

# *Performance Information for Appropriations*

## *Vote Energy*

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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

# Part 1 - Summary of the Vote

## Part 1.1 - 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 below.

## Part 1.2 - High-Level Objectives of the Vote

### Government Priorities and Outcomes - Links to Appropriations

Government Priorities	Government Outcomes	Appropriations
Build a more competitive and productive economy	Efficient, reliable and responsive infrastructure services	Policy Advice on Energy and Resource Issues Energy and Resources operational policy, ministerial servicing and Crown entity monitoring Administration of Gas, Electricity and Energy Efficiency Regulations and Related Acts Energy and Resource Information Services
Build a more competitive and productive economy	Effective use of assets and resources	Policy Advice on Energy and Resource Issues Energy and Resources operational policy, ministerial servicing and Crown entity monitoring Management of the Crown Mineral Estate Energy and Resource Information Services
Deliver Better Public Services	A world-class business environment	Administration of Gas, Electricity and Energy Efficiency Regulations and Related Acts

Note - The Government Priorities are also referred to as the Key Government Goals.

### Objectives of the Vote

The Government's key goals for this term of government include building a more competitive and productive economy. Work under Vote Energy directly contributes to this goal by helping to develop efficient, reliable and responsive infrastructure, making effective use of our assets and resources and by delivering a world-class business environment.

It does this by providing the Government with strategic and technical policy advice in relation to the operation of the energy and resource markets (electricity, oil, gas, geothermal, coal, minerals and related natural resources), and energy efficiency and conservation issues in relation to natural resources (in particular mineral and energy resources). It also provides administration of ownership, and purchases advice from the Electricity Authority and the Energy Efficiency and Conservation Authority, and provides regulatory and operational services in relation to the Crown's mineral and petroleum resources, administration of energy efficiency and conservation, energy safety, the supply, quality and measurement of gas and electricity, fuel quality monitoring and energy information.

## Part 1.3 - Trends in the Vote

### Summary of Financial Activity

	2007/08	2008/09	2009/10	2010/11	2011/12		2012/13			2013/14	2014/15	2015/16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	198,209	172,499	175,727	163,025	275,562	157,249	29,064	108,210	137,274	139,690	138,410	138,410
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	563	30,807	110,151	71,971	91,704	87,149	-	80,209	80,209	31,646	1,814	1,643
Capital Expenditure	-	2,170	2,030	11,011	2,000	2,000	-	2,000	2,000	2,000	2,000	2,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
<b>Total Appropriations</b>	<b>198,772</b>	<b>205,476</b>	<b>287,908</b>	<b>246,007</b>	<b>369,266</b>	<b>246,398</b>	<b>29,064</b>	<b>190,419</b>	<b>219,483</b>	<b>173,336</b>	<b>142,224</b>	<b>142,053</b>
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	46,258	38,524	39,192	35,708	37,874	32,822	N/A	35,874	35,874	35,874	35,874	35,874
Non-Tax Revenue	262,224	641,923	537,554	473,706	445,217	419,063	N/A	433,543	433,543	437,529	436,249	436,249
Capital Receipts	199	1,213	1,784	1,831	35,000	35,000	N/A	2,000	2,000	2,000	2,000	2,000
<b>Total Crown Revenue and Capital Receipts</b>	<b>308,681</b>	<b>681,660</b>	<b>578,530</b>	<b>511,245</b>	<b>518,091</b>	<b>486,885</b>	<b>N/A</b>	<b>471,417</b>	<b>471,417</b>	<b>475,403</b>	<b>474,123</b>	<b>474,123</b>

