



Consultation: EECA energy levies funding proposal for 2025/26

20 December 2024 –
21 January 2025

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Summary

What is this consultation about?

The Government collects three energy levies:

1. The Petroleum or Engine Fuel Monitoring (PEFM) levy
2. The Electricity Industry (Electricity) levy
3. The Gas Safety, Monitoring and Energy Efficiency (GSMEE) levy.

The Energy Efficiency and Conservation Authority (EECA) can recover funding from these energy levies to use for activities within our work programme. We are required to consult with energy levy payers and stakeholders each year on the funding we propose to recover from the levies before we make the request to the Minister for Energy (see Appendix 1 for the legislative requirements).

This consultation invites submissions on our **proposal to recover \$23.259 million from the energy levies for the 2025/26 financial year**. The proposal is made up of:

- \$14.620 million from the PEFM levy
- \$6.677 million from the Electricity levy and
- \$1.962 million from the GSMEE levy.

How can you make a submission?

You can give us feedback on our energy levies funding proposal for 2025/26 by providing a written submission before **5:00pm Tuesday 21 January 2025**:

- You can email an electronic submission to levyconsultation@eeca.govt.nz (preferred).
- You can post a physical submission to EECA at Level 8, 44 The Terrace, Wellington 6011.

We intend to publish the submissions we receive on our website. Please indicate if there is any information in your submission that you wish to provide on a confidential basis and do not want published. Note EECA is subject to the Official Information Act (OIA) 1982, which means we may be required to release information unless there is a good reason to withhold it. If you indicate that there is information in your submission that should not be published, we will consult with you before deciding to release or publish that information under the OIA.

If you have any questions about the contents of this consultation document or the submission process, you can email us at levyconsultation@eeca.govt.nz.

What happens next?

EECA and our Board will consider all consultation submissions before presenting an energy levies funding request to the Minister for Energy in February 2025. The final levy funding decisions will be announced by the Government in Budget 2025 (expected May 2025) and published in our Statement of Performance Expectations for 2025/26 on 1 July 2025.

About EECA

Our purpose

The Energy Efficiency and Conservation Authority (EECA) was established under the Energy Efficiency and Conservation Act 2000. We are a Crown agent – a type of Crown entity.

Our statutory function is to encourage, promote and support energy efficiency, energy conservation, and the use of renewable sources of energy.



Energy comes from physical and chemical resources like the sun and fossil fuels. Energy is all around us. We use it to power our vehicles, to generate electricity for our homes, and to produce process heat for our businesses.



Energy efficiency is using less energy to perform a task, usually with the help of efficient technologies. For example, an efficient LED light bulb still lights up the room – but it uses less energy in doing so.



Energy conservation is changing our activities to reduce energy use. A simple example is turning off the lights when no one is in the room. The cheapest and most environmentally friendly source of energy is the energy we do not use.



Renewable sources of energy come from natural resources that can be replenished and will not run out, like solar, hydro, geothermal, biomass, wind, and marine.

We are a delivery agency, a regulator, and an authority on energy use. Our programmes mobilise New Zealanders to be world leaders in clean and clever energy use. We work with a wide range of stakeholders including industry, government, and everyday New Zealanders – because everyone uses energy.

Our levers

Our levers are the tools we use to deliver on our strategic objectives.

We use a combination of three levers to overcome market barriers to clean and clever energy use – enabling it to happen faster and in a more coordinated way.

Regulation



Of products, processes, and systems.

Our regulations and standards mean New Zealanders have access to and are encouraged to use the best performing new products and technologies available internationally, including vehicles – for home, commercial and industrial use, saving money and energy.

Information and motivation



To promote clean and clever energy choices.

We provide evidenced-based information and motivation to New Zealanders and businesses to help them make informed clean and clever energy choices – lowering energy bills, improving productivity, and future-proofing for a clean and secure energy economy.

Targeted investment and support



To demonstrate and scale up energy efficient technologies and renewable energy use.

We use our expertise to facilitate and catalyse targeted investment and support that addresses significant, evidenced market barriers for the adoption of clean and clever energy technology. We are committed to investing in a way that is the best use of money and provides the best outcomes and value for energy users and the Government.

Our strategy

The strategy in our [Statement of Intent 2024–2028](#) guides our work programme.

Our three strategic focus areas help us concentrate our efforts where we can maximise outcomes for New Zealanders.

Our mission

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

Focus areas



Energy efficiency first

Efficient energy use is the first option users adopt.



Empower energy users

Users are empowered to control their energy.



Accelerate renewable energy

Users transition to low-emissions energy.

Outcomes

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> + Users accept and adopt energy efficient products and practices. + Proven energy efficient technologies are identified and widely available. | <ul style="list-style-type: none"> + Users understand, manage, and conserve their energy use. + Users get value from responsive and flexible energy systems. | <ul style="list-style-type: none"> + Users plan for and adopt low-emission energy and technologies. + Fuel options for energy transition are identified and widely available. |
|--|--|---|

The benefits of clean and clever energy use

Energy efficiency, energy conservation and the use of renewable energy sources are essential to a smart, productive and affordable energy system that supports New Zealand's energy security, reliability and resilience.

