

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

Details of Appropriations

Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
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.	5,607	(500)	5,107
Emissions Trading Implementation (M12) This appropriation is limited to the implementation and administration of the New Zealand Emissions Trading Scheme.	-	3,312	3,312
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.	1,877	(231)	1,646
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)	-
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
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.	8,831	1,400	10,231
Policy Advice on Energy and Resource Issues (M28) Policy advice on the operation of energy and resource markets (electricity, oil, gas, geothermal, coal, minerals and related natural resources) including Treaty of Waitangi issues in relation to natural resources in particular mineral and energy resources.	5,759	268	6,027
Provision of Climate Change Unit Register and Information (M28) Services relating to the implementation and operation of a register to enable the allocation and trading of climate change units under the Climate Change Response Act 2002.	1,456	-	1,456
Total Departmental Output Expenses	24,557	4,249	28,806

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Non-Departmental Output Expenses			
Acquisition of Petroleum Exploration Data - Extension (M28) To fund the acquisition of seismic data in New Zealand's offshore petroleum basins.	1,778	1,156	2,934
Control of Natural Gas Services (M28) For the costs of administering the Commerce Act 1986 Part 5 control regime over the gas pipeline services of Powerco and Vector.	300	1,881	2,181
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	-	13,074
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
Enforcement of Electricity Sector Regulation (M28) For the provision of 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.	3,317	2,261	5,578
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.	16,000	17,500	33,500
Management of IEA Oil Stocks (M28) For the cost of managing and funding of oil stocks to meet International Energy Agency obligations.	22,000	-	22,000
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	-	29,981
Total Non-Departmental Output Expenses	135,493	22,798	158,291

Titles and Scopes of Appropriations by Appropriation Type	2007/08		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Other Expenses to be Incurred by the Crown			
Electricity Commission Litigation Fund (M28) Funding to ensure that the Electricity Commission is able to participate in litigation effectively and without delay.	444	-	444
International Energy Agency Contribution (M28) Payment of contributions towards the cost of energy-related research undertaken by the International Energy Agency.	50	-	50
International Energy Agency Subscription (M28) Payment of annual subscription for membership of the International Energy Agency.	115	35	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
Total Other Expenses to be Incurred by the Crown	808	35	843
Total Annual and Permanent Appropriations	160,858	27,082	187,940

Details of 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 non-operating and maintenance security of supply costs; predominantly expected to cover fuel supply in the event that the plant is required to generate reserve electricity. Commences: 1 July 2004 Expires: 30 June 2009	Original Appropriation	16,000
	Adjustments to 2006/07	26,191
	Adjustments for 2007/08	(39,045)
	Adjusted Appropriation	3,146
	Actual to 2006/07 Year End	3,146
	Estimated Actual for 2007/08	-
	Estimated Actual for 2008/09	-
	Estimated Appropriation Remaining	-
	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
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
	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
	Security of Supply - Procurement Costs (M28) To implement emergency options if needed, including the purchase of demand side management and reserve energy production (fuel for the Whirinaki Plant). Commences: 1 July 2004 Expires: 30 June 2009	Original Appropriation
Adjustments to 2006/07		(13,333)
Adjustments for 2007/08		(2,667)
Adjusted Appropriation		-
Actual to 2006/07 Year End		-
Estimated Actual for 2007/08		-
Estimated Actual for 2008/09		-
Estimated Appropriation Remaining		-

Type, Title, Scope and Period of Appropriations	Appropriation	\$000
Other Expenses to be Incurred by the Crown		
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

Information Supporting the Supplementary Estimates

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

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2007/08				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	200,250	4,249	4,554	8,803	209,053
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	2,808	-	(115)	(115)	2,693
Capital Expenditure	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	203,058	4,249	4,439	8,688	211,746
Crown Revenue and Receipts					
Tax Revenue	33,780	N/A	N/A	13,520	47,300
Non-Tax Revenue	198,237	N/A	N/A	28,737	226,974
Capital Receipts	-	N/A	N/A	-	-
Total Crown Revenue and Receipts	232,017	N/A	N/A	42,257	274,274

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Objective: To implement and administer the New Zealand Emissions Trading Scheme.	Emissions Trading Implementation

Administration of Gas and Electricity Regulations (M28)

Scope of Appropriation

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.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	5,607	(500)	5,107
Revenue from the Crown	895	(100)	795
Revenue from Others	4,783	(400)	4,383

Reasons for Change in Appropriation

Transfer of \$100,000 funding from this appropriation to Vote Commerce to assist with mitigating immediate risks. Also, reduction of \$400,000 reflecting that legislation for Liquefied petroleum gas (LPG) funding has not yet been approved.

Emissions Trading Implementation (M12)

Scope of Appropriation

This appropriation is limited to the implementation and administration of the New Zealand Emissions Trading Scheme.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	3,312	3,312
Revenue from the Crown	-	3,312	3,312

Reasons for Change in Appropriation

This new appropriation was established during the 2007/08 financial year for the implementation and administration of the New Zealand Emissions Trading Scheme.

