



## Minister of Energy and Resources

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# Energy and Resources Portfolio

## Vote Business, Science and Innovation

Report in relation to selected non-departmental appropriations for the year ended 30 June 2023

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## Foreword

Ministers are responsible for reporting the financial and non-financial performance of non-departmental appropriations to Parliament. This report provides information about the year-end performance results of non-departmental appropriations that have not been included in any other reports to Parliament.

This report provides the 1 July 2022 to 30 June 2023 results of relevant non-departmental appropriations for the Energy and Resources portfolio within Vote Business, Science and Innovation. The relevant appropriations are:

- Energy and Resources: Advice on Viable Energy Storage Projects (MYA)
- Energy and Resources: Management of IEA Oil Stocks 2020-2024
- Energy and Resources: Oil Field Decommissioning
- Energy and Resources: Meeting Crown Obligations
- Energy and Resources: Low Emission Transport Fund Freight Decarbonisation Grants 2022-2027
- Energy and Resources: National New-Energy Development Centre
- Energy and Resources: National New-Energy Development Centre 2022-2026
- Energy and Resources: Crown Loans – Impairment of Debt
- Energy and Resources: Crown Energy Efficiency – Capital Injection



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Hon Dr Megan Woods

**Minister of Energy and Resources**

**Contents**

- Non-Departmental Output Expenses* ..... 4**
  - Energy and Resources: Advice on Viable Energy Storage Projects (MYA)..... 4
  - Energy and Resources: Management of IEA Oil Stocks (MYA) (M28)..... 5
  - Energy and Resources: Oil Field Decommissioning ..... 6
  - Energy and Resources: Meeting Crown Obligations (M28) MYA..... 7
  
- Non-Departmental Other Expenses* ..... 8**
  - Energy and Resources: Low Emission Transport Freight Decarbonisation Grants 2022-2027 (M28)..... 8
  - Energy and Resources: National New-Energy Development Centre (M28) ..... 9
  - Energy and Resources: National New-Energy Development Centre 2022-2026 (M28) .10
  - Energy and Resources: Crown Loans – Impairment of Debt .....11
  
- Non-Departmental Capital Expenditure* .....12**
  - Energy and Resources: Crown Energy Efficiency – Capital Injection.....12

## Statements of Performance

### *Non-Departmental Output Expenses*

## Energy and Resources: Advice on Viable Energy Storage Projects (MYA)

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### Scope of Appropriation

This appropriation is limited to the delivery of advice on the technical, environmental, and commercial feasibility of viable energy storage projects, including an assessment against alternatives.

### Intention Statement

This appropriation is intended to achieve the funding of the business case assessment of options to address New Zealand's dry year energy storage problem in sufficient detail for a Cabinet decision on the selection of a project to be developed into a final engineering design for approval.

### Assessment of Performance

#### Non-Financial

| Performance Measure   | 2021/22         | 2022/23        | 2022/23         |
|---|-----------------|----------------|-----------------|
|   | Actual Standard | Total Standard | Actual Standard |
| Quarterly reports to the Minister of Energy and Resources are delivered on time | 100%            | 100%           | 100%            |

#### Financial

| Expenses (\$000)    | 2021/22 Actual | 2022/23 Estimates | 2022/23 Supplementary Estimates | 2022/23 Actual |
|---------------------|----------------|-------------------|---------------------------------|----------------|
| Total Appropriation | \$13,847       | \$52,578          | \$78,298                        | \$11,671       |

#### Comment

Funding for the NZ Battery project was received through the Infrastructure Reference Group in July 2020.

Funding of \$30 million was indicatively allocated for phase 1 of the project. Initially it was anticipated that phase 2 would be started in financial year 2022/23. However, due to the time taken to establish a specialist team, establish the technical reference group and undertake significant pieces of technical procurement, phase 2 will occur in 2023/24 and will continue in the 2024/25 financial year.