Economic impacts

More affordable energy

The Government is working towards New Zealand having abundant and affordable energy at internationally competitive prices. In an efficient and competitive market, less energy will be used. This produces a mix of economic benefits in the form of lower energy usage for consumers. Price reductions tend to be larger in markets where the cost of more production tends to increase steeply as demand increases.

Increased energy productivity

A modern, affordable and secure energy system is fundamental to building a stronger and more productive economy. Energy efficiency is using less energy to deliver the same services or using the same amount of energy to deliver a greater level of service. Improved energy efficiency increases energy productivity, helping businesses and exporters become more competitive and profitable.

Reduced/delayed investment

Over the coming 30 years, electrification of transport and process heating across the economy, combined with underlying growth, is expected to result in a major increase in demand for electricity. Electricity efficiency can help reduce peak demand, delivering system-wide benefits to New Zealanders in the form of reduced or delayed investment in grid and distribution infrastructure and less volatile wholesale prices. Electricity efficiency measures can be deployed at a lower equivalent cost than new renewable generation and implementing these measures would make it easier to meet new demand arising from electrification. For example, our analysis shows that investment in electricity efficiency measures could deliver around 4,000 GWh of extra renewable electricity capacity at a lower price than investment in new renewable generation alone.¹

Resilience and security

New Zealanders need access to energy that is secure, reliable, and resilient. To do this, there needs to be enough energy available to meet the demand from users, the right infrastructure must be in place to provide the energy where it is needed, and energy sources must be resilient to external forces like international availability and intermittent or extreme weather. Switching to renewable energy solutions where possible reduces our dependence on fossil fuels, increases our energy security, and makes us more resilient to fluctuating commodity prices.

¹ Estimates are based on the Ministry of Business, Innovation and Employment's (MBIE) Levelised Cost of Electricity (LCOE, 2021) with adjustments for inflation to present day and EECA's New Zealand Energy Scenarios TIMES-NZ 2.0 (2021) with costs updated based on data from EECA programmes.

Supporting New Zealand's clean green export credentials

New Zealand's 'clean green' environmental credential is a key driver of the value of goods and services in the international marketplace. A low-emissions economy, including an efficient and low-emissions energy sector, can help support our clean green exporting reputation.

Avoiding the cost of offshore credits

New Zealand has set international and domestic emissions reductions targets (outlined in the next section). Efficient and renewable energy use may enable New Zealand to limit possible ongoing liability associated with purchasing offshore credits.

Environmental impacts

Meeting New Zealand's emissions obligations

Under the Paris Agreement, New Zealand has committed to reducing our greenhouse gas emissions to 50% below 2005 levels by 2030. The Government also set a legislated domestic target of net zero greenhouse gas emissions (except biogenic methane) by 2050 under the Climate Change Response Act. Over 40% of New Zealand's gross greenhouse gas emissions come from energy use, primarily fossil fuels used for transport and process heat. The reduction of emissions from energy use is vital to achieving these targets.

Social impacts

Disposable income

Delivering the lowest possible energy cost to consumers results in energy bill savings. Ensuring poor performing, inefficient appliances are not available for sale in New Zealand saves households and businesses money on their energy bills for the lifetime of those appliances. For example, since the New Zealand Energy Efficiency (Energy Using Products) Regulations commenced in 2002, over 98 million products have been sold under the regulations, resulting in a national benefit of \$2.3 billion.

Improved health and wellbeing

There are proven health benefits from reducing pollution associated with the use of fossil fuels for heat and transport. Air pollution is linked to significant health impacts including increased prevalence of childhood asthma, increased hospitalisations with cardiovascular and respiratory issues, and premature death.²

² Health impacts of exposure to human-made air pollution, Tauranga Aotearoa Statistics New Zealand (2023).

Recovering funding from energy levies

We can recover funding from the energy levies for activities that deliver on our statutory function

The Government collects energy levies on electricity, natural gas and engine fuels (i.e. petrol, diesel, ethanol and biodiesel). The energy levies are:

1. The Petroleum or Engine Fuel Monitoring (PEFM) levy
2. The Electricity Industry (Electricity) levy
3. The Gas Safety, Monitoring and Energy Efficiency (GSME) levy.

Legislation permits the Energy Efficiency and Conservation Authority (EECA) to recover funding from the energy levies to create a pool of funding for activities within our statutory function (see Appendix 1 for this legislation). Our statutory function is to encourage, promote and support energy efficiency, energy conservation, and the use of renewable sources of energy.

The amount and proportion of funding we can recover from the energy levies is determined by the Minister for Energy. The total levy funding is currently capped at \$23.259 million per year. The Government allocates the approved levy funding to EECA as part of the Budget process under the *Energy Efficiency and Conservation* appropriation (our baseline funding appropriation).