Output Performance Measures and Standards

Performance Measures	2007/08		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The work programme which will be delivered as agreed with the Minister and as detailed in the Ministry of Economic Development Output Plan, is expected to include preparation of the detailed business requirements specifications for development of the New Zealand Emissions Trading Scheme.	N/A	In accordance with work programme agreed by Minister	In accordance with work programme agreed by Minister
The detailed business specifications will be prepared in accordance with the Ministry of Economic Development standards and practices for information technology projects, with delivery and reporting against agreed milestones.	N/A	Met	In accordance with agreed milestones

Energy and Resource Information Services (M28)

Scope of Appropriation

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.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,877	(231)	1,646
Revenue from the Crown	1,852	(231)	1,621
Revenue from Others	25	-	25

Reasons for Change in Appropriation

Transfer of \$400,000 from this appropriation to Vote Commerce to assist with mitigating immediate risks; partially offset by an expense transfer of \$169,000 from 2006/07 to 2007/08 financial year.

Management of the Crown Mineral Estate (M28)

Scope of Appropriation

Allocation and management of Crown-owned petroleum, coal and mineral resources under the Crown Minerals Act 1991 and minerals programmes issued under the Act.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	8,831	1,400	10,231
Revenue from the Crown	2,908	-	2,908
Revenue from Others	5,508	1,500	7,008

Reasons for Change in Appropriation

A fiscally neutral adjustment was sought to accommodate the increase in Petroleum, Minerals and Coal permit activity.

Policy Advice on Energy and Resource Issues (M28)

Scope of Appropriation

Policy advice on the operation of energy and resource markets (electricity, oil, gas, geothermal, coal, minerals and related natural resources) including Treaty of Waitangi issues in relation to natural resources in particular mineral and energy resources.

Expenses and Revenue

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	5,759	268	6,027
Revenue from the Crown	5,725	197	5,922
Revenue from Others	34	71	105

Reasons for Change in Appropriation

An expense transfer from 2006/07 to 2007/08 of \$117,000 and additional funding for the implementation and administration of the New Zealand Marine Energy Deployment Fund of \$150,000 and New Zealand Energy Efficiency and Conservation Strategies of \$150,000, offset by a delay in the Biofuels Sales Obligation consumer awareness programme of (\$220,000) expense transfer from 2007/08 to 2008/09. A small technical adjustment was also made to revenue and expenses relating to funding from the New Zealand Agency for International Development.

Part 2.2 - Non-Departmental Output Expenses

Acquisition of Petroleum Exploration Data - Extension (M28)

Scope of Appropriation

To fund the acquisition of seismic data in New Zealand's offshore petroleum basins.

Expenses

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,778	1,156	2,934

Reasons for Change in Appropriation

A transfer of 2006/07 unspent funds to 2007/08 financial year was approved.

Control of Natural Gas Services (M28)

Scope of Appropriation

For the costs of administering the Commerce Act 1986 Part 5 control regime over the gas pipeline services of Powerco and Vector.

Expenses

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	300	1,881	2,181

Reasons for Change in Appropriation

Additional funding for the protracted Commerce Commission gas pipeline control work and review of Parts 4 and 4A of the Commerce Act.

Enforcement of Electricity Sector Regulation (M28)

Scope of Appropriation

For the provision of 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.

Expenses

	2007/08		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	3,317	2,261	5,578

Reasons for Change in Appropriation

Funding for work relating to the development of input methodologies of \$750,000, plus an expense transfer from 2006/07 to 2007/08 relating to delays in general electricity sector regulation enforcement work and the Transpower post-breach inquiry of \$1,511,000.

Generating Reserve Electricity At Whirinaki (M28)

Scope of Appropriation and Expenses

Title, Scope and Period of Appropriations	Appropriation	\$000
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

Reasons for Change in Appropriation

Transfer of part 2006/07 old multi-year appropriation unused funds upon restructure to this appropriation.

Reserve Energy and Emergency Measures - Variable (M28)

Scope of Appropriation and Expenses

Title, Scope and Period of Appropriations	Appropriation	\$000
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

Reasons for Change in Appropriation

Transfer of part 2006/07 balance of unused funds from old multi year appropriation to this new appropriation upon restructure.

Security of Supply - Procurement Costs (M28)

Scope of Appropriation and Expenses

Title, Scope and Period of Appropriations	Appropriation	\$000
Security of Supply - Procurement Costs (M28) To implement emergency options if needed, including the purchase of demand side management and reserve energy production (fuel for the Whirinaki Plant). Commences: 1 July 2004 Expires: 30 June 2009	Original Appropriation	16,000
	Adjustments to 2006/07	(13,333)
	Adjustments for 2007/08	(2,667)
	Adjusted Appropriation	-
	Actual to 2006/07 Year End	-
	Estimated Actual for 2007/08	-
	Estimated Actual for 2008/09	-
	Estimated Appropriation Remaining	-

Reasons for Change in Appropriation

This multi-year appropriation expired at the start of the 2007/08 financial year and was replaced by the appropriation entitled Reserve Energy and Emergency Measures - Variable.

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Contestable Fund for Deployment of Marine Energy Devices (M25)

Scope of Appropriation and Expenses

Title, Scope and Period of Appropriations	Appropriation	\$000
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

Reasons for Change in Appropriation

Costs associated with implementing and administering this fund across the four-year period of the multi-year appropriation were transferred to Departmental Output Expense Policy Advice on Energy and Resource Issues.

International Energy Agency Subscription (M28)

Scope of Appropriation

Payment of annual subscription for membership of the International Energy Agency.

Expenses

	2007/08		Total \$000
	Estimates \$000	Supplementary Estimates \$000	
Total Appropriation	115	35	150

Reasons for Change in Appropriation

Transfer of funds from Vote Commerce to cover increases in the subscription.