## New Policy Initiatives

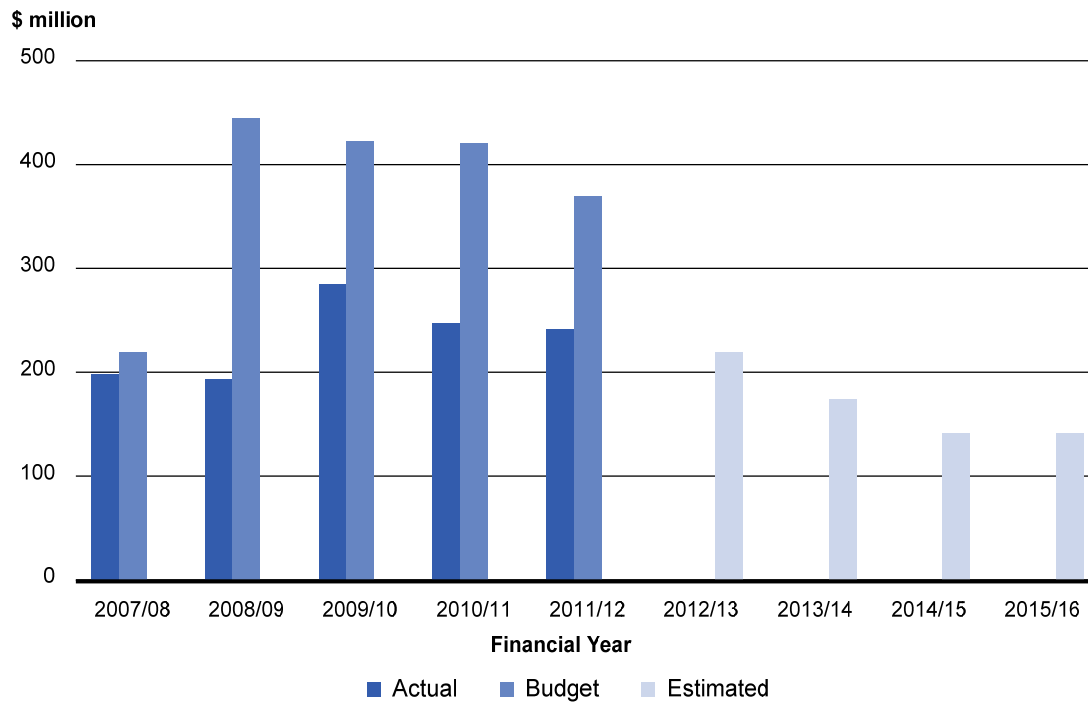
Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Partially fund Financial Transmission Rights (FTR) Manager	Electricity Industry Governance and Market Operations	-	692	960	960	960
Crown contribution towards the potential recovery of bodies in the Pike River Coal Mine and related matters	Crown Contribution to Pike River Body Recovery and related matters	5,000	-	-	-	-
Extend Warm Up New Zealand Programme	Warm Up New Zealand	-	-	(2,000)	-	-
	Energy Efficiency and Conservation MCOA	-	-	2,000	-	-
Extend Business Energy Efficiency Programme	Energy Efficiency and Conservation MCOA	-	2,498	358	358	358
	Energy Efficiency and Renewable Energy Grants and Assistance	(610)	(358)	(358)	(358)	(358)
	Biodiesel Grants	(1,200)	-	-	-	-
	Contestable Fund for Deployment of Marine Energy Devices - New MYA	-	-	-	(330)	-
Efficiency Dividend	Policy Advice - Energy and Resource Issues	-	(85)	(85)	(85)	(85)
	Energy and Resources Operational Policy, Ministerial Servicing and Crown Entity Monitoring	-	(23)	(23)	(23)	(23)
	Management of Crown Minerals	-	(166)	(286)	(286)	(286)
	Energy and Resource Information Services	-	(38)	(38)	(38)	(38)
Reinstate Savings relating to the Emissions Trading Scheme and Climate Change Unit register functions which were transferred to the Environmental Protection Authority	Policy Advice - Energy and Resource Issues	-	177	177	177	177
Establishment of Fiscal Appropriations for the Emissions Trading Scheme Functions transferring to the Environmental Protection Authority	Emissions Trading Scheme	(2,423)	(4,347)	(4,347)	(4,347)	(4,347)
	Provision of Climate Change Unit register and Information	(780)	(1,558)	(1,558)	(1,558)	(1,558)
Aligning the Clean Heat and Warm Up New Zealand: Heat Smart Programmes	Air Quality Grants and Assistance	1,100	1,100	-	-	-
The Future of the Water Heating Programme	MYA Contestable Fund for Deployment of Marine Energy	(185)	(555)	(782)	-	-
	Energy Efficiency & Renewable Energy Grants & Assistance	1,522	-	-	-	-

Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government - cont'd</b>						
Electricity Industry Act - Whirinaki Act	Reserve Energy & Emergency Measures - Avail Costs	4,425	-	-	-	-
	Maintenance and Operation of Whirinaki	600	-	-	-	-
Fresh Start for Fresh Water Fund - transfer to Vote Environment	Biodiesel Grants	(6,000)	-	-	-	-
IEA and IRENA contributions	International Energy Agency Contribution	20	120	120	120	120
	Policy Advice on Energy and Resource Issues	(20)	(120)	(120)	(120)	(120)
Security Management	Security Management - MYA	-	1,200	1,200	1,200	1,200
Savings - Energy Policy Advice 2010/11	Policy Advice on Energy and Resource Issues	(500)	-	-	-	-
New Deployment Marine Energy Devices	Contestable Fund for Deployment of Marine Energy Devices - New MYA	1,328	1,335	1,785	501	-
Petroleum Action Plan - Implementing the Recommendations of the Agency Capability Review	Management of Crown Minerals	4,650	4,650	8,800	8,800	8,800
	Policy Advice on Energy and Resource Issues	350	350	200	200	200
	Emissions Trading Scheme	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Changes to Appropriations for the Implementation of New Governance Arrangements in the Electricity Industry Act	Electricity Industry Governance and Market Operations	62,535	63,214	63,913	64,633	64,633
	Electricity Governance and Market Operations	(60,632)	(60,632)	(60,632)	(60,632)	(60,632)
	Maintenance & Operation of Whirinaki	(15,000)	(17,000)	(17,000)	(17,000)	(17,000)
	Reserve Energy & Emergency Measures - Availability Costs	(23,736)	(29,981)	(29,981)	(29,981)	(29,981)
	Electricity Litigation Fund	444	444	444	444	444
	Electricity Commission Litigation Fund	(444)	(444)	(444)	(444)	(444)
	Reserve Energy & Emergency Measures - Variable Costs	2,000	-	-	-	-
	Reserve Energy & Emergency Measures - Variable	(1,000)	-	-	-	-
	Promoting & Facilitating Customer Switching	3,500	3,500	2,000	-	-
Ratana Housing Strategy	Ratana Housing Repairs (MYA)	687	686	-	-	-
	Warm Up New Zealand (MYA)	117	116	-	-	-
<b>Total Initiatives</b>		(25,252)	(36,225)	(36,697)	(38,809)	(38,980)