Government levying principles state that those who generate the need for, or potentially benefit from, activities should be contributing towards the costs of the activity. The 'causers' in this context are users of energy where efficiency gains can be made and/or that energy is non-renewable. 'Beneficiaries' are those who benefit from the outcomes of the activities. These outcomes will benefit all New Zealanders, but there can be more group-specific benefits applicable to certain options, such as where there may be a commercial benefit for a particular group.

We must consult with levy stakeholders on our proposed levy funding request

Before we make a request to the Minister for Energy for energy levy funding, the legislation requires us to consult on the proposed request with energy levy payers and stakeholders (see Appendix 1 for this legislation). We must then report to the Minister for Energy on the outcome of the consultation when submitting our final funding request.

We aim to direct levy funding to activities that are related to the fuels being levied

As outlined above, EECA is legally permitted to recover energy levy funding for any activities within our statutory function. However, in line with government levying principles, we aim to direct levy funding to activities that can be linked to the fuels being levied.

This consultation document outlines the levy-related programmes we expect to deliver in 2025/26. It does not include programmes with their own dedicated Crown funding appropriation (e.g. the Electric Vehicle Charging Programme), or programmes that are fully Crown funded through our baseline. For each levy-related programme, we have forecasted the cost of activities within the programme that are linked to levies. This is not always the total programme cost as some of the activities may be related to fuels that are not being levied (e.g. coal), or in recognition of other broader benefits.

Many of our levy-related activities are only part-funded by the levy, with the balance covered by our baseline Crown funding. Funding from the energy levies is used first (in line with the levying principle of causer or beneficiary pays) and any unutilised energy levy funding is returned.

In recent years, we have pooled our Electricity levy and GSMEE levy funding. We intend to continue this in 2025/26. The use of multiple fuels (i.e. electricity and gas) by many businesses has driven the need for EECA to have greater operational flexibility and avoid the complexity and administrative costs of making strict judgements about which levy can be used when a programme cuts across multiple fuel types. Electricity levies will continue to pay the majority share due to a number of our levy-related programmes having a predominant focus on electricity. This approach is permitted by the Energy (Fuels, Levies, and References) Act 1989.

Our forecast levy-related activities and costs are based on presently known information

Our forecast budget and programmes for 2025/26 are based on the information available to us at the time of consultation. Our actual activities and funding profile may vary from this forecast if changes are made to our programmes and funding appropriations for 2025/26 (i.e. through Budget 2025 announced in May 2025).

We report back each year on how we spent our levy funding

Every year we report back to levy payers and stakeholders on how we spent the funding we received from the energy levies and what the programmes delivered. Our report for the 2023/24 year can be found in Appendix 4.

Energy levies funding proposal

We are proposing to recover \$23.259 million from the energy levies in 2025/26

The activities within our programmes that have the most direct relevance to the PEFM, Electricity, and GSMEE levies are forecast to cost \$41.048 million in 2025/26. We are proposing to recover \$23.259 million (57%) of this cost from the energy levies in 2025/26.

Table 1: Energy levies funding proposal for 2025/26

Note the forecast cost of the levy-related activities within a programme may not represent the total programme cost (i.e. where a programme also has activities that are not related to the levies). Forecasts are also subject to Budget 2025 decisions. More information about each programme is detailed below.

Levy-related programme in 2025/26	Forecast cost of programme activities related to the levies (\$ million)	
	PEFM related	Electricity and GSMEE related
Demonstration and Diffusion	23.088	2.252
Efficient and Renewable Transport Information Provision	2.020	-
Vehicle Emissions and Energy Economy Labelling	0.694	-
Standards and Regulations	-	5.784
Flex Talk 2.0 Pilot (Distributed Flexibility)	-	1.963
Large Energy Users	-	1.790
Heat Pump Water Heater Pilot	-	1.426
Sector Programme	-	1.348
Industry Development	-	0.356
NABERSNZ	-	0.327
	25.802	15.246
Forecast cost of EECA's levy-related activities		41.048
Amount proposed to be recovered from levies		23.259
Proposed PEFM levy funding		14.620
Proposed Electricity levy funding		6.677
Proposed GSMEE levy funding		1.962

Table 2: Energy levies funding request for 2024/25

Amount recovered from levies	20.300
PEFM levy funding	13.500
Electricity levy funding	5.100
GSMEE levy funding	1.700

The proposed energy levy funding would contribute to ten EECA programmes in 2025/26

Demonstration and Diffusion Programme

About the programme

Before widespread adoption of energy efficient, renewable technologies and processes can take place, the market needs evidence that they can perform and achieve the associated benefits.

Targeted investment through *Demonstration and Diffusion* will unlock private investment in emerging technologies and processes that increase energy efficiency, renewable energy use, and energy security. Support will be available across the residential, transport and industrial/commercial sectors where projects show energy efficiency gains and/or tangible emissions reductions. Additional value is created following project completion, through the creation of case studies and the dissemination of project results into the wider industry.

Note this programme will include the kind of demonstration and diffusion activity previously undertaken via the *Low Emission Transport Fund* and the *Technology Demonstration Fund*. In recent years, EECA has supported a range of projects that have enabled demonstration and broader adoption. For example, the fund supported New Zealand's first electric bus and electric vans in postal settings, with the technologies now widely adopted by the market.

