



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI



**Energy Efficiency and  
Conservation Authority**  
Te Tari Tiaki Pūngao

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# Replacing the New Zealand Energy Efficiency and Conservation Strategy 2011-2016

**Information to support the public consultation  
December 2016**

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# Decision to replace the New Zealand Energy Efficiency and Conservation Strategy 2011-16

The New Zealand Energy Efficiency and Conservation Strategy 2011-2016 expired in August 2016. The Minister of Energy and Resources decided to replace it with a new strategy, which he announced in March 2016. We are seeking your views on a draft replacement strategy covering the period 2017 to 2022.

The New Zealand Energy Efficiency and Conservation Strategy 2017-2022 (the Strategy) will be the fourth edition of a national strategy on energy efficiency and renewable energy prepared under the Energy Efficiency and Conservation Act 2000 (the Act). It is a companion to the New Zealand Energy Strategy 2011-2021 (the NZES), which remains the Government's primary statement of New Zealand's energy policy.

"Unlocking our energy productivity and renewables potential", the replacement Strategy, will set the overarching policy direction for government support and intervention for the promotion of energy efficiency and the use of renewable sources of energy. The Strategy will guide the work programme of the Energy Efficiency and Conservation Authority (EECA) over the next five years.

As required by the Act, this draft strategy has been developed in consultation with a range of targeted stakeholder groups.<sup>1</sup> It draws on their ideas and experiences about the key opportunities, barriers and solutions to energy efficiency and renewable energy uptake, and suggestions of potential policies to support the Strategy's proposed objectives. We are now seeking your views to inform the development of the final Strategy, for release in 2017.

## 1. Why do we need a Strategy for 2017 to 2022?

Replacing the Strategy provides an opportunity to ensure it is up-to-date and relevant in a changing energy context. This changing context includes new energy technologies coming to market, changing consumer preferences, a growing international focus on the critical role energy plays in business competitiveness, and the need to transition to a lower emissions economy. It is timely to refresh the Strategy to set a firmer direction for New Zealand's energy future. The Government is also developing new energy targets that will signal the longer-term direction for the sector that will sit above the Strategy.

Energy is an important input into our economy. In the context of changing consumer preferences and advances in technology, there is significant potential to use energy more productively, while reducing emissions. Tapping into this potential requires a coordinated and sustained approach by everyone.

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<sup>1</sup> Targeted consultation sought views from a range of groups representing individuals, business and the public sector, including local government and iwi. Umbrella groups (e.g. industry associations) were approached to provide a cross-section of views.

New Zealand's progress towards achieving longer-term goals, such as the new energy targets and our climate change commitments depends on the choices made every day by energy users, large and small. Our individual and collective decisions add up and make an impact – turning machinery on and off, purchasing vehicles, appliances and equipment for use in businesses and at home. However, these choices are often complex and factoring in energy performance over the life of the investment presents a hurdle for many consumers.

Work is already underway to ensure that we are well positioned to adapt to and take advantage of emerging technologies and continue our transition to a more productive and lower emissions economy. The New Zealand Emissions Trading Scheme (ETS) will ensure that a price on carbon emissions is a feature of future investment decisions, improving the competitiveness of low emission alternatives.

A refreshed Strategy complements this by shifting the focus into sectors with the most potential to contribute to emissions reduction – through switching to renewables and using energy more productively.

This Strategy therefore plays a central role in ensuring government and the energy sector are removing any barriers and providing appropriate incentives to support all New Zealanders to take action and make the best choices about the energy they use, and how they use it. The Strategy will do this by:

- Contributing to New Zealand achieving longer-term goals, such as the Government's proposed energy targets and our climate change commitments through to 2050 and beyond.
- Guiding policy development and implementation across government, in particular EECA's work.
- Encouraging all parts of the economy – businesses, individuals, public sector organisations and market participants – to contribute to the Strategy's objectives and goal.
- Continuing to improve the evidence base for increasing energy productivity and renewable energy, in order to better track progress and inform policymaking.

