

Vote Energy

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister for Climate Change Issues (M12),
Minister of Energy and Resources (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 and Resources is responsible for appropriations in the Vote for the 2009/10 financial year covering the following:

- a total of just over \$28 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 \$97 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 \$73 million for the Energy Efficiency and Conservation Authority's work in promoting energy efficiency, including by providing grants and assistance
- a total of \$20 million over three years to support the acquisition of seismic data from New Zealand's frontier petroleum basins
- a total of \$9 million for grants relating to New Zealand produced biodiesel
- a total of just under \$194 million over the remaining four years of a five year multi-year appropriation 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, the related costs are normally recovered from the sale of the resulting electricity generated
- a total of \$17 million for the operating, maintenance and depreciation costs relating to the Whirinaki power station
- a total of \$3 million to manage and fund New Zealand's oil stocks obligations with the International Energy Agency
- 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	2008/09		2009/10
	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; and fuel quality monitoring.	5,830	4,861	5,405
Emissions Trading Implementation (M12) This appropriation is limited to the implementation and administration of the New Zealand Emissions Trading Scheme.	6,384	2,190	3,263
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.	1,516	1,366	1,121
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.	1,752	1,456	1,865
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.	9,210	9,053	9,137
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.	7,108	6,224	5,863
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.	1,461	1,066	1,454
Total Departmental Output Expenses	33,261	26,216	28,108
Non-Departmental Output Expenses			
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	55,099

Titles and Scopes of Appropriations by Appropriation Type	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Non-Departmental Output Expenses - cont'd			
Energy Efficiency and Conservation MCOA (M28)	38,075	38,072	37,121
<i>Electricity Efficiency</i>	13,401	13,398	11,000
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.			
<i>Energy Efficiency and Conservation</i>	24,674	24,674	26,121
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.			
Maintenance and Operation of Whirinaki (M28)	66,950	15,300	17,000
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.			
Management of IEA Oil Stocks (M28)	5,700	4,821	3,000
For the cost of managing and funding of oil stocks to meet International Energy Agency obligations.			
Reserve Energy and Emergency Measures-Availability Costs (M28)	29,981	27,583	29,981
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.			
Acquisition of Petroleum Exploration Data - Extension (M28)	5,724	5,724	-
This appropriation is limited to the acquisition of seismic data in New Zealand's offshore petroleum basins.			
Control of Natural Gas Services (M28)	2,187	1,715	-
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.			
Enforcement of Electricity Sector Regulation (M28)	6,016	3,630	-
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.			
Total Non-Departmental Output Expenses	203,676	145,888	142,201
Non-Departmental Other Expenses			
Biodiesel Grants (M28)	-	-	9,000
This appropriation is limited to the provision of grants to New Zealand biodiesel producers.			
Electricity Commission Litigation Fund (M28)	444	444	444
Funding to ensure that the Electricity Commission is able to participate in litigation effectively and without delay.			
Energy Efficiency and Renewable Energy Grants and Assistance (M28)	30,212	30,212	45,368
This appropriation is limited to the Crown's contribution to fund improvements to the energy efficiency of New Zealand businesses and homes and increased use of renewable energy.			

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
International Energy Agency Contribution (M28) Payment of contributions towards the cost of energy-related research undertaken by the International Energy Agency.	50	25	50
International Energy Agency Subscription (M28) Payment of annual subscription for membership of the International Energy Agency.	150	149	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	31,055	31,029	55,211
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	2,000	2,000
Development of Reserve Electricity Generation Capacity (M28) This capital expenditure appropriation is limited to the purchase of reserve electricity generation plant.	200	200	-
Total Non-Departmental Capital Expenditure	2,200	2,200	2,000
Total Annual and Permanent Appropriations	270,192	205,333	227,520

Details of Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Non-Departmental Output Expenses		
Acquisition of Petroleum Exploration Data (M28)	Original Appropriation	20,000
This appropriation is limited to the acquisition of seismic information relating to New Zealand's offshore petroleum basins.	Adjustments to 2007/08	-
	Adjustments for 2008/09	-
Commences: 1 July 2009	Adjusted Appropriation	20,000
Expires: 30 June 2014	Actual to 2007/08 Year End	-
	Estimated Actual for 2008/09	-
	Estimated Actual for 2009/10	10,000
	Estimated Appropriation Remaining	10,000
Generating Reserve Electricity At Whirinaki (M28)	Original Appropriation	49,045
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.	Adjustments to 2007/08	9,956
	Adjustments for 2008/09	85,000
Commences: 1 July 2007	Adjusted Appropriation	144,001
Expires: 30 June 2012	Actual to 2007/08 Year End	30,269
	Estimated Actual for 2008/09	500
	Estimated Actual for 2009/10	9,607
	Estimated Appropriation Remaining	103,625
Reserve Energy and Emergency Measures - Variable (M28)	Original Appropriation	5,000
To cover Electricity Commission costs relating to the:	Adjustments to 2007/08	1,000
	Adjustments for 2008/09	80,000
1. net variable operating costs of the Whirinaki Reserve Energy Plant when used to provide reserve energy, and	Adjusted Appropriation	86,000
2. implementation of emergency measures.	Actual to 2007/08 Year End	(3,448)
Commences: 1 July 2007	Estimated Actual for 2008/09	3,948
Expires: 30 June 2012	Estimated Actual for 2009/10	1,000
	Estimated Appropriation Remaining	84,500
Non-Departmental Other Expenses		
Contestable Fund for Deployment of Marine Energy Devices (M28)	Original Appropriation	8,000
Contestable fund for marine energy generation and associated administration costs.	Adjustments to 2007/08	(495)
	Adjustments for 2008/09	-
Commences: 1 July 2007	Adjusted Appropriation	7,505
Expires: 30 June 2011	Actual to 2007/08 Year End	-
	Estimated Actual for 2008/09	3,735
	Estimated Actual for 2009/10	1,885
	Estimated Appropriation Remaining	1,885