Link to the PEFM, Electricity and GSMEV levies

The transport sector represents around 38% of New Zealand's total energy use, with a heavy reliance on fossil fuels. This energy use is responsible for 18% of New Zealand's total emissions. A significant portion of the activity in this programme is expected to support transport innovation that enables the transition away from fossil fuels, particularly in areas that are complex or hard to electrify (e.g. offroad and heavy transport). The widespread uptake of zero and low-emissions vehicles, technologies and fuels will save money, contribute to New Zealand meeting its emissions targets, reduce harmful air pollutants, and diversify the sources of our transport energy (enhancing energy security in the long run).

Energy users in the business sector will also benefit from this programme. The business sector makes up more than 40% of New Zealand's total energy use, representing over 14% of New Zealand's emissions. The innovative activities supported through this programme will enable new energy efficiency solutions in the business sector, resulting in direct cost savings and an increase in productivity and profitability for businesses. This will also decrease energy demand (including at peak times), avoiding the need for new infrastructure and increasing security of supply. In addition, the programme will enable businesses to adopt technologies and processes that make the most of renewable energy, resulting in a lower-emissions products and supporting New Zealand's emissions reduction goals.

Efficient and Renewable Transport Information Provision Programme

About the programme

The *Efficient and Renewable Transport Information Provision Programme* delivers objective and authoritative information about efficient, renewable transport options. We provide New Zealanders with information and tools to help them make informed decisions about electric and other low-emissions transport modes and infrastructure.

In 2025/26, the programme will have a strong focus on sharing information about electric vehicle charging to address key barriers that prevent New Zealanders from making the switch. This includes information on smart electric vehicle (EV) charging, which reduces electricity demand and enables the user to make the most of cheaper charging times. Other activity includes efficient and renewable transport research and case studies.

Link to the PEFM levy

The transport sector represents around 38% of New Zealand's total energy use, with a heavy reliance on fossil fuels. This energy use is responsible for 18% of New Zealand's total emissions.

Providing information empowers New Zealanders to choose options that will increase energy efficiency and renewable energy use in the transport sector. The benefits of reducing fossil fuel consumption include direct cost savings for consumers, and system-wide benefits like contributing to New Zealand meeting its domestic and international emissions targets, reducing harmful air pollutants, and diversifying the sources of our transport energy (to enhance energy security in the long run). For example, our analysis estimates that smart EV charging could reduce EV-related generation, transmission and network costs by around \$4 billion by 2050.

Vehicle Emissions and Energy Economy Labelling Programme

About the programme

The *Vehicle Emissions and Energy Economy Labelling Programme* aims to improve vehicle efficiency in New Zealand through mandatory labelling at the point of sale. Under the Energy Efficiency (Vehicle Energy Economy Labelling) Regulations 2007, all light vehicles below 3.5 tonnes offered for sale in New Zealand are required to display a label with vehicle emissions and energy information.

Information on the label includes vehicle make and model, vehicle type (e.g. petrol or electric), energy economy information, carbon emissions information, and estimated yearly running costs. This allows consumers to compare vehicles and make informed purchasing decisions.

Link to the PEFM levy

The transport sector represents around 38% of New Zealand's total energy use, with a heavy reliance on fossil fuels. This energy use is responsible for over 18% of New Zealand's total emissions.

Informative labelling for consumers at the point of sale helps increase the use of energy efficient and low-emissions vehicles in New Zealand. Reducing fossil fuel consumption results in direct cost savings for consumers, as well as system-wide benefits like contributing to New Zealand meeting its domestic and international emissions targets, reducing harmful air pollutants, and diversifying the sources of our transport energy (to enhance energy security in the long run).

Standards and Regulations Programme

About the programme

The *Standards and Regulations Programme* improves the energy efficiency of residential and business products and appliances available for sale in New Zealand. Our energy efficiency regulations are set out in the Energy Efficiency (Energy Using Products) Regulations 2002. We are also part of the joint trans-Tasman Equipment Energy Efficiency (E3) Programme. Our role is to:

- Develop and optimise minimum energy performance standards (MEPS) to ensure that New Zealanders have access to the best performing products and poor-performing products are prevented from being sold here.
- Require regulated products for sale in stores to display the correct energy rating label as part of Mandatory Energy Performance Labelling (MEPL) to help consumers choose energy-efficient products.
- Ensure regulated products meet MEPS and MEPL requirements by check testing their energy performance and undertaking compliance and enforcement action.

In August 2024, Cabinet approved amendments to the Energy Efficiency and Conservation Act 2000 to modernise New Zealand's energy efficiency regulatory regime. The amendments will allow us to require 'smartness' of products to enable them to be demand flexible, such as electric vehicle chargers. The updates will also enable swifter updates to technical requirements through EECA (rather than Cabinet-approved regulations) which will help New Zealand keep pace internationally.

