

# VOTE *Energy*

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## Terms and Definitions Used

<b>IEA</b>	International Energy Agency
<b>MOE</b>	Ministry of Energy

# Energy

VOTE MINISTER: Minister of Energy

ADMINISTERING DEPARTMENT: Ministry of Economic Development

The Minister for Economic Development is the Responsible Minister for the Ministry of Economic Development

## Part B - Statement of Appropriations

### Summary of Appropriations

	Appropriations to be Used				Total Appropriations \$000
	By the Department Administering the Vote		For Non-Departmental Transactions		
Types of Appropriation	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Operating Flows</b>					
Classes of Outputs to be Supplied	24,589	1,087	41,874	-	67,550
Benefits and Other Unrequited Expenses	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	475	-	475
<b>Capital Flows</b>					
Capital Contributions	-	-	869	-	869
Purchase or Development of Capital Assets	-	-	201,923	-	201,923
Repayment of Debt	-	-	-	-	-
<b>Total Appropriations for 2003/04</b>	24,589	1,087	245,141	-	270,817
<b>Total 2003/04 Main Estimates Appropriations</b>	22,108	1,087	4,994	-	28,189

## Part B1 - Details of Appropriations

	2003/04						Purpose of and Reasons for Change in 2003/04 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Departmental Output Classes (Mode B Gross)</b>							
Policy Advice on Energy and Resource Issues	4,551	-	2,590	-	7,141	-	Policy advice on the operation of energy and resource markets including Treaty of Waitangi. The increase reflects funding for establishing the Electricity Commission (\$960,000); funding to enhance security of the electricity supply for 2004 (\$806,000); funding of policy work on the purchase of a reserve electricity generation plant (\$518,000); transfers to meet residual cost pressures (\$405,000); partially offset by a transfer of funding for petroleum monitoring and testing (-\$99,000).
Management of the Crown Mineral Estate	6,341	-	-	-	6,341	-	Allocation and management of Crown-owned petroleum, coal and mineral resources under the Crown Minerals Act 1991 and minerals programmes issued under the Act.
Administration of Gas and Electricity Regulations	9,266	-	(25)	-	9,241	-	Advice on, and the administration of, the gas and electrical safety, supply quality and measurement regimes; a petroleum quality monitoring regime; and implementation of information disclosure regimes for the electricity and gas industries. The decrease reflects a transfer of funding to the Policy Advice output class to meet residual cost pressures (-\$124,000); partially offset by a transfer of funding from the Policy Advice output class for petroleum monitoring and testing (\$99,000).

Provision of Climate Change Unit Register and Information	480	-	-	-	480	-	Services relating to the development and implementation of a national unit register to enable international trading in emissions units and sink credits under the Climate Change Response Act 2002.
<b>Total Appropriations for Departmental Output Classes (Mode B Gross)</b>	20,638	-	2,565	-	23,203	-	
<b>Departmental Output Classes (Mode B Net)</b>							
Energy and Resource Information Services	1,470	1,087	(84)	-	1,386	1,087	Provision of information and technical advice on energy and minerals sectors; monitoring and statistical analysis of energy markets and the provision of energy supply and demand forecasts. Also management of New Zealand's energy related international relations. The decrease reflects a transfer of funding to the Policy Advice output class for security of the electricity supply for 2004 (-\$309,000); partially offset by a transfer from 2002/03 to 2003/04 for electricity modelling and security of supply risks (\$225,000).
<b>Total Appropriations for Departmental Output Classes (Mode B Net)</b>	1,470	1,087	(84)	-	1,386	1,087	
<b>Non-Departmental Output Classes</b>							
Performance of Electricity Governance Functions	-	-	20,850	-	20,850	-	The increase reflects funding for the Electricity Commission to perform its functions and duties.
Maintenance, Operation and Generating Reserve Electricity	-	-	16,505	-	16,505	-	The increase reflects funding for the maintenance and operation of the Whirinaki power station should there be a need for reserve electricity generation.
Enforcement of Electricity Sector Regulation	3,000	-	-	-	3,000	-	For the provision of monitoring electricity prices, reviewing asset valuation methodologies and re-calibrating asset values, collecting and disclosing information and implementing price controls as necessary in relation to electricity lines businesses and to Transpower.