## 2. What's in the draft Strategy?

The proposed goal of the refreshed NZEECS is to **support New Zealand to be an energy efficient, productive and low emissions economy**. The draft Strategy includes actions and targets that will support progress towards this goal, which focus on three priority areas: process heat, transport and electricity.

New Zealand has maintained its high proportion of renewable electricity without compromising security of supply or unduly increasing cost, but our energy productivity relative to other countries is slipping. Electricity continues to be a priority area, with a particular focus on supporting technology uptake and innovation. This reflects the changing energy context and Government's role in enabling market-led action, which benefits households and businesses (while maintaining energy security).

Cost-effective investment in energy efficiency and fuel substitution could see the energy used for process heat decrease significantly and make a contribution to reducing emissions. The location of process heat also provides opportunities for regional development, on the back of existing regional resource advantages, for example, through developing wood energy markets and the use of geothermal energy.

In terms of transport energy, work is already underway to increase the number of electric vehicles (EVs) through the Government's EVs Programme. This is just one of the ways that we can take advantage of technologies that complement our resource advantage, while improving the efficiency and emissions profile of the transport sector.

The actions included in the draft Strategy relate to four objectives, which contribute to the goal; one each for businesses, individuals and public sector agencies, and one for all market participants. This approach recognises that each group has different levels of influence and are often responsible for making different types of decisions, but they all have a role in unlocking our energy productivity and renewable potential.

The Strategy sets out how it fits in with other government strategies and priorities, and how different parts of government can work together to meet New Zealand's long-term targets. It identifies lead and supporting government agencies responsible for specific government-led actions, with MBIE as the primary policy agency and EECA as the primary delivery agency. The draft Strategy is consistent with existing Government Policy Statements and National Policy Statements (NPS), including the NPS for Renewable Electricity Generation.

### **3. How will we measure progress?**

Under this Strategy, we have identified targets which will help ensure that our policies remain relevant and are achieving the desired goal. The targets will enable us to track progress.

The targets under the Strategy are:

1. *Decrease in industrial emissions intensity of one per cent per annum on average between 2017 and 2022.*
2. *Electric vehicles make up two per cent of the vehicle fleet by the end of 2021.*

These targets complement the existing target for renewable electricity (90 per cent by 2025) and strike a balance between having measurable and meaningful targets that enable us to track the impact of actions under the Strategy. This approach aims to provide a clear direction for future policy and action, while taking into account the expected changes in the economics of energy technologies and practices.

It is important to note that this Strategy does not include a full list of Government energy efficiency and renewable initiatives. This approach will ensure the document stays relevant for its five-year life, and allows for initiatives to end and new programmes to begin. The full range of initiatives is listed by public sector agencies in their respective public accountability documents and websites. Alongside this, agencies may develop additional targets linked to specific programmes or commitments, which will also be reported through these accountability processes.

Supporting this approach will be investment in quality energy end-use data and analysis. Good data is critical for reviewing existing programmes and informing new policy design. Data will continue to be published by MBIE, Statistics New Zealand, the Electricity Authority, the Gas Industry Company, and EECA.

## 4. What else is Government doing?

The Strategy contributes to broader Government priorities, including to build a productive and competitive economy, and improve energy efficiency and use of renewable energy to raise productivity, reduce carbon emissions and promote consumer choice (under the Business Growth Agenda: Natural Resources).

A range of government initiatives are already underway which complement the direction set in this Strategy, including:

- ratification of the 2015 Paris Agreement
- the Electric Vehicles Programme
- review of the New Zealand Emissions Trading Scheme
- changes to the Energy Efficiency and Conservation Authority’s levy funding, and
- the work of the Electricity Authority, Commerce Commission and MBIE which takes account of the potential implications of emerging energy technologies.