This programme has delivered significant benefits to New Zealand over the past 21 years including:

- 94.5 PJ of energy saved, equivalent to the annual energy use of 2.2 million homes
- \$2.3 billion of cost savings for users; and
- 3.5 million tonnes of avoided emissions.

Link to the Electricity and GSMEE levies

Businesses and households benefit directly whenever they purchase efficient appliances or equipment covered by the regulations. These products use less energy for the same output, resulting in a lower total cost of ownership compared to the absence of our intervention. More efficient products and appliances also effectively lower overall energy demand (particularly electricity but also some gas), leading to lower energy costs for consumers and system-wide benefits including deferred investment in new infrastructure and emissions reductions.

FlexTalk 2.0 Pilot

About the programme

Technology advances are making it easier for new players (including households) to provide generation, energy storage or demand response services. It is important that the system promotes innovation across the system for the benefit of consumers.

The *FlexTalk 2.0 Empower Pilot* is a continuation of the *FlexTalk 1.0 Pilot* that EECA was involved in from 2022 to 2024 alongside regulators and industry. *FlexTalk 1.0* created a two-way communication platform on three New Zealand electricity distribution business (EDB) networks to control 60 smart electric vehicle chargers in residential homes and businesses, and residential batteries. It was an early opportunity to demonstrate real-time utilisation of demand flexibility by EDBs via a digital platform.

FlexTalk 2.0 is adding other consumer technologies onto the two-way communication platform across 2024/25 and 2025/26. For example, electric hot water heating, space heating (heat pumps), and solar array inverters. Its focus is on retrofitting 'smartness' to existing installed appliances in New Zealand homes to rapidly show network optimisation and consumer cost reduction benefits. This is a key project to build confidence in smart technology and its potential to help solve security of supply issues.

Link to the Electricity levy

This pilot enables consumers to reduce their electricity bills by optimising and reducing their electricity use and by selling unused demand back into the flexibility market. The use of efficient and smart electric technologies also benefits the wider system through reduced energy demand (including at peak times), which avoids the need for new infrastructure, reduces carbon emissions, and increases security of supply.

Large Energy Users Programme

About the programme

Businesses can improve their energy efficiency and productivity through smarter energy use and investment in energy efficient technologies. However, businesses of all sizes can face challenges.

Through the *Large Energy Users Programme*, we work directly with large energy-using businesses to help overcome information, coordination, and barriers to clean and clever energy use. The large-scale nature of large energy users' operations offers the most cost-effective gains and provides the greatest benefits to our economy. Their prominence in the business sector also provides leadership to other businesses and spreads best energy management practices across the market.

We focus on supporting large energy using businesses to identify and prioritise the areas of greatest potential for energy savings. We facilitate access to tailored advice and services for large energy users across New Zealand to help them understand and invest in long-term solutions to energy and carbon management challenges. This includes energy auditing, systems optimisation,

monitoring and targeting, feasibility studies, customised long-term energy transition plans and capability support.

Link to the Electricity and GSMEE levies

The business sector overall represents more than 40% of New Zealand's total energy use, with large users contributing a disproportionate amount. Business energy use is also responsible for over 14% of New Zealand's emissions.

Activities within this programme help achieve electricity efficiency, resulting in reduced electricity costs for users and system-wide benefits from reduced and optimised electricity demand on the grid. They also enable gas efficiency (e.g. through boiler tuning and energy system optimisation) and fuel switching where there are economically viable lower-emission alternatives. This creates public benefits, primarily in the form of reduced energy demand and carbon emissions.

Heat Pump Water Heater Pilot

About the programme

The *Heat Pump Water Heater (HPWH) Pilot* aims to demonstrate energy efficient electric heat pump water heater technology in homes in New Zealand selected by climate zone, building typology and demographic. The new units will replace older, less efficient electric heating technologies and some gas technologies.

We plan to regulate heat pump water heaters in future. To enable this, we need local operational and installation data, which does not currently exist. This demonstration pilot is running across 2024/25 and 2025/26 to provide a performance and installation evidence base for heat pump water heaters in New Zealand conditions.

This project also links to the *FlexTalk 2.0* project above. Heat pump water heater units will be included on the communication platform and monitored remotely to assess the demand flexible potential of the technology.

Link to the Electricity and GSMEE levies

Water heating makes up around a third of residential energy use. Electric heat pump water heaters are an energy efficient electric water heating technology. The pilot will increase electricity efficiency (for the same level of service), resulting in reduced electricity costs for users. It will also enable a switch from gas to electricity for a small number of homes. System-wide benefits include reduced electricity demand (including at peak times), avoided new infrastructure, reduced carbon emissions, and increased security of supply.

Sector Programme

About the programme

Our research shows that businesses struggle to understand how and where to start with energy efficiency and the use of renewable energy. Through the *Sector Programme*, we provide the market with sector-specific energy efficiency and renewable energy 'pathways' with information and options to increase knowledge and accelerate action. We focus on the efficiency of stationary energy in energy-intensive sectors, and supporting the sectors and representative businesses to identify a pathway away from non-renewable fuels.

