

21 January 2025

EECA

Via email: levyconsultation@eeca.govt.nz

Tēnā koe,

Transparency in levy funding, work plan, and benefit

Powerco is one of Aotearoa's largest gas and electricity distributors, supplying around 359,800 (electricity) and 113,600 (gas) urban and rural homes and businesses in the North Island. These energy networks provide essential services to nearly 1 million kiwis and will be core to Aotearoa achieving a net-zero economy in 2050. EECA's initiatives are relevant to Powerco's customers and are a cost to our customers. We encourage a levy funded work programme that is transparent and optimises support for New Zealand's transition to a low emissions economy.

Our views on EECA's levy funding proposal for 2025/26 are:

Improved work programme transparency and benefits required

- The levy proposal is an uplift of 14.6% from the FY25 levy. We calculate that the forecast cost of FY26 levy-related activities (\$41.048m) is a 53% increase on the actual spend in FY24 and 42% on the actual in FY23 (estimated FY25 not provided). We are disappointed the consultation document has not justified the uplift in forecast cost and proposed levy or described the benefit to consumers and the broader economy, the uplift is expected to deliver
- There is limited information provided on the FY26 activities programmed for the forecast cost. EECA's FY25 levy proposal provided strong evidence of the activities planned and benefit expected from each area of levy spend. Similarly, the EA and GIC FY26 consultation documents provided good evidence of work programme activities linked to levy proposals. By comparison the EECA FY26 consultation document outlines programmes generically with few actual examples of work activities.

Renewable gas uptake is part of a secure lower emissions energy supply in the future

- With a focus area to 'accelerate renewable energy' and a lever to 'demonstrate and scale up renewable energy use', we are disappointed that work on renewable gas uptake is not a clear part of the EECA programmes. We encourage explicit acknowledgement of renewable gas as part of EECA's renewable/lower-emissions energy work programmes.
- Generic descriptions provided may have scope for consideration of renewable gas eg the *demonstration and diffusion programme* for investment in projects with 'tangible emissions reductions', and the *sector programme* for supporting sectors (eg with biogas feedstock) in 'working with all fuel types'. Our previous experience is that renewable gas

is not generally considered by EECA in renewable/lower-emission alternatives, and the consultation document does not provide confidence in any change.

This submission does not contain any confidential information and may be published in full. If you have any questions regarding this submission or would like to talk further on the points we have raised, please contact Irene Clarke (Irene.Clarke@powerco.co.nz).

Nāku noa, nā,



Emma Wilson

Head of Policy, Regulation and Markets

POWERCO