## Part B1 - Details of Appropriations (continued)

	2003/04						Purpose of and Reasons for Change in 2003/04 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Non-Departmental Output Classes - cont'd</b>							
Regulatory Control Inquiry - Gas Pipeline Services	1,519	-	-	-	1,519	-	For the provision of a gas pipeline inquiry under section 56 of the Commerce Act 1986.
<b>Total Appropriations for Non-Departmental Output Classes</b>	4,519	-	37,355	-	41,874	-	
<b>Other Expenses to be Incurred by the Crown</b>							
International Energy Agency Contribution	50	-	-	-	50	-	Payment of contributions towards the cost of energy-related research undertaken by the IEA.
International Energy Agency Subscription	115	-	-	-	115	-	Payment of annual subscription for membership of the IEA.
Ministry of Energy Residual Liabilities	210	-	-	-	210	-	Payment of residual liabilities of the former MOE and to meet urgent mine restoration and rehabilitation relating to the operations of the State Coal Mines prior to 1987.
Petroleum Joint Venture Development	100	-	-	-	100	-	Commitments to the Crown's interest in petroleum prospecting and mining licences through petroleum joint ventures.
<b>Total Appropriations for Other Expenses to be Incurred by the Crown</b>	475	-	-	-	475	-	

<b>Capital Contributions to Other Persons or Organisations</b>							
Investment in Electricity Commission	-	-	<b>869</b>	-	869	-	The increase reflects funding to the Electricity Commission for capital based establishment costs and to provide initial working capital for the Commission.
<b>Total Appropriations for Capital Contributions to Other Persons or Organisations</b>	-	-	869	-	869	-	
<b>Purchase or Development of Capital Assets by the Crown</b>							
Development of Reserve Electricity Generation Capacity	-	-	<b>164,576</b>	-	164,576	-	The increase reflects funding for the purchase of a reserve electricity generation plant.
GST and Customs Excise on Construction Costs	-	-	<b>37,347</b>	-	37,347	-	The increase reflects funding of GST and customs excise associated with the purchase of a reserve electricity generation plant.
<b>Total Appropriations for Purchase or Development of Capital Assets by the Crown</b>	-	-	201,923	-	201,923	-	
<b>Total Appropriations</b>	27,102	1,087	242,628	-	269,730	1,087	

## Part F - Crown Revenue and Receipts

### Part F1 - Current and Capital Revenue and Receipts

	2003/04			Explanation of 2003/04 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
<b>Current Revenue</b>				
Tax Revenue				
Energy Resource Levies - Coal	6,300	2,700	9,000	Levy payable on opencast coal. The increase reflects a revised forecast due to a contract signed for coal to be used for power generation over a five year period through to 2007/08 and the associated increase in coal stockpiles and increased exports of coal.
Energy Resource Levies - Gas	80,000	(7,000)	73,000	Levy payable on natural gas produced on discoveries made prior to 1 January 1986. The decrease reflects a revised forecast decrease of leviabale gas production and gas off-take reductions because of the wet summer.
Total Tax Revenue	86,300	(4,300)	82,000	
Non-Tax Revenue				
Levy on Electricity Industry Participants	-	18,982	18,982	The increase reflects the recovery of the costs of the Electricity Commission through a levy on electricity industry participants under section 172ZC of the Electricity Act 1992.
Levy on Electricity Line Businesses	2,667	-	2,667	Levy payable associated with the Commerce Commission regulation activities.
Ironsands Royalties	52	3	55	Royalties obtained from ironsand operations licensed by the Crown.
Residual Ministry of Energy Commitments	80	-	80	Proceeds from property rentals previously owned by State Coal.
Royalties - Coal	1,550	450	2,000	Royalties obtained from coal mining operations licensed by the Crown. The increase reflects a revised coal production forecast, particularly the additional coal required for the power generation and associated increase in coal stockpiles and exports of coal.
Royalties - Minerals	1,300	300	1,600	Royalties obtained from mineral mining operations licensed by the Crown. The increase reflects a revised forecast in production under the mining permit at the GRD mine at Macraes and Favona mine on the Coromandel.

Royalties - Petroleum	30,400	4,600	35,000	Royalties obtained from petroleum mining operations licensed by the Crown. The increase reflects a revised forecast due to higher world-wide crude oil prices in the year that are expected to drop by 2004/05 (\$7,600,000) partially offset by a forecast decrease from the lower gas off-take reducing the available condensate (-\$3,000,000).
Total Non-Tax Revenue	36,049	24,335	60,384	
<b>Total Current Revenue</b>	122,349	20,035	142,384	
<b>Capital Receipts</b>				
Sale of Crown's Interest in Kupe	-	8,300	8,300	Proceeds from the sale of the Crown's interest in Kupe.
<b>Total Capital Receipts</b>	-	8,300	8,300	
<b>Total Crown Revenue and Receipts</b>	122,349	28,335	150,684	