The programme is a proactive collaboration with industry bodies and associations, allowing for a greater reach and diffusion of tangible energy efficiency and low-emissions energy information and actions.

Link to the Electricity and GSMEE levies

The business sector represents 40% of New Zealand's total energy use. This energy use is responsible for over 14% of New Zealand's emissions.

Our sector pathways extend across businesses working with all fuel types, including electricity and gas. Steps outlined within the pathways help achieve electricity efficiency, resulting in reduced electricity costs for users and system-wide benefits from reduced and optimised electricity demand on the grid. They also enable gas efficiency and fuel switching where there are economically viable lower-emission alternatives. This creates public benefits, primarily in the form of reduced energy demand and carbon emissions.

Industry Development Programme

About the programme

The *Industry Development Programme* builds capability and capacity within the energy sector to meet the market demand for expertise. We develop relationships and support industry partners and associations that help deliver on New Zealand's energy efficiency, energy conservation and renewable energy goals (e.g. Carbon and Energy Professionals, Bioenergy Association and Energy Academy). Specifically, we support the development of technical information, guidance, specifications; the delivery of training courses, webinars, seminars, conferences; and the maintenance of energy and carbon management accreditation framework.

Link to the Electricity and GSMEE levies

Our engagements and industry collaborations extend across partners working with all fuel types, including electricity and gas. Building capacity and expertise in the energy sector will help businesses to increase their energy efficiency and renewable energy use, resulting in direct cost savings for consumers and system-wide benefits for all users in the form of reduced energy demand and reduced carbon emissions.

National Australian Built Environment Rating System New Zealand (NABERSNZ)

About the programme

NABERSNZ helps businesses measure and optimise their energy use. It is a system for rating the energy efficiency of office buildings and hospitals and identifying opportunities for implementing building energy performance improvements. We provide access to and implement the scheme. Assessing and improving the energy performance of buildings can improve their value and desirability for both investors and prospective tenants and reduce energy costs and associated emissions. Last year, over 200 New Zealand commercial buildings and hospitals received a rating under the scheme.

Link to the Electricity levy

Opportunities identified within this programme help achieve electricity efficiency, resulting in reduced electricity costs for users and system-wide benefits from reduced and optimised electricity demand on the grid.

Appendices

Appendix 1: Legal context for this consultation

Electricity Industry Act 2010

Recovery of Electricity levy funding for activities related to EECA's statutory functions

Section 128 – Levies

- 3) The levy must be prescribed on the basis that the following costs should be met fully out of the levy:
 - c. a portion of the costs of the Energy Efficiency and Conservation Authority in performing its functions and exercising its powers and duties under the Energy Efficiency and Conservation Act 2000 where the size of the portion to be met by levies under this Act is determined by the Minister;

Requirement for EECA to consult with levy payers and stakeholders

Section 129 – Authority consultation about request for appropriation

- 1) The EECA must, before submitting a request to the Minister seeking an appropriation of public money for the following year, or any change to an appropriation for the current year, that relates to costs that are intended to be recovered by way of levies under section 128(3)(c), consult about that request with:
 - a. those industry participants who are liable to pay a levy under that section; and
 - b. any other representatives of persons whom the EECA believes to be significantly affected by a levy.
- 2) The EECA must, at the time when the request is submitted, report to the Minister on the outcome of that consultation.
- 3) This section applies to requests in respect of the financial year beginning 1 July 2018 and later financial years.

Energy (Fuels, Levies, and References) Act 1989

Recovery of PEFM and GSMEE levy funding for activities related to EECA's statutory functions

Section 14 – Purpose of levies

2A) Despite subsections (1) and (2), levies recovered under sections 23 and 24 may be applied for the purpose of meeting a portion of the costs of the EECA, in performing its functions and exercising its powers and duties under the Energy Efficiency and Conservation Act 2000, where the size of the portion to be met by each levy under this Act is determined by the Minister.

Requirement for EECA to consult with levy payers and stakeholders

Section 14A – Energy Efficiency and Conservation Authority consultation about request for appropriation

- 1) The EECA must, before submitting a request to the Minister seeking an appropriation of public money for the following year, or any change to an appropriation for the current year, that relates to costs that are intended to be recovered by way of a levy under section 23 or 24, consult about that request with:
 - a. those persons who are liable to pay the levy; and
 - b. any other representatives of persons whom the EECA believes to be significantly affected by the levy.
- 2) The EECA must, at the time when the request is submitted, report to the Minister on the outcome of that consultation.

Appendix 2: Who pays the energy levies

Electricity Industry Levy

Section 128 of the Electricity Industry Act 2010 provides for a levy on electricity industry participants. The funds recovered by this levy meet many of the costs of the Electricity Authority. The EECA portion of the levy is collected from electricity industry participants that purchase electricity from the wholesale market (i.e. typically electricity retailers). The final 2025/26 Electricity levy rate will be published in the New Zealand Gazette in May 2025.