## Analysis of Significant Trends

### *Total Vote: All Appropriations*

**Figure 1** - Trends in actual, budget and estimated expenses and capital expenditure



Source: MED

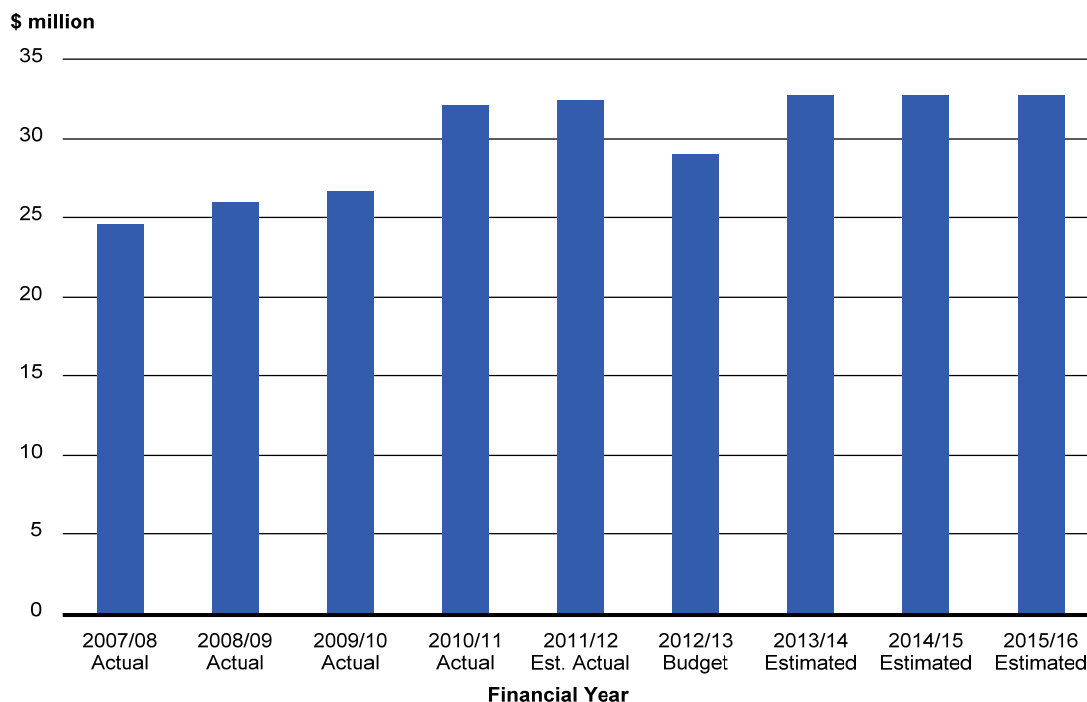
The movements in Vote Energy, which are detailed in the Summary of Financial Activity table above, are driven by departmental and non-departmental output expenses and non-departmental other expenses.

The decrease from 2011/12 to 2012/13 is mainly due to:

- the transfer of Emissions Trading Scheme and Climate Change Register functions to the Environmental Protection Authority
- the sale of the Whirinaki Power Station, and
- the allocation of funding for the Warm Up New Zealand MYA.

Details of significant movements within each appropriation category are detailed in the graphs below.

**Figure 2** - Trends in departmental output expenses

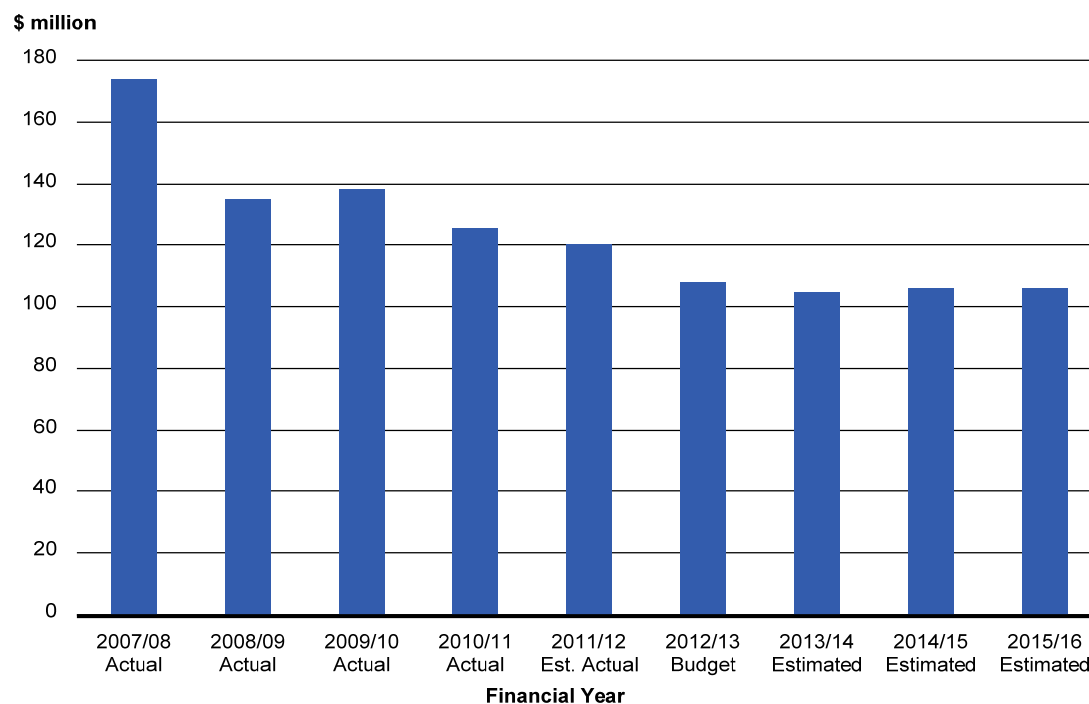


Source: MED

The movements in Vote Energy Departmental Output Expenses are driven by:

- the slight increase from 2007/08 to 2008/09 is due to funding of activities for the Energy Efficiency and Conservation Authority (EECA) transferred from Vote Climate Change and Energy Efficiency from 1 July 2008, including the monitoring role
- the slight peak from 2010/11 to 2011/12 is the result of a reallocation of funding due to delays in the Minerals Prospectivity Investigations
- the drop in 2012/13 is due to the transfer of Emissions Trading Scheme and Climate Change Register functions to the Environmental Protection Authority, and
- finally, funding for the Petroleum Action plan for the Crown Minerals unit was announced for 2010/11 with increased funding in 2013/14 and outyears.

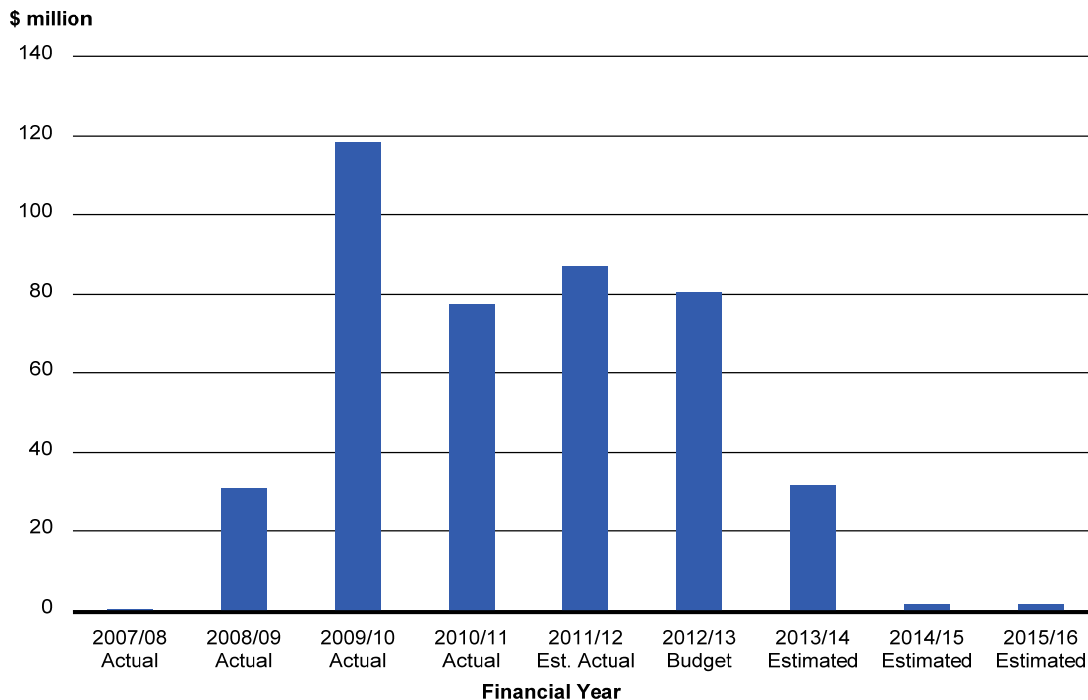


**Figure 3** - Non-departmental output expenses from 2007/08 to 2015/16

Source: MED

The movements in Vote Energy Non-Departmental Output Expenses are driven by:

- the decrease from 2007/08 to 2008/09 is due to one off increases of \$4 million in 2007/08 to fulfil the IEA oil stocks obligations and \$3 million for the acquisition of petroleum exploration data. An increase in operations over an extended period of time of the Whirinaki power station was required in 2007/08. Revenue generated from sales of electricity on the spot market offsets the increased costs
- the slight increase from 2008/09 reflects funding of activities for the Energy Efficiency and Conservation Authority (EECA) transferred from Vote Climate Change and Energy Efficiency from 1 July 2008
- the decrease from 2009/10 to 2010/11 is mainly due the allocation of funding for the "Acquisition of Petroleum Data - MYA", and
- the consistent drop in funding from 2011/12 and outyears is a reflection of multi-year appropriations which cease on 30 June 2012 due to the sale of the Whirinaki power station.

