

Vote Energy

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister Responsible for Climate Change Issues (M12), Minister for Economic Development (M25), Minister of Energy (M28)

ADMINISTERING DEPARTMENT: Ministry of Economic Development

MINISTER RESPONSIBLE FOR MINISTRY OF ECONOMIC DEVELOPMENT: Minister for Economic Development

Overview of the Vote

The Minister of Energy is responsible for appropriations in the Vote for the 2008/09 financial year covering the following:

- a total of just over \$29 million for policy advice on the operation and information disclosure of energy resource markets, management of the Crown mineral estate, administration of the gas, electrical safety and measurement and energy efficiency regimes, implementation of the New Zealand emissions trading scheme and associated emissions unit register, and provision of information on stock and flow levels of the energy and minerals sectors
- a total of just under \$98 million for the Electricity Commission's work in regulating the electricity system, securing reserve energy supplies for New Zealand now and into the future, and promoting electricity efficiency
- a total of just over \$39 million for the Energy Efficiency and Conservation Authority's work in promoting energy efficiency, including by providing grants and assistance
- a total of \$65 million over five years for variable costs relating to maintaining a secure supply of energy for New Zealand; note that in the event of the Whirinaki power station operating, these costs are normally recovered from the sale of the resulting electricity
- a total of \$16 million for the operating, maintenance and depreciation costs relating to the Whirinaki power station
- a total of \$10 million to manage and fund New Zealand's oil stocks obligations with the International Energy Agency
- a total of just under \$8 million for the Commerce Commission's work relating to enforcement services in the general market for energy
- a total of under \$1 million for international membership fees and to meet Ministry of Energy residual liabilities, and
- a total of just under \$8 million over four years for the deployment of marine energy devices.

Details of these appropriations are set out in Parts 2-6 for Vote Energy in the Information Supporting the Estimates of Appropriations.

Details of Appropriations

Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Administration of Gas, Electricity and Energy Efficiency Regulations and related Acts (M28) This appropriation is limited to the purchase of advice on administration and associated policy work, Ministerial servicing and decision support for the Minister in relation to, and the administration of the regimes for: gas and electricity safety; energy efficiency and conservation; the supply, quality and measurement of gas and electricity; fuel quality monitoring; and information disclosure.	-	-	5,609
Emissions Trading Implementation (M12) This appropriation is limited to the implementation and administration of the New Zealand Emissions Trading Scheme.	3,312	1,912	4,984
Energy and Resource Information Services (M28) Provision of information and technical advice on energy and resources, the management of the response to any international disruption in oil supplies, and the management of New Zealand's energy-related international relations.	1,646	1,440	1,328
Administration of Gas and Electricity Regulations (M28) Advice on the administration of the gas and electricity safety and associated policy work and administration of regimes on supply, quality and measurement for gas and electricity safety; petroleum quality monitoring; electrical worker licensing; and information disclosure for the gas industry.	5,107	4,741	-
Energy and Resource Information Services RDA (M28) Provision of information and technical advice on energy and resources, the management of the response to any international disruption in oil supplies, and the management of New Zealand's energy-related international relations.	1,027	1,027	1,227
Management of the Crown Mineral Estate (M28) Allocation and management of Crown-owned petroleum, coal and mineral resources under the Crown Minerals Act 1991 and minerals programmes issued under the Act.	10,231	10,204	8,114
Policy Advice on Energy and Resource Issues (M28) This appropriation is limited to the purchase of policy advice, ministerial servicing, and decision support for the Minister in relation to the operation of energy and resource markets (electricity, oil, gas, geothermal, coal, minerals and related natural resources) and energy efficiency and conservation issues, including Treaty of Waitangi issues in relation to natural resources in particular mineral and energy resources. It also includes purchase of ownership and purchase advice on Crown entities.	6,027	5,687	6,443
Provision of Climate Change Unit Register and Information (M28) This appropriation is limited to services relating to the operation of a register to enable the allocation and trading of climate change units under the Climate Change Response Act 2002.	1,456	1,415	1,456
Total Departmental Output Expenses	28,806	26,426	29,161