## **Energy and Resources: Management of IEA Oil Stocks (MYA) (M28)**

### **Scope of Appropriation**

This appropriation is limited to purchasing, managing and investigating oil tickets (forward purchase contracts for oil supply) and other related oil security products needed to meet International Energy Agency obligations.

### **Intention Statement**

This appropriation is intended to achieve New Zealand meeting its 90-day oil stock holding obligation as a member of the International Energy Agency (IEA).

### **Assessment of Performance**

#### **Non-Financial**

| <b>Performance Measure</b>  | <b>2021/22<br/>Actual<br/>Standard</b> | <b>2022/23<br/>Total<br/>Standard</b> | <b>2022/23<br/>Actual<br/>Standard</b> |
|---|--|---------------------------------------|--|
| New Zealand meets its International Energy Agency obligations by maintaining 90 days of oil stock reserve | Achieved                               | Achieved                              | Achieved                               |

#### **Comment**

Stockholding requirements were suspended during 2022/23 due to the IEA Collection Actions authorised in March and April 2022. Stockholding requirements will be reinstated after the first quarter of 2024.

#### **Financial**

| <b>Expenses (\$000)</b> | <b>2021/22<br/>Actual</b> | <b>2022/23<br/>Estimates</b> | <b>2022/23<br/>Supplementary<br/>Estimates</b> | <b>2022/23<br/>Actual</b> |
|-------------------------|---------------------------|------------------------------|--|---------------------------|
| Total Appropriation     | \$3,459                   | \$40,541                     | \$40,541                                       | \$13,403                  |

#### **Comment**

The underspend in 2022/23 against budget is due to the price of the oil stocks. This funding sits in a multi-year appropriation and any underspends will be rephased via the October Baseline Update.

## Energy and Resources: Oil Field Decommissioning

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### Scope of Appropriation

This appropriation is limited to the costs associated with the demobilisation and decommissioning of New Zealand oil fields.

### Intention Statement

This appropriation is intended to achieve the demobilisation and decommissioning of New Zealand oil fields.

### Assessment of Performance

#### Non-Financial

| Performance Measure                          | 2021/221<br>Actual<br>Standard | 2022/23<br>Total<br>Standard | 2022/23<br>Actual<br>Standard |
|--|--------------------------------|------------------------------|-------------------------------|
| Crown complies with regulatory requirements. | New<br>measure                 | Achieved                     | Achieved                      |

#### Comment

All regulatory requirements met.

#### Financial

| Expenses (\$000)    | 2021/22<br>Actual | 2022/23<br>Estimates | 2022/23<br>Supplementary<br>Estimates | 2022/23<br>Actual |
|---------------------|-------------------|----------------------|---------------------------------------|-------------------|
| Total Appropriation | -                 | -                    | 20,223                                | 0                 |

#### Comment

Funding was appropriated through 2019/20 and 2020/21. Majority of its anticipated expenses were created in a provision in 2020/21. There was no expenditure for 2022/23, due to the project operating under the scope of its current available provision and no additional expenditures were forecasted.

**Energy and Resources: Meeting Crown Obligations (M28) MYA**

**Scope of Appropriation**

This appropriation is limited to expenses incurred in meeting, or arising from, Crown obligations in the Energy and Resources Portfolio.

**Intention Statement**

This appropriation is intended to achieve timely and accurate delivery of the Crown obligations.

**Assessment of Performance**

**Non-Financial**

| Performance Measure      | 2021/22<br>Actual<br>Standard | 2022/23<br>Total<br>Standard | 2022/23<br>Actual<br>Standard |
|--------------------------|-------------------------------|------------------------------|-------------------------------|
| All deliverables are met | Achieved                      | Achieved                     | Achieved                      |

**Comment**

Tui Phase 3 (Plugging and Abandonment of the Wells) commenced on 30 May 2023, and is currently underway.