**Figure 4 - Non-departmental other expenses from 2007/08 to 2015/16**

Source: MED

The uneven profile of costs is a reflection of:

- the varying levels of activity anticipated at Whirinaki reserve electricity generation station
- the introduction of a multi-year appropriation in 2007/08 relating to the deployment of marine energy devices
- an asset impairment adjustment of \$38.659 million in 2009/10 to reflect the decision that the Crown will not continue to own the Whirinaki reserve generation electricity station (and related fuel)
- funding of activities for the Energy Efficiency and Conservation Authority (EECA) were transferred from Vote Climate Change and Energy Efficiency from 1 July 2008, including grants and assistance relating to energy efficiency and renewable energy
- in 2009/10 a multi-year appropriation was established for the acquisition of petroleum exploration data covering further areas of New Zealand's frontier basins that could hold large scale petroleum resources
- the increase from 2010/11 to 2011/12 is mainly due to the establishment of a new appropriation relating to the Crown contribution towards the potential recovery of bodies in the Pike River Coal Mine and related matters, and
- the decrease from 2011/12 to 2012/13 reflects allocation of funding for the Warm Up New Zealand MYA. Please note that the forecast underspend of \$71 million in the 2011/12 year will be transferred to the 2012/13 financial year. This programme is now extended to 30 June 2014.

## Part 1.4 - Reconciliation of Changes in Appropriation Structure

2011/12 Appropriations in the 2011/12 Structure	2011/12 (Current) \$000	Appropriations to which Expenses (or Capital Expenditure) have been Moved from or to	Amount Moved \$000	2011/12 Appropriations in the 2012/13 Structure	2011/12 (Restated) \$000	2012/13 \$000
<b>Departmental Output Expense</b>						
Policy Advice on Energy and Resource Issues	6,619	Transferred to Policy Advice - Energy and Resource Issues	(4,918)			
		Transferred to Energy and Resources Operational Policy, Ministerial Servicing and Crown Entity Monitoring	(1,701)			
		Transferred from Policy Advice on Energy and Resource Issues	4,918	Policy Advice on Energy and Resource Issues	4,918	4,918
		Transferred from Policy Advice on Energy and Resource Issues	1,701	Energy and Resources Operational Policy, Ministerial Servicing and Crown Entity Monitoring	1,701	1,540

The Review of Expenditure on Policy Advice recommended the reorganisation of Policy Advice appropriations. As a result new appropriations have been created for the 2012/13 year and out years.

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2-6.

## 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
The energy sector provides competitive and secure energy supplies Improved energy intensity of the New Zealand economy	Policy Advice - Energy and Resources Issues Energy and Resources Operational Policy, Ministerial Servicing and Crown Entity Monitoring Administration of Gas, Electricity and Energy Efficiency Regulations and Related Acts Energy and Resource Information Services
Maximisation of the benefits to New Zealand from its petroleum and mineral resources	Policy Advice - Energy and Resources Issues Energy and Resources Operational Policy, Ministerial Servicing and Crown Entity Monitoring Management of the Crown Mineral Estate
An increase in the percentage of New Zealand's electricity being generated from renewable resources	Policy Advice - Energy and Resources Issues Energy and Resources Operational Policy, Ministerial Servicing and Crown Entity Monitoring Energy and Resource Information Services
Improved public services for business	Administration of Gas, Electricity and Energy Efficiency Regulations and Related Acts

For further information on the intended impacts, outcomes and objectives of the departmental output expense appropriations, please see the Statement of Intent for the Ministry of Economic Development.