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Non-Departmental Output Expenses			
Control of Natural Gas Services (M28) For development of input methodologies under Part 4 of the Commerce Act 1986 and the costs of administering the Commerce Act 1986 Part 5 control regime over the gas pipeline services of Powerco and Vector.	2,181	2,181	503
Electricity Governance and Market Operations (M28) Funds the Electricity Commission's major functions as the regulator for the electricity system. It also covers core electricity system and market operation functions, carried out under service provider contracts.	49,043	49,043	49,043
Energy Efficiency and Conservation MCOA (M28)			38,235
<i>Electricity Efficiency</i> This output class is limited to: - conducting electricity efficiency research, and - development and administration of programmes that provide incentives for cost-effective energy efficiency and conservation, aimed at changing market behaviours.	-	-	18,401
<i>Energy Efficiency and Conservation</i> This output class is limited to operational and policy outputs in accordance with statutory functions under the Energy Efficiency and Conservation Act 2000 and the government's energy strategies.	-	-	19,834
Enforcement of Electricity Sector Regulation (M28) For the provision of development of input methodologies under Part 4 and 4A of the Commerce Act 1986, the review of asset valuation methodologies, collecting and disclosing information, assessing performance against thresholds and implementing price controls as necessary in relation to electricity lines businesses and Transpower.	5,578	4,974	7,117
Maintenance and Operation of Whirinaki (M28) Largely fixed operating and maintenance costs for Whirinaki power station including the Contact Operating and Maintenance contract, depreciation on the plant and obligations arising under the Reserve Generation Capacity Agreement.	33,500	33,000	16,000
Management of IEA Oil Stocks (M28) For the cost of managing and funding of oil stocks to meet International Energy Agency obligations.	22,000	9,358	10,000
Reserve Energy and Emergency Measures—Availability Costs (M28) Funds the cost of having reserve electricity capacity and capability available, including: 1. tendering for reserve energy and emergency options; and 2. ensuring availability of reserve energy capacity. Does not include cost of supply of reserve energy (fuel) or implementation of emergency measures.	29,981	26,645	29,981
Acquisition of Petroleum Exploration Data - Extension (M28) To fund the acquisition of seismic data in New Zealand's offshore petroleum basins.	2,934	2,934	-
Electricity Efficiency (M28) The performance of electricity efficiency functions appropriation covers: 1. conducting electricity efficiency research; and 2. development and administration of programmes that provide incentives for cost-effective energy efficiency and conservation, aimed at changing market behaviours.	13,074	9,152	-
Total Non-Departmental Output Expenses	158,291	137,287	150,879

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Non-Departmental Other Expenses			
Electricity Commission Litigation Fund (M28) Funding to ensure that the Electricity Commission is able to participate in litigation effectively and without delay.	444	444	444
Energy Efficiency and Renewable Energy Grants and Assistance (M28) This appropriation is limited to the Crown's contribution to fund improvements to the energy efficiency of New Zealand businesses and homes (with a particular focus on the homes of low income earners); and to develop the solar hot water industry.	-	-	19,300
International Energy Agency Contribution (M28) Payment of contributions towards the cost of energy-related research undertaken by the International Energy Agency.	50	42	50
International Energy Agency Subscription (M28) Payment of annual subscription for membership of the International Energy Agency.	150	130	150
Ministry of Energy Residual Liabilities (M28) Payment of residual liabilities of the former Ministry of Energy and to meet urgent mine restoration and rehabilitation relating to the operations of the state coal mines prior to 1987.	199	199	199
Total Non-Departmental Other Expenses	843	815	20,143
Non-Departmental Capital Expenditure			
Crown Energy Efficiency (M28) This capital expenditure appropriation is limited to provision of funding for the Crown loans scheme to assist public sector agencies in implementing energy efficiency projects.	-	-	2,000
Total Non-Departmental Capital Expenditure	-	-	2,000
Total Annual and Permanent Appropriations	187,940	164,528	202,183

Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriation	\$000
Non-Departmental Output Expenses		
Generating Reserve Electricity At Whirinaki (M28) To cover Whirinaki Reserve Energy Plant security of supply costs, excluding those covered by the annual appropriation entitled Maintenance and Operation of Whirinaki. Predominantly expected to cover purchase of fuel against the event that the plant is required to generate reserve electricity. Commences: 1 July 2007 Expires: 30 June 2012	Original Appropriation	49,045
	Adjustments to 2006/07	-
	Adjustments for 2007/08	9,956
	Adjusted Appropriation	59,001
	Actual to 2006/07 Year End	-
	Estimated Actual for 2007/08	6,394
	Estimated Actual for 2008/09	10,000
	Estimated Appropriation Remaining	42,607
Reserve Energy and Emergency Measures - Variable (M28) To cover Electricity Commission costs relating to the 1) net variable operating costs of the Whirinaki Reserve Energy Plant when used to provide reserve energy, and 2) implementation of emergency measures. Commences: 1 July 2007 Expires: 30 June 2012	Original Appropriation	5,000
	Adjustments to 2006/07	-
	Adjustments for 2007/08	1,000
	Adjusted Appropriation	6,000
	Actual to 2006/07 Year End	-
	Estimated Actual for 2007/08	-
	Estimated Actual for 2008/09	1,000
	Estimated Appropriation Remaining	5,000

Type, Title, Scope and Period of Appropriations	Appropriation	\$000
Non-Departmental Other Expenses		
Contestable Fund for Deployment of Marine Energy Devices (M25)	Original Appropriation	8,000
Contestable fund for marine energy generation and associated administration costs.	Adjustments to 2006/07	-
Commences: 1 July 2007	Adjustments for 2007/08	(495)
Expires: 30 June 2011	Adjusted Appropriation	7,505
	Actual to 2006/07 Year End	-
	Estimated Actual for 2007/08	1,000
	Estimated Actual for 2008/09	1,885
	Estimated Appropriation Remaining	4,620