Petroleum or Engine Fuel Monitoring (PEFM) levy

Section 24 of the Energy (Fuels, Levies and References) Act 1989 provides for the collection of a levy on each litre of petroleum or engine fuel sold (petrol, diesel, ethanol, and biodiesel). The PEFM levy is payable by fuel importers, who pass on the cost on to consumers. Imported petrol and diesel is levied by the New Zealand Customs Service at the port of import, whereas imported oil is levied at the refinery once processed into the finished product.

The indicative PEFM levy rate for 2025/26 is 0.71 cents/litre, including 0.21 cents/litre for the variable EECA cost and 0.50 cents/litre for non-EECA activities. The final levy rate will be published in the New Zealand Gazette in May 2025.

Gas Safety, Monitoring and Energy Efficiency (GSME) levy

Section 23 of the Energy (Fuels, Levies and References) Act 1989 provides for the collection of a levy on piped natural gas, except for gas which is sold for used as a feedstock or for the generation of electricity or is liquefied petroleum gas. The GSME levy is payable by sellers of piped gas to gas retailers and gas retailers who sell piped gas.

The indicative GSME levy rate for 2025/26 is 5.50 cents/GJ, including 3.50 cents/GJ for the variable EECA cost and 2.00 cents/GJ for non-EECA activities. The final levy rate will be published in the New Zealand Gazette in May 2025.

Appendix 3: Notes on our financial projections

It is important to understand that:

- The expenses incurred by EECA in any given year are a mix of the operating costs of our activities and our co-investment with partners in pursuit of government objectives.
- EECA enters into agreements with partners that frequently span multiple financial years.

Commitments delivered on and expended in the current financial year are shown as expenses in the Statement of Comprehensive Revenue and Expenses for the year. Outstanding co-investment commitments are shown as committed funds in retained earnings in EECA's Statement of Financial Position (see our 2023/24 Annual Report³).

We account for the commitments brought forward for programmes that include co-investment in multi-year projects and the expected funding to be expended in future financial years.


Cost allocation

Direct costs are those costs directly attributable to specific programme activity, and include items such as:

- The co-funding provided by EECA.
- The directly attributable marketing costs of the programme activity.
- Outsourced services to help deliver the programme.
- The personnel costs associated with delivery of the programme.

Indirect costs are costs which cannot be attributable to a specific programme and are distributed across the entire portfolio. Indirect costs are allocated to projects using cost drivers that are appropriate to the costs being allocated. Indirect costs include human resources, finance, information communication technology and property costs. These are predominantly a function of the number of people employed, and consequently, are attributed in proportion to the staff allocated to each programme.

³ www.eeca.govt.nz/about/news-and-corporate/corporate-documents/



Appendix 4:
Report on EECA's
energy levy
funding in 2023/24

We recovered and spent \$20.30 million of funding from the energy levies in 2023/24

In late 2022, we consulted on our request to recover \$20.30 million from the energy levies for the period of 1 July 2023 to 30 June 2024 (the 2023/24 financial year). We received seven submissions, all of which were fully or partially supportive of the request. Following the consultation, the Minister for Energy and Resources approved our levy funding request in the proportions that we asked for:

- \$13.50 million from the Petroleum or Engine Fuels Monitoring (PEFM) levy
- \$5.10 million from the Electricity Industry (Electricity) levy
- \$1.70 million from the Gas Safety, Monitoring and Energy Efficiency (GSMEE) levy.

During 2023/24, we spent \$26.83 million on activities related to the fuels being levied.

Table 3: Forecast and actual cost of levy-related activities in 2023/24

Levy-related programme	Cost of levy-related activities (\$ million)			
	Actual cost 2023/24		Forecast cost 2023/24	
	PEFM levy	Electricity and GSMEE levies	PEFM levy	Electricity and GSMEE levies
Low Emission Transport Fund	15.61	-	26.05	-
Low Emissions Transport Information Provision	1.94	-	2.56	-
Standards and Regulations (Residential)	-	2.16	-	2.57
Standards and Regulations (Business)	-	2.16	-	2.57
Large Energy Users	-	1.30	-	0.73
Technology Demonstration	-	1.30	-	2.37
Sector Decarbonisation	-	1.13	-	1.04
Industry Development	-	0.28	-	0.29
NABERSNZ	-	0.30	-	0.23
Local Authorities	-	0.65	-	0.56
Subtotal	17.55	9.28	28.61	10.36
Cost of EECA's levy-related activities	26.83		38.97	
Amount recovered from levies	20.30 (76%)		20.30 (52%)	
PEFM levy funding	13.50		13.50	
Electricity levy funding	5.10		5.10	
GSMEE levy funding	1.70		1.70	
Amount covered by Crown funding	6.53 (24%)		18.67 (48%)	

The actual cost of our levy-related activities was lower than we forecast in the consultation document, particularly for the Low Emission Transport Fund (LETF). Economic conditions had an influence on the market's response to our programmes across the board, but this was particularly

relevant for the LETF. The uptake of the LETF was also impacted by the introduction of a separate electric vehicle charging appropriation and programme (where LETF was previously the avenue for those types of projects).