**Financial**

| Expenses (\$000)    | 2021/22<br>Actual | 2022/23<br>Estimates | 2022/23<br>Supplementary<br>Estimates | 2022/23<br>Actual |
|---------------------|-------------------|----------------------|---------------------------------------|-------------------|
| Total Appropriation | -                 | 84,344               | 84,344                                | 0                 |

**Comment**

Funding was appropriated through Budget 2021, however there was no expenditure for 2022/23, due to uncertain timing of events requiring expenditure. As the timing of expenditure against this appropriation is uncertain, it has been established as an multi-year appropriation (MYA), allowing the underspend to be available in future years.

## Non-Departmental Other Expenses

### Energy and Resources: Low Emission Transport Freight Decarbonisation Grants 2022-2027 (M28)

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#### Scope of Appropriation

This appropriation is limited to supporting organisations for projects that demonstrate low emission freight technologies, fuels services, infrastructure, innovations and business models.

#### Intention Statement

This appropriation is intended to achieve demonstration and piloting of low emission freight solutions, to inform businesses and the wider freight and supply chain sector about what low emissions options are available and how they operate in practice.

#### Assessment of Performance

##### Non-Financial

| Performance Measure  | 2021/22<br>Actual<br>Standard | 2022/23<br>Total<br>Standard | 2022/23<br>Actual<br>Standard |
|--|-------------------------------|------------------------------|-------------------------------|
| Amount of co-funding committed to freight decarbonisation projects during the financial year | -                             | N/A                          | N/A                           |

##### Comment

\$0 of LETF freight decarbonisation funding was committed to projects at 30 June 2023. This is because the funding only becomes available in the 2023/24 financial year.

##### Financial

| Expenses (\$000)    | 2021/22<br>Actual | 2022/23<br>Estimates | 2022/23<br>Supplementary<br>Estimates | 2022/23<br>Actual |
|---------------------|-------------------|----------------------|---------------------------------------|-------------------|
| Total Appropriation | -                 | -                    | -                                     | -                 |

##### Comment

Funding for this appropriation starts in 2023/24

## Energy and Resources: National New-Energy Development Centre (M28)

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### Scope of Appropriation

This appropriation is limited to establishing and operating Ara Ake, the National New-Energy Development Centre.

### Intention Statement

This appropriation is intended to achieve the acceleration of the transition to a clean energy system, and low-emissions economy by reducing the time, cost and risk associated with the development and commercialisation of energy innovation.

### Assessment of Performance

#### Non-Financial

| Performance Measure   | 2021/22<br>Actual<br>Standard | 2022/23<br>Total<br>Standard | 2022/23<br>Actual<br>Standard |
|---|-------------------------------|------------------------------|-------------------------------|
| Number of performance and monitoring meetings over the financial year   | At least 8                    | At least 8                   | 8                             |
| Percentage of agreed key performance indicators that have been met on time                                      | 90%                           | 90%                          | 100%                          |
| Progress on agreed work programme milestones and financial performance and is reported within agreed timeframes | Achieved                      | Achieved                     | Achieved                      |

#### Financial

| Expenses (\$000)    | 2021/22<br>Actual | 2022/23<br>Estimates | 2022/23<br>Supplementary<br>Estimates | 2022/23<br>Actual |
|---------------------|-------------------|----------------------|---------------------------------------|-------------------|
| Total Appropriation | 4,400             | 2,000                | 2,000                                 | 0                 |

#### Comment

This funding is for the start up phase of Ara Ake. Funding in 2022/23 has been paid from the Energy and Resources: National New-Energy Development Centre 2022-2026 multi-year appropriation and no funding was drawn down from the Energy and Resources: National New-Energy Development Centre appropriation.

## Energy and Resources: National New-Energy Development Centre 2022-2026 (M28)

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### Scope of Appropriation

This appropriation is limited to completing the establishment of, and operating Ara Ake, the National New-Energy Development Centre

### Intention Statement

This appropriation is intended to achieve the acceleration of the transition to a clean energy system, and low-emissions economy by reducing the time, cost and risk associated with the development and commercialisation of energy innovation.

