

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 2012/13 financial year covering the following:

- a total of just over \$6.500 million for policy advice on the operation and information disclosure of energy resource markets, services to support the Minister, and monitoring the performance and compliance of Crown entities
- a total of just over \$13.900 million for the management of the Crown mineral estate
- a total of just over \$5.600 million for the administration of the gas, and electrical safety regime, this is an industry levy funded activity
- a total of just under \$2.900 million for the 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
- a total of just over \$63.900 million for the Electricity Authority's work in regulating the electricity system, this is an industry levy funded activity
- a total of just over \$38 million for the Energy Efficiency and Conservation Authority's work in promoting energy efficiency, and by providing grants and assistance of a forecast \$71 million for the Warm Up New Zealand: Heat Smart programme in 2012/13
- a total of \$3.500 million in the third year of a four year multi-year appropriation for facilitating and promoting increased switching between suppliers by electricity consumers
- a total of \$1.200 million for the management of emergency events by the electricity System Operator, including increased monitoring and management responsibilities in the event of an emerging security situation, and planning and running an emergency conservation campaign
- a total of just over \$5 million to manage and fund New Zealand's oil stocks obligations with the International Energy Agency
- a total of \$519,000 for international membership fees, and to meet Ministry of Energy residual liabilities in regards to urgent mine restoration and rehabilitation relating to the operations of the state coal mines prior to 1987
- a total of \$2.490 million for the contestable fund for deployment of marine energy devices, and for enabling the repair of housing at Ratana to a standard that enables the installation of clean-heating devices and insulation, and
- a total of \$1.100 million for to assist the decommissioning of high-emission heating options to improve air quality in polluted airsheds.

The Ministry expects to collect just under \$471 million of Crown revenue in 2012/13 which is mainly made up of:

- a total of just under \$346 million from petroleum royalties
- a total of just over \$80 million in levies from the Electricity Industry, and
- a total of just under \$36 million from coal and gas energy resource levies.

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	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
<i>Administration of Gas, Electricity and Energy Efficiency Regulations and Related Acts (M28)</i>	5,130	4,458	5,680
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.			
<i>Energy and Resource Information Services (M28)</i>	4,333	3,468	1,067
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.			
<i>Energy and Resource Information Services RDA (M28)</i>	1,827	1,284	1,827
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.			
<i>Energy and Resources Operational Policy, Ministerial Servicing and Crown Entity Monitoring (M28)</i>	-	-	1,517
This appropriation is limited to the development of operational policies in relation to the operation of energy and resource markets (electricity, oil, gas, geothermal, coal, minerals and natural related resources) and energy efficiency and conservation issues, services to support the Minister, and monitoring the performance and compliance of Crown Entities.			
<i>Management of the Crown Mineral Estate (M28)</i>	15,108	13,918	13,963
Allocation and management of Crown-owned petroleum, coal and mineral resources under the Crown Minerals Act 1991 and minerals programmes issued under the Act.			
<i>Policy Advice - Energy and Resource Issues (M28)</i>	-	-	5,010
This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.			
<i>Emissions Trading Implementation (M12)</i>	1,634	1,618	-
This appropriation is limited to the implementation and administration of the New Zealand Emissions Trading Scheme.			
<i>Policy Advice on Energy and Resource Issues (M28)</i>	6,619	6,078	-
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.			
<i>Provision of Climate Change Unit Register and Information (M12)</i>	524	520	-
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.			
Total Departmental Output Expenses	35,175	31,344	29,064