Energy levy funding contributed to nine EECA programmes

Here we outline the programmes we used energy levy funding for in 2023/24, including what was delivered. For further information on our activities during the year, please refer to our [Annual Report 2023/24](#).

Low Emission Transport Fund (LETF)

In 2023/24, we supported over 40 innovative low-emissions transport projects, leveraging more than \$60 million of private investment. Funding rounds focused on vehicles, technologies, off-road, marine, and charging hubs. Projects include an electric water taxi, an electric container handler, a port crane conversion from diesel to electric, and development of marine electrification kits. A full list of projects funded by the LETF to date is available on our website: eeeca.govt.nz/co-funding/transport-emission-reduction/co-funded-transport-projects/.

Low Emissions Transport Information Provision Programme⁴

In 2023/24, we continued to develop and provide independent and authoritative information about efficient, renewable transport choices. Key outputs include:

- Consumer research on smart charging to inform our wider work programme (shared across government, with industry and on our website).
- Extended research on factors that influence the uptake of energy efficient and low-emissions transport and public charging technology (shared across government and on our website).
- A campaign promoting EECA-approved smart chargers to increase awareness and uptake of smart electric vehicle (EV) chargers.
- An EV advertising campaign to overcome barriers and emphasise motivations to purchase.
- Promotion of information and digital tools that enable consumers to make informed purchase decisions on EVs. This includes a video with key statistics on New Zealand's public charging infrastructure and insight into how we are preparing for the increasingly electric future of transport.
- Efficient, low-emission insight reports and authoritative information.

⁴ Previously referred to as the Low Emissions Transport Behaviour Change Programme.

Standards and Regulations Programme

In 2023/24, we:

- Contributed to the governance of the trans-Tasman Equipment Energy Efficiency (E3) Programme, including developing future strategies and priorities.
- Contributed to draft amendments to energy efficiency requirements for several product classes.
- Updated the Publicly Available Specification (PAS) for high temperature heat pumps.
- Worked alongside industry on the *FlexTalk* project, piloting a two-way communication platform between electricity distribution networks and smart electric vehicle chargers.
- Ensured regulated appliances for sale in stores displayed the correct energy rating label in accordance with the regulations by checking over 24,000 appliances.

Overall, the E3 programme in New Zealand reported energy savings of 1.6 PJ in 2023/24 (relating to the latest sales data period of 1 April 2022 through 30 March 2023). That's equivalent to the yearly energy use of 37,000 homes.

Since 2002, over 98 million products have been sold under the programme. This has saved businesses and consumers over 94 PJ of energy (equivalent to the yearly energy use of around 2.2 million homes). The benefits of these energy savings equate to an estimated \$2.3 billion of national benefit and 3.5 million tonnes of avoided carbon emissions.

Large Energy Users Programme

In 2023/24, we:

- Maintained relationships with large energy using businesses and provided them with energy management information, resources, advice, and training.
- Supported 44 projects to increase energy efficiency and renewable energy use in large energy using organisations, including feasibility studies, monitoring and targeting projects, energy graduates, an Energy Transition Accelerator (ETA) assessment, and an energy audit.
- Monitored performance and completion of existing projects.

Technology Demonstration Programme

In 2023/24, we supported the demonstration of 12 energy efficient and renewable technologies that are yet to be widely adopted in the market, including:

- An electric tractor for use on a farm, which will displace off-road diesel use.
- An industrial microwave drier for use in a food manufacturing plant, which will displace gas use.
- A biogas capture system for use at a brewery, which will displace gas use.

Sector Decarbonisation Programme

In 2023/24, we published decarbonisation pathway resources for seven key energy-using sectors:

- Wine making
- Plastic manufacturing
- Hotels
- Commercial bakeries
- General manufacturing
- Meat processing
- On-farm dairy.

We also ran over 40 webinars, workshops, conferences, and targeted events to share the insights gathered through the programme. We have had over 850 sign ups to our resources, case studies, and associated learnings, which can be shared across multiple businesses.

Industry Development Programme

In 2023/24, we continued our ongoing support for the Carbon and Energy Professionals (CEP), the Bioenergy Association of New Zealand (BANZ), and the Energy Academy. Through the funding partnerships, these associations can grow their membership bases, deliver targeted training courses, provide collaboration platforms, and run educational webinars. We also supported the creation of a Renewable Energy Alliance (a collaboration between BANZ, the New Zealand Geothermal Association, and the Wind Association of New Zealand).

National Australian Built Environment Rating System New Zealand (NABERSNZ)

In 2023/24, we saw another year of significant uptake for NABERSNZ with a total of 153 office buildings receiving certified ratings (a 16% increase on 2022/23). The average star rating was 4.31 out of 6 stars. In addition, NABERSNZ for Public Hospitals continued to develop with a total of 47 hospitals receiving certified benchmark ratings for energy and water. These benchmark ratings will inform certified ratings in 2024/25.

Local Authorities Programme

In 2023/24, we maintained relationships with Local Authorities and delivered advice, energy audits, energy graduates, energy management plans, energy systems optimisation, feasibility studies and business cases, and monitoring and targeting to increase efficient and renewable energy use.