



AIDE MEMOIRE

Energy Portfolio Plan – Summary for EXP discussion 4 March 2025

Date:	27 February 2025	Priority:	Medium
Security classification:	Budget - Sensitive	Tracking number:	BRIEFING-REQ-0010205

Information for Minister(s)

Hon Simon Watts
Minister for Energy

Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Rebecca Heerdegen	Policy Director, Energy Markets	Privacy of natural persons	✓

The following departments/agencies have been consulted

n/a

Minister's office to complete:

☐ Approved

☐ Noted

☐ Seen

☐ See Minister's Notes

☐ Declined

☐ Needs change

☐ Overtaken by Events

☐ Withdrawn

Comments



AIDE MEMOIRE

Energy Portfolio Plan – Summary for EXP discussion 4 March 2025

Date:	27 February 2025	Priority:	Medium
Security classification:	Budget - Sensitive	Tracking number:	BRIEFING-REQ-0010205

Purpose

The MBIE Performance Plan, including the Energy Portfolio Plan, is due to be discussed at EXP on Tuesday, 4 March 2025. This paper provides a summary of the Energy Portfolio Plan, and the final version submitted to the Minister of Finance by the previous Minister for Energy, for your information.

Rebecca Heerdegen
Policy Director, Energy Markets
Building, Resources and Markets, MBIE

27 / 02 / 2025

Energy Portfolio Plan

Background to Portfolio Plan

1. As part of Budget 2025 preparation, the Minister of Finance commissioned Performance Plans from each agency. For larger agencies, such as MBIE, this has also included the option of developing portfolio-level plans.
2. Performance Plans were developed last year, reviewed by central agencies, and then submitted by Ownership Ministers to the Minister of Finance.
3. Next steps in the process are
 - a. Review by Cabinet (commencing with an EXP discussion on Tuesday, 4 March 2025)
 - b. Update of plans for that review and other Budget 2025 decisions
 - c. Finalised by June 2025.

MBIE Performance Plan has been flagged “red” by Treasury

4. The Minister of Finance has requested that the EXP paper presents a summary of the Performance Plans so that EXP can clearly see the key risks/issues in managing within baselines. This includes a RAG-rating approach. The RAG rating is to help highlight information provided in the Plans on risks/issues to managing within baselines. This has been applied as follows:
 - a. green rating for those plans that balance and have relatively lower risks

- b. amber for those that balance and the Plan identifies risks to delivering within baselines (or the scope or impact was not clear), and
 - c. red for those Plans did not have sufficient reprioritisation options to cover cost pressures.
5. MBIE's performance plan has been rated "red" as:
- a. The plan does not balance over the period, most of which is driven by the Screen Production Rebate, which is being considered as part of the Budget process
 - b. Revenue options in the plan are contingent on decisions by Ministers, which are still pending (this includes changes to levies and draw downs on memorandum accounts)
 - c. Treasury also considers that that Portfolio Plan could be clearer on trade-offs in managing cost pressures and performance metrics
6. In their commentary, Treasury has acknowledged the challenges MBIE has in prioritising across portfolios, and noted that the Minister of Finance / Minister for Economic Growth has indicated willingness to facilitate discussions between portfolio Ministers.

Summary of the Energy Portfolio Plan (attached to the MBIE Performance Plan)

7. Key points include:
- a. Energy portfolio expenditure is largely non-departmental, and includes a significant number of grants and funds.
Since submission of the Plan, you have commissioned work to review those funds, including:

Confidential advice to Government
 - iii. You are considering the Electricity Authority's request for the 2025/26 levy.
 - b. The baseline decreases over the forecast period, this includes
 - i. closure of time-limited programmes, such as warmer kiwi homes and the low emissions heavy vehicle fund.
 - ii. a falling policy baseline

Since submission of the Plan you have identified reprioritisation to maintain the policy baseline, to be progressed through Budget 2025. Confidential advice to Government
 - c. There are 7 sector levies (around \$180m), funding functions within the portfolio, as well as three regulatory functions outside the portfolio (Commerce and Consumer Affairs). In addition to those listed, there will be a new levy for offshore renewable energy (which will commence when feasibility permits are issued in 2026).

- d. In addition to the Energy Policy cost pressure, cost pressures are also signalled for the EA.

Since submission of the Plan the EA has reduced the scale of costs signalled in the plan through negotiations with Transpower, and is currently in discussion with you about a smaller levy increase of up to \$7.8m, made up of:

- i. \$5.7m for the system operator costs (system upgrades to support more new connections with better cyber security)
- ii. \$0.8m for other service provider cost increases, and
- iii. \$1.3m for the EA work programme (delivering stronger security of supply monitoring and information on new intermittent generation, and a suite of consumer initiatives to support competition and affordable electricity).

- e. The Plan includes an additional page for EECA, at the previous Minister's request. It provides information and financials on EECA's regulatory, information, and investment functions for 2024/25.

Since submission of the Plan, as noted above, Confidential advice to Government

Annexes

Annex One: Energy Portfolio Plan

Annex One: Energy Portfolio Plan