## 5. How to have your say

MBIE seeks written submissions on the issues raised in the Strategy by 5.00pm on Tuesday 7 of February 2017. A copy of this document and the Strategy are available for inspection at MBIE’s Head Office located at 15 Stout Street, Wellington, New Zealand.

Your submission may respond to any or all of these issues. A submissions template has been provided separately which sets out the specific questions for your consideration. Where possible, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples.

A summary and analysis of submissions will be released along with the final Strategy in 2017.

### Consultation questions

1.	Does the proposed goal capture what you see as the desirable future state from the promotion of energy efficiency, energy productivity and renewable energy in New Zealand?
2.	Where do the challenges and opportunities lie for energy efficiency and renewable energy in New Zealand over the next five years?
3.	Do the proposed objectives and priority areas capture the key contributions that are needed to achieve the goal?
4.	Does the focus on what each group can contribute resonate with you? Do you think anyone is missing?
5.	Taken together, do you think the proposed goal, objectives and priority areas will set a clear direction for action to unlock our energy productivity and renewables potential?
6.	What specific actions could help us to achieve the goal of the Strategy? What, if any, additional costs would you face if those actions were implemented? Please quantify if possible.

7.	Do you agree that the preferred targets will be measureable and meaningful targets, and support the objectives and actions?
8.	How can we ensure that energy data and research generates knowledge and understanding that can help to unlock our energy productivity and renewables potential?

## Submissions process

Please use the [submission template](#). This will help us to collate submissions and ensure that your views are fully considered. Please also include your name and (if applicable) the name of your organisation in your submission. Please include your contact details in the cover letter or e-mail accompanying your submission.

Submissions are due by 5.00pm on Tuesday 7 of February 2017. You can make your submission:

- By sending your submission as a Microsoft Word document to:  
[energymarkets@mbie.govt.nz](mailto:energymarkets@mbie.govt.nz).
- By mailing your submission to:  
Energy Markets  
Building, Resources and Markets  
Ministry of Business, Innovation & Employment  
PO Box 1473  
Wellington 6140  
New Zealand

Please direct any questions that you have in relation to the submissions process to:  
[energymarkets@mbie.govt.nz](mailto:energymarkets@mbie.govt.nz).

### Publication of submissions/use of information

The information provided in submissions will be used to inform the development of the New Zealand Energy Efficiency and Conservation Strategy 2017-2022.

We may contact submitters directly if we require clarification of any matters in submissions.

Except for material that may be defamatory, MBIE intends to post all written submissions on its website at [www.mbie.govt.nz](http://www.mbie.govt.nz). MBIE will consider you to have consented to such posting by making a submission, unless you clearly specify otherwise in your submission.

If you have any objection to the publication of any information in the submission, please set out clearly which part(s) you consider should be withheld, together with the reason(s) for withholding the information. MBIE will consider these reasons when considering whether there are grounds for withholding the information under the Official Information Act 1982.

Any personal information you supply to MBIE in the course of making a submission will be used by MBIE only in conjunction with the matters covered by this document. Please clearly indicate in your submission if you do not wish your name to be included in any summary of submissions that MBIE may publish.

### **Release of information**

Submissions are also subject to the Official Information Act 1982. Please set out clearly in the cover letter or e-mail accompanying your submission if you have any objection to the release of any information in the submission, and in particular, which parts you consider should be withheld, together with the reasons for withholding the information. MBIE will take such objections into account and will consult with submitters when responding to requests under the Official Information Act 1982.

If your submission contains any confidential information, please indicate this on the front of the submission. Any confidential information should be clearly marked within the text. If you wish to provide a submission containing confidential information, please provide a separate version excluding the relevant information for publication on our website.

### **Private information**

The Privacy Act 1993 establishes certain principles with respect to the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information you supply to MBIE in the course of making a submission will only be used for the purpose of assisting in the development of policy advice in relation to this review. Please clearly indicate in the cover letter or e-mail accompanying your submission if you do not wish your name, or any other personal information, to be included in any summary of submissions that MBIE may publish.

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