Titles and Scopes of Appropriations by Appropriation Type	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Non-Departmental Output Expenses			
<i>Electricity Industry Governance and Market Operations (M28)</i> This appropriation is limited to formulating, monitoring and enforcing compliance with the regulations and rules governing the electricity industry and other outputs in accordance with the statutory functions under the Electricity Industry Act; and delivery of core electricity system and market operation functions, carried out under service provider contracts.	62,535	62,535	63,906
<i>Energy Efficiency and Conservation MCOA (M28)</i>	38,246	38,246	37,344
<i>Electricity Efficiency</i> This output class is limited to: <ul style="list-style-type: none"> 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. 	13,000	13,000	13,000
<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.	25,246	25,246	24,344
<i>Maintenance and Operation of Whirinaki (M28)</i> 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.	2,600	2,600	600
<i>Management of IEA Oil Stocks (M28)</i> For the cost of managing and funding of oil stocks to meet International Energy Agency obligations.	3,000	2,638	5,160
<i>Reserve Energy and Emergency Measures-Availability Costs (M28)</i> Funds the cost of having reserve electricity capacity and capability available, including: <ol style="list-style-type: none"> Tendering for reserve energy and emergency options, and Ensuring availability of reserve energy capacity. Does not include cost of supply of reserve energy (fuel) or implementation of emergency measures.	10,670	10,670	-
Total Non-Departmental Output Expenses	117,051	116,689	107,010
Non-Departmental Other Expenses			
<i>Air Quality Grants and Assistance (M28)</i> This appropriation is limited to assistance for the decommissioning of high-emission heating options to improve air quality in polluted airsheds.	1,100	1,100	1,100
<i>Electricity Litigation Fund (M28)</i> This appropriation is limited to ensuring that the regulatory body for the electricity industry is able to participate in litigation effectively and without delay.	444	444	444
<i>Energy Efficiency and Renewable Energy Grants and Assistance (M28)</i> 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.	1,950	1,950	680
<i>International Energy Agency Contribution (M28)</i> Payment of contributions towards the cost of energy-related research undertaken by the International Energy Agency.	150	132	150
<i>International Energy Agency Subscription (M28)</i> Payment of annual subscription for membership of the International Energy Agency.	170	170	170

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
<i>Ministry of Energy Residual Liabilities (M28)</i>	199	25	199
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.			
<i>Biodiesel Grants (M28)</i>	800	800	-
This appropriation is limited to the provision of grants to New Zealand biodiesel producers.			
<i>Crown Contribution to Pike River Recovery and Related Matters (M28)</i>	5,000	5,000	-
This appropriation is limited to providing a Crown contribution towards the potential recovery of bodies in the Pike River Coal Mine and related matters.			
Total Non-Departmental Other Expenses	9,813	9,621	2,743
Non-Departmental Capital Expenditure			
<i>Crown Energy Efficiency (M28)</i>	2,000	2,000	2,000
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.			
Total Non-Departmental Capital Expenditure	2,000	2,000	2,000
Total Annual and Permanent Appropriations	164,039	159,654	140,817

Details of Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Non-Departmental Output Expenses		
<i>Acquisition of Petroleum Exploration Data (M28)</i>	Original Appropriation	20,000
This appropriation is limited to the acquisition of seismic information relating to New Zealand's offshore petroleum basins.	Adjustments to 2010/11	-
	Adjustments for 2011/12	-
Commences: 1 July 2009	Adjusted Appropriation	20,000
Expires: 30 June 2014	Actual to 2010/11 Year End	14,124
	Estimated Actual for 2011/12	3,876
	Estimated Actual for 2012/13	-
	Estimated Appropriation Remaining	2,000
<i>Generating Reserve Electricity At Whirinaki (M28)</i>	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 2010/11	94,956
	Adjustments for 2011/12	-
Commences: 1 July 2007	Adjusted Appropriation	144,001
Expires: 30 June 2012	Actual to 2010/11 Year End	33,768
	Estimated Actual for 2011/12	5,340
	Estimated Actual for 2012/13	-
	Estimated Appropriation Remaining	104,893
<i>Reserve Energy and Emergency Measures - Variable (M28)</i>	Original Appropriation	5,000
To cover Electricity Commission costs relating to the:	Adjustments to 2010/11	(4,750)
	Adjustments for 2011/12	(43)
1.Net variable operating costs of the Whirinaki Reserve Energy Plant when used to provide reserve energy, and	Adjusted Appropriation	207
2.Implementation of emergency measures.	Actual to 2010/11 Year End	(2,358)
Commences: 1 July 2007	Estimated Actual for 2011/12	-
Expires: 30 June 2012	Estimated Actual for 2012/13	-
	Estimated Appropriation Remaining	2,565
<i>Reserve Energy and Emergency Measures - Variable Costs (M28)</i>	Original Appropriation	4,867
This appropriation is limited to net variable operating costs of the Whirinaki Reserve Energy Plant when used to provide reserve energy; and implementation of emergency measures.	Adjustments to 2010/11	-
	Adjustments for 2011/12	-
Commences: 1 November 2010	Adjusted Appropriation	4,867
Expires: 30 June 2012	Actual to 2010/11 Year End	205
	Estimated Actual for 2011/12	-
	Estimated Actual for 2012/13	-
	Estimated Appropriation Remaining	4,662