#### Administration of Gas, Electricity and Energy Efficiency Regulations and Related Acts (M28)

##### *Scope of Appropriation*

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.

##### *Expenses and Revenue*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	5,130	4,458	5,680
Revenue from Crown	249	249	249
Revenue from Other	4,952	4,209	5,502

### Reasons for Change in Appropriation

The \$550,000 increase in this appropriation is a result of a one-off \$550,000 reduction in 2011/12 of LPG levy revenue and associated expenses to reflect the delays in the passing of legislation associated with LPG safety and regulation.

### Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Public safety to consumers and industry compliance with legislation, regulations and standards will be monitored through analysis of accident investigations and a proactive risk based auditing programme based on previous years auditing and accident data and in accordance with ISO 9001 standards:			
<ul style="list-style-type: none"> <li>notifiable accident investigations (as defined in section 16 of the Electricity Act 1992 and section 17 of the Gas Act 1992) will be responded to and action commenced, and</li> <li>audits will be conducted, completed and closed.</li> </ul>	95% within 24 hours of notification of the accidents	Achieved	95% within 24 hours of notification of the accidents
	90% within 30 working days of the start of the audit	Achieved	90% within 30 working days of the start of the audit
Administration and maintenance of a Fuel Quality Monitoring programme enforcing compliance with the Engine Fuel Specifications Regulations 2011 to promote and maintain confidence in the quality of the retail fuel supply.	<p>Procuring of 130 fuel sample sets, with at least 98% of the testing results against this sample being analysed and recommendations made within 15 working days from receipt of test reports</p> <p>Appropriate action taken when following up test results in at least 98% of cases</p> <p>At least 98% of monitoring conducted in accordance with relevant regulations</p>	Achieved	<p>Procuring of 130 fuel sample sets, with at least 98% of the testing results against this sample being analysed and recommendations made within 15 working days from receipt of test reports</p> <p>Appropriate action taken when following up test results in at least 98% of cases</p> <p>At least 98% of monitoring conducted in accordance with relevant regulations</p>

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Transfer to Productivity Commission	2010/11	(186)	(200)	(200)	(200)	-
Petroleum or Engine Fuel Monitoring Levy rate increase	2008/09	500	500	500	500	-

## Energy and Resource Information Services RDA (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*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,827	1,284	1,827
Revenue from Crown	-	-	-
Revenue from Other	1,827	1,284	1,827

### *Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
New Zealand's obligations for reporting energy information to international organisations, including the International Energy Agency (IEA), Asia Pacific Economic Cooperation (APEC) and United Nations Framework Convention on Climate Change (UNFCCC) are met.	Data is provided to the international organisations by their stated deadlines	Achieved	All international requirements are met. Data is provided to the international organisations by their stated deadlines
All publications and information provided on projections of energy supply and demand and energy sector greenhouse gas emissions are reliable.	Methodologies are reviewed externally and published on the Ministry of Economic Development's website	Achieved	All publications are reviewed for completeness and accuracy before publication. Methodologies are reviewed externally, on an as required basis and published on the Ministry of Economic Development's website
International obligations for 90 day oil security are met.	In accordance with International Energy Agency requirements	Achieved	In accordance with International Energy Agency requirements

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Petroleum or Engine Fuel Monitoring Levy rate increase	2008/09	700	700	700	700	700
<b>Previous Government</b>						
Capability support for modelling and reporting energy sector activities	2006/07	200	200	200	200	200

### 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

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,333	3,468	1,067
Revenue from Crown	4,294	3,429	1,067
Revenue from Other	39	39	-

#### Reasons for Change in Appropriation

The \$3.266 million decrease in Revenue from Crown between 2011/12 and 2012/13 is due to an expense transfer of \$3.227 million in 2010/11 into 2011/12 as a result of a technical investigation programme to identify areas with high mineral prospectivity. This is offset by \$38,000 returned as efficiency dividend savings.

#### Output Performance Measures and Standards

Refer to the Energy and Resource Information Services RDA appropriation for performance measures and standards, which apply to both the revenue-dependent part of the appropriation and this part.

