



## BRIEFING

### Overview of Energy Portfolio for Budget 2025

<b>Date:</b>	12 May 2025	<b>Priority:</b>	Medium
<b>Security classification:</b>	Budget - Sensitive	<b>Tracking number:</b>	BRIEFING-REQ-0013036

Action sought		
	Action sought	Deadline
Hon Simon Watts <b>Minister for Energy</b>	<b>Note</b> key information you have requested on Budget 2025 for the Energy Portfolio  <b>Note</b> further information will be provided to you for scrutiny week	22 May 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Justine Cannon	General Manager, Energy Markets	Privacy of natural persons	
Privacy of natural persons	Policy Director		✓

The following departments/agencies have been consulted
This paper includes information from the Treasury on Budget communications

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



# BRIEFING

## Title

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## Purpose

You have requested line-by-line information on Budget 2025 for the Energy Portfolio.

## Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** key information you have requested on Budget 2025 for the Energy Portfolio  
*Noted*
- b **Note** that all Budget 2025 communications will be coordinated by the Minister of Finance and the Prime Minister's Office  
*Noted*
- c **Note** further information on the Estimates for the Energy portfolio will be provided to you for scrutiny week  
*Noted*

Justine Cannon  
**General Manager, Energy Markets**  
Building, Resources and Markets, MBIE

.12. / .05. / .2025

Hon Simon Watts  
**Minister for Energy**

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## Budget 2025

1. You are responsible for just under \$520 million in appropriations in the 2025/26 financial year
2. Decisions for Budget 2025 were confirmed by Cabinet in April 2025. For the Energy Portfolio, this includes 2 initiatives (text as agreed with Treasury for the Estimates):

a. **Energy Policy Capacity**

This initiative provides \$7.460m over four years for additional capability to advise on actions from the independent review of electricity market performance as well as a short-term project on how best to leverage government procurement to achieve energy system objectives. This is funded by underspends that result from the closure of the Construction Sector Accord programme and lower than expected costs to support the decommissioning of the Tui oil field.

	\$million increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29
Increased capacity to respond to review	-	0.980	1.960	1.960	1.960
Leveraging all of Government procurement for energy outcomes	-	0.200	0.400	-	-
Underspend in Tui Decommissioning	(1.000)	-	-	-	-
Underspend in Construction Sector Accord	(6.460)	-	-	-	-
<b>Net fiscal impact</b>	<b>(7.460)</b>	<b>1.180</b>	<b>2.360</b>	<b>1.960</b>	<b>1.960</b>

b. **Energy Portfolio - Scaling and Realigning Funding**

This initiative delivers savings via a reduction in Crown funding for the Energy Efficiency and Conservation Authority (EECA), in line with the Government's priorities. This is partially offset by increasing levy funding to recognise the benefits of EECA's work for energy users. A portion of the reduction is reprioritised to maintain a stable level of energy policy resource at the Ministry of Business, Innovation and Employment to ensure delivery of the security of supply work programme

	\$million increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29
Maintain policy capability at 2024/25 level	-	0.792	1.346	1.65	5.415
Net reduction in EECA expenditure	-	(11.893)	(12.447)	(12.751)	(16.516)
Crown-Levy revenue swap (EECA)	-	(2.959)	(2.959)	(2.959)	(2.959)
<b>Net fiscal impact (net savings)</b>	<b>-</b>	<b>(14.060)</b>	<b>(14.060)</b>	<b>(14.060)</b>	<b>(14.060)</b>

## Other changes in the Portfolio

3. A full list of the changes in the portfolio is attached as **Annex One**. The key changes are:
  - a. Transfer of the Community Resilience Energy Fund and Energy Hardship Fund from MBIE to EECA. This transfer was requested by the previous Minister for Energy, in recognition of the maturing of those funds, synergies with other EECA operations (particularly Warmer Kiwi Homes), and the expertise EECA hold in fund management
  - b. Increase in the Electricity Authority appropriation (and levy), which will maintain system operator functions delivered by Transpower and support the Electricity Authority's work programme

- c. Establishing an appropriation for the Offshore Renewable Energy regulator. This appropriation will fund the Regulator, and be cost-recovered from application fees and levy revenue. Year one has been set at \$1.000 million as the upper bound of potential revenue.
- 4. There are also a number of forecast changes for multi-year appropriations. This results from better information about the profile of actual, committed expenditure. We expect there will be further adjustments at the October Confidential advice to Government

Confidential advice to Government

## Next steps

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- 6. As occurs every year, the Minister of Finance, supported by the Treasury, coordinates all Budget communications. We understand that the Treasury will be working on the development of new internal-use factsheets to support ministers' offices with drafting their Budget Day press releases, and that Minister of Finance and Prime Minister's Office will continue to coordinate all communications relating to Budget 2025 through a Budget communications committee.
- 7. MBIE will also be providing you with further detailed information about the Energy portfolio to support Scrutiny Week.