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Security Management (M28)		
<p>This appropriation is limited to the management of emergency events by the System Operator, if required, including increased monitoring and management responsibilities in the event of an emerging security situation, and planning and running an emergency conservation campaign.</p> <p>Commences: 1 July 2012</p> <p>Expires: 30 June 2017</p>	Original Appropriation	4,800
	Adjustments to 2010/11	-
	Adjustments for 2011/12	-
	Adjusted Appropriation	4,800
	Actual to 2010/11 Year End	-
	Estimated Actual for 2011/12	-
	Estimated Actual for 2012/13	1,200
	Estimated Appropriation Remaining	3,600
	Non-Departmental Other Expenses	
Contestable Fund for Deployment of Marine Energy Devices (M28)		
<p>This appropriation is limited to a contestable fund for marine energy generation and associated administration.</p> <p>Commences: 1 July 2011</p> <p>Expires: 30 June 2016</p>	Original Appropriation	4,949
	Adjustments to 2010/11	-
	Adjustments for 2011/12	(1,852)
	Adjusted Appropriation	3,097
	Actual to 2010/11 Year End	-
	Estimated Actual for 2011/12	1,143
	Estimated Actual for 2012/13	780
	Estimated Appropriation Remaining	1,174
	Promoting and Facilitating Customer Switching (M28)	
<p>This appropriation is limited to facilitating, and promoting increased switching of electricity suppliers to consumers.</p> <p>Commences: 1 November 2010</p> <p>Expires: 30 April 2014</p>	Original Appropriation	10,500
	Adjustments to 2010/11	-
	Adjustments for 2011/12	-
	Adjusted Appropriation	10,500
	Actual to 2010/11 Year End	1,499
	Estimated Actual for 2011/12	3,501
	Estimated Actual for 2012/13	3,500
	Estimated Appropriation Remaining	2,000
	Ratana Housing Repairs (M28)	
<p>This appropriation is limited to the repair of housing at Ratana to a standard which improves the overall safety and energy efficiency of the house and enables the installation of clean-heating devices and insulation.</p> <p>Commences: 6 December 2010</p> <p>Expires: 30 June 2013</p>	Original Appropriation	2,060
	Adjustments to 2010/11	-
	Adjustments for 2011/12	-
	Adjusted Appropriation	2,060
	Actual to 2010/11 Year End	-
	Estimated Actual for 2011/12	350
	Estimated Actual for 2012/13	1,710
	Estimated Appropriation Remaining	-
	Warm Up New Zealand (M28)	
<p>This appropriation is limited to grants towards insulation and clean heating devices to make New Zealand homes healthier and more energy efficient.</p> <p>Commences: 1 January 2010</p> <p>Expires: 30 June 2014</p>	Original Appropriation	244,950
	Adjustments to 2010/11	32,118
	Adjustments for 2011/12	(2,000)
	Adjusted Appropriation	275,068
	Actual to 2010/11 Year End	99,695
	Estimated Actual for 2011/12	72,534
	Estimated Actual for 2012/13	71,476
	Estimated Appropriation Remaining	31,363