### Assessment of Performance

#### Non-Financial

| Performance Measure   | 2021/22<br>Actual<br>Standard | 2022/23<br>Total<br>Standard | 2022/23<br>Actual<br>Standard |
|---|-------------------------------|------------------------------|-------------------------------|
| Percentage of agreed key performance indicators that have been met on time                                      | 90%                           | 90%                          | 100%                          |
| Progress on agreed work programme milestones and financial performance and is reported within agreed timeframes | 90%                           | 90%                          | 100%                          |
| Number of performance and monitoring meetings over the financial year.  | 8                             | At least 8                   | 8                             |

#### Financial

| Expenses (\$000)    | 2021/22<br>Actual | 2022/23<br>Estimates | 2022/23<br>Supplementary<br>Estimates | 2022/23<br>Actual |
|---------------------|-------------------|----------------------|---------------------------------------|-------------------|
| Total Appropriation | \$4,400           | \$6,600              | \$6,600                               | \$6,593           |

#### Comment

Actuals in 2022/23 is in line with 2022/23 supplementary estimates.

# Energy and Resources: Crown Loans – Impairment of Debt

## Scope of Appropriation

This appropriation is limited to credit losses associated with crown loans provided under the Energy and resources: Crown Energy Efficiency appropriation.

## Intention Statement

This appropriation is intended to achieve the recognition of credit losses associated with Crown Loans.

## Assessment of Performance

### Non-Financial

| Performance Measure  | 2021/22<br>Actual<br>Standard | 2022/23<br>Total<br>Standard | 2022/23<br>Actual<br>Standard |
|--|-------------------------------|------------------------------|-------------------------------|
| Paid off all outstanding amounts owed on EECA loans (see Note 1) | -                             | Achieved                     | Not applicable                |

*Note 1: This is a new performance indicator for 2022/23 and outyears and was selected to reflect the PBE FRS 48 principle of faithful representation.*

### Financial

| Expenses (\$000)    | 2021/22<br>Actual | 2022/23<br>Estimates | 2022/23<br>Supplementary<br>Estimates | 2022/23<br>Actual |
|---------------------|-------------------|----------------------|---------------------------------------|-------------------|
| Total Appropriation | -                 | -                    | 100                                   | 0                 |

### Comment

Actual for 2022/23 is zero because there was no impairment accounting expense required on loans provided to schools by EECA.

## Non-Departmental Capital Expenditure

### Energy and Resources: Crown Energy Efficiency – Capital Injection

#### Scope of Appropriation

This appropriation is limited to capital injections to Crown entities to assist public sector agencies in implementing energy efficiency and carbon emission reducing projects.

#### Intention Statement

This appropriation is intended to achieve greater energy efficiency and emission reductions by providing funding assistance to Crown entity projects approved under the State Sector Decarbonisation Fund.

#### Assessment of Performance

##### Non-Financial

| Performance Measure   | 2021/22<br>Actual<br>Standard | 2022/23<br>Total<br>Standard | 2022/23<br>Actual<br>Standard |
|---|-------------------------------|------------------------------|-------------------------------|
| Amount of funding to assist Crown entities provided in accordance with the investment principles of the State sector Decarbonisation Fund | 100%                          | 100%                         | 100%                          |

##### Financial

| Expenses (\$000)    | 2021/22<br>Actual | 2022/23<br>Estimates | 2022/23<br>Supplementary<br>Estimates | 2022/23<br>Actual |
|---------------------|-------------------|----------------------|---------------------------------------|-------------------|
| Total Appropriation | \$3,256           | \$3,000              | \$16,250                              | \$6,638           |

#### Comment

The funding is provided to government agencies who are eligible for grant funding under the State Sector Decarbonisation Fund. The grants are paid out in milestones and the underspend in 2022/23 is reflective of funding paid out only when milestones are met.