## Annexes

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Annex One: Energy Portfolio 2024/25 and 2025/26 Appropriations

# Annex One: Energy Portfolio 2024/25 and 2025/26 Appropriations

Vote Business, Science and Innovation Energy Portfolio		
<b>The Minister for Energy is responsible for appropriations of just under \$520 million for 2025/26 financial year c</b>	<b>575,922</b>	<b>519,981</b>
<b>Energy portfolio Departmental</b>	Total 2024/25 \$000	Total 2025/26 \$000
<b>Energy: Information Services</b>		
MBIE uses this funding to provide information and technical advice on energy and resources matters.		
This appropriation <b>increased by \$0.7 million</b> in 2024/25 due to Supporting high priority work involving NZ's fuel security	700	
This appropriation sees an overall <b>decrease of \$0.728 million</b> in 2025/26, mainly due to completion of work/funding supporting NZ's fuel security.		(728)
<b>Total Appropriation</b>	<b>4,111</b>	<b>3,383</b>
<b>Departmental</b>	<b>4,111</b>	<b>3,383</b>
<b>Energy Portfolio Multi-Category Department Output Expenses</b>	Total 2024/25 \$000	Total 2025/26 \$000
<b>- Policy Advice and Related Services to Ministers - Energy</b>		
MBIE uses this funding to support provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities on matters relating to energy, including monitoring of Crown entities and statutory bodies.		
This appropriation <b>increased by \$0.9 million</b> in 2024/25 due to Reprioritisation of funding to enable Review of Electricity Market Performance and establish Offshore Renewable Energy Regulator.	900	(900)
This appropriation <b>decreased by \$0.251 million</b> in 2024/25 and further <b>decreased another \$0.038 million</b> in 2025/26 due to transfer of administration of energy resilience and affordability funds from MBIE to EECA	(251)	(38)
This appropriation <b>increased by \$0.142 million</b> due to:		
\$0.1 million evaluation funding to be moved from the MCA to policy advice, in view of the transfer of the grants function to EECA,		1,080
\$0.98 million Energy policy capacity for advice on electricity market review actions and options for government procurement.		(792)
This appropriation <b>decreased by \$0.792 million</b> in 2025/26 due to Funding profile		
This appropriation <b>increased by \$0.792 million</b> in 2025/26 due to portfolio reprioritisation, intended to offset the drop in funding profile and maintain levels of service		792
<b>Total Appropriation</b>	<b>15,270</b>	<b>15,412</b>
<b>Policy Advice and Related Services</b>	<b>15,270</b>	<b>15,412</b>
<b>Energy: Renewable Energy in Communities and Public and Māori Housing MCA</b>	Total 2024/25 \$000	Total 2025/26 \$000
MBIE uses this funding to establish and administer grants and capital that improve energy affordability and resilience in communities and public and Māori housing through provision of renewable energy solutions.		
<b>- Operational Support</b>		
This funding supports operating costs for Kainga Ora and MBIE to establish and administer initiatives that promote improving energy affordability and resilience, including contributing towards renewable energy solutions for public and Māori housing.		
There is no change in this category.	0	0
<b>Total Category</b>	<b>10</b>	<b>10</b>
<b>- Provision of Funding for purchase of renewable energy</b>		
This funding is used to provide grants for renewable energy solutions to organisations or individuals, designed to promote improved resilience and energy affordability in communities and public and Māori housing, or the award of grants to support renewable energy solutions.		
This category <b>increases by \$16.512 million</b> due to a retention of funds at OBU 2024	16,512	
A <b>decrease of \$5 million</b> of savings in MBU 2025 due to savings initiative return of funding for Energy Portfolio Programmes	(5,000)	
A <b>decrease of \$0.9 million</b> due to reprioritisation of funding to enable Review of Electricity Market Performance and establish Offshore Renewable Energy Regulator	(900)	
A <b>decrease of \$13.942 million</b> in 2025/26 due to the funding profile		(13,942)
A <b>decrease of \$0.1 million</b> due to evaluation funding to be moved from the MCA to policy advice, in view of the transfer of the grants function to EECA.		(100)
<b>Total Category</b>	<b>19,350</b>	<b>5,308</b>
<b>Energy: Renewable Energy in Communities and Public and Māori Housing MCA</b>	<b>19,360</b>	<b>5,318</b>

