months

Be prepared - get your quotes, consents, approvals and finance lined up

Be competitive - only ask for what you need – incremental not total costs

Ready to go – internal, bank and board approvals in place

Be realistic – once approved, we can't give you more co-funding

Scope and total co-funding are fixed – otherwise we work with you as flexibly as we can

Contact us

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2021-22 applications

www.eeca.govt.nz/LETF

Vehicles & Technologies RFP	**$3.4M**		**Round 1** 3 Nov 21	**Round 2** Mar/Apr 2022
Public Charging Infrastructure RFP	**$4.0M**		**Round 1** 3 Nov 21	**Round 2** Mar/Apr 22
Fleet Optimisation Programme	**$0.5M**		**Supplier Panel** End of 21	**Round Open** March 22