Energy portfolio Non-Departmental	Total 2024/25 \$000	Total 2025/26 \$000
<b>E&amp;R - Public Electric Vehicle Charging Hubs and Infrastructure 2023-2028 - MYA</b>		
This appropriation increased by \$26.426 million in 2025/26 due to the funding profile		26,426
<b>Total Appropriation</b>	<b>34,000</b>	<b>60,426</b>
<b>E&amp;R - Grant Scheme for Warm, Dry, and Energy Efficient Homes 2023 - 2028 - MYA</b>		
Expenditure within this appropriation increased by \$15.34 million in 2024/25 due to an underspend the previous year	15,340	
Forecast expenditure within this appropriation decreased by \$15.34 million in 2025/26 due to the funding profile		(15,340)
<b>Total Appropriation</b>	<b>98,340</b>	<b>83,000</b>
<b>E&amp;R - Implementation of the Grant Scheme for Warm, Dry Homes 2023-2028 - MYA</b>		
Expenditure within this appropriation increased by \$3.549 million in 2024/25 due to an underspend the previous year	3,549	
Forecast expenditure within this appropriation decreased by \$3.549 million in 2025/26 due to the funding profile		(3,549)
<b>Total Appropriation</b>	<b>12,045</b>	<b>8,496</b>
<b>ENGY: Establishing a Renewable Electricity System on Chatham Island</b>		
This appropriation increased by \$1.644 million in 2024/25 due to a retention of funds at OBU 2024	1,619	
This appropriation decreased by \$4.594 million in 2025/26 due to the funding profile		(4,594)
<b>Total Appropriation</b>	<b>4,619</b>	<b>25</b>
<b>E&amp;R: National New-Energy Development Centre 2022-2026 - MYA</b>		
There is no change in this appropriation.	0	0
<b>Total Appropriation</b>	<b>7,000</b>	<b>7,000</b>
<b>E&amp;R: Accelerating Energy Efficiency and Fuel Switching in Industry (2022-2027) - MYA</b>		
Expenditure within this multi-year appropriation decreased by \$20.745 million in 2024/25 due to realigning spending profiles of the MYA	(20,745)	
Forecast expenditure within this appropriation decreased by \$17.145 million in 2025/26 due to due to the funding profile		(17,145)
<b>Total Appropriation</b>	<b>125,157</b>	<b>108,012</b>
<b>E&amp;R: Clean Heavy Vehicles Grants 2023-2028 - MYA</b>		
Forecast expenditure within this multi-year appropriation increased by \$9.25 million in 2024/25 due to an underspend in the previous year	9,250	
This appropriation decreased by \$19.25 million in 2025/26 due to due to the funding profile		(19,250)
<b>Total Appropriation</b>	<b>23,500</b>	<b>4,250</b>
<b>Energy - Energy Efficiency and Conservation</b>		
This appropriation increased by \$0.251 million in 2024/25 due to transfer of administration of energy resilience and affordability funds from MBIE to EECA	251	38
This appropriation increased by \$1.167 million in 2025/26 due to the funding profile		1,167
This appropriation decreased by \$11.893 million in 2025/26 due to portfolio reprioritisation		(11,893)
<b>Total Appropriation</b>	<b>63,837</b>	<b>53,149</b>
<b>Energy: Crown Energy Efficiency</b>		
There is no change in this appropriation in 2024/25.	0	0
<b>Total Appropriation</b>	<b>2,000</b>	<b>2,000</b>
<b>ENGY - Electricity Industry Governance and Market Operations</b>		
This appropriation decreased by \$0.6 million in 2025/26 due to funding profile for Real-time project		(600)
This appropriation increased by \$7.8 million in 2025/26 due to Electricity Authority's levy funding to be revised by a \$7.8 million increase for 2025/26 and onwards		7,800
<b>Total Appropriation</b>	<b>112,497</b>	<b>119,697</b>
<b>ENGY: Electricity Litigation Fund</b>		
There is no change in this appropriation.	0	0
<b>Total Appropriation</b>	<b>1,500</b>	<b>1,500</b>
<b>E&amp;R - Managing the Security of New Zealand's Electricity Supply 2022-2027 MYA</b>		
There is no change in this appropriation.	0	0
<b>Total Appropriation</b>	<b>1,200</b>	<b>1,200</b>
<b>ENGY: Fair Value Write Down on Loans and Investments</b>		
There is no change in this appropriation.	0	0
<b>Total Appropriation</b>	<b>500</b>	<b>500</b>
<b>ENGY: Crown Loans - Impairment of Debt</b>		
There is no change in this appropriation.	0	0
<b>Total Appropriation</b>	<b>100</b>	<b>100</b>
<b>ENGY: International Energy Agency Contribution</b>		
This appropriation decreased by \$0.04 million in 2025/26 due to the funding profile		(40)
<b>Total Appropriation</b>	<b>289</b>	<b>249</b>
<b>ENGY: Implementation of Policies and Programmes for Fuel Security and Fuel Emergency Management 2024-2029 - MYA</b>		
Expenditure for this appropriation decreased by \$0.7 million in 2024/25 due to Supporting high priority work involving NZ's fuel security	(700)	
Forecast expenditure for this appropriation decreased by \$2.900 million in 2025/26 due to the funding profile		(2,900)
<b>Total Appropriation</b>	<b>45,950</b>	<b>43,050</b>
<b>ENGY: Assisting Households in Energy Hardship</b>		
Expenditure for this multi-year appropriation increased by \$2.438 million in 2024/25 due to underspend transferred from 2023/24	2,438	
Forecast expenditure for this appropriation decreased by \$2.433 million in 2025/26 due to the funding profile		(2,433)
<b>Total Appropriation</b>	<b>4,647</b>	<b>2,214</b>
<b>Energy: Management of the Offshore Renewable Energy Regime</b>		
This appropriation increased by \$1 million, it was established through Budget 2025, to be funded through application fees and sector levy		1,000
<b>Total Appropriation</b>		<b>1,000</b>
<b>Non - Departmental</b>	<b>537,181</b>	<b>495,868</b>