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Efficiency Dividend	2012/13	-	(38)	(38)	(38)	(38)

## Energy and Resources Operational Policy, Ministerial Servicing and Crown Entity Monitoring (M28)

### Scope of Appropriation

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.

### Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	1,517
Revenue from Crown	-	-	1,517
Revenue from Other	-	-	-

### Reasons for Change in Appropriation

The Review of Expenditure on Policy Advice recommended the reorganisation of Policy Advice appropriations. As a result a new appropriation has been created for the 2012/13 year and out years; this has been funded by way of a fiscally neutral transfer of \$1.540 million from "Policy Advice on Energy and Resource Issues" appropriation, offset by \$23,000 for the efficiency dividend savings.

### Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Timeliness of submission to the Minister of draft Ministerial correspondence, draft responses to parliamentary questions and draft Ministerial Official Information Act (OIA) responses	95% of draft correspondence and draft Parliamentary questions submitted to the Minister by the due	Achieved	95% of draft correspondence and draft Parliamentary questions submitted to the Minister by the due

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Efficiency Dividend	2012/13	-	(23)	(23)	(23)	(23)

## 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

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	15,108	13,918	13,963
Revenue from Crown	8,795	7,866	7,808
Revenue from Other	6,320	5,815	6,162

## Reasons for Change in Appropriation

The \$1.145 million decrease in this appropriation between 2011/12 and 2012/13 is a result of a \$1.487 million expense transfer from 2010/11 to 2011/12 and a \$166,000 decrease in 2012/13 due to the return of efficiency savings dividends. This is offset by \$500,000 net difference being an expense transfer of \$250,000 from 2011/12 into 2012/13, and an additional \$8,000 increase in 2012/13 due to changes in KiwiSaver and the State Sector Retirement Scheme funding.

## Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Quality and timeliness of new minerals permit applications	New Measure	New Measure	95% are assessed for completeness and the applicant contacted within 5 working days. If the application is incomplete the applicant will be advised (within the 5 working days) to meet their obligations
Timeliness of new petroleum exploration permit applications (Block Offer)	New Measure	New Measure	100% will be processed with a decision made on whether to accept or decline the application within 90 working days
Quality of petroleum exploration 'change' permit applications	New Measure	New Measure	100% are assessed for level of completeness and the applicant contacted within 10 working days. If the application is incomplete the applicant will be asked (within the 10 working days) to meet their obligations
Timeliness of processing completed petroleum exploration 'Change' permit applications	New Measure	New Measure	100% will be processed with a decision made on whether to accept or decline the application within 90 working days

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Timeliness of petroleum mining permits	New Measure	New Measure	100% will be processed with a decision made on whether to accept or decline the application within 120 working days
Quality of all royalty returns	New Measure	New Measure	100% of royalties returned will be filed and receipted in compliance with permit requirements

### *Memorandum Account*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Management of the Crown Mineral Estate</b>			
Opening Balance at 1 July	265	265	15
Revenue	6,320	5,815	6,162
Expenses	6,313	6,066	6,308
Transfers and Adjustments	-	-	-
Closing Balance at 30 June	272	15	(131)

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Petroleum Action Plan - Implementing the Recommendations of the Agency Capability Review	2011/12	4,650	4,650	8,800	8,800	8,800
Efficiency Dividend	2012/13	-	(166)	(286)	(286)	(286)

## **Policy Advice - Energy and Resource Issues (M28)**

### *Scope of Appropriation*

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.

## Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	5,010
Revenue from Crown	-	-	4,988
Revenue from Other	-	-	22

## Reasons for Change in Appropriation

The Review of Expenditure on Policy Advice recommended the reorganisation of Policy Advice appropriations. As a result a new appropriation has been created for the 2012/13 year and out years; this has been funded by way of a fiscally neutral transfer of \$4.918 million from "Policy Advice on Energy and Resource Issues" appropriation, offset by \$85,000 for efficiency dividend savings. \$177,000 has also been reinstated for efficiency savings removed that included the Emissions Trading Scheme and Climate Change Unit register functions which were then transferred to the Environmental Protection Authority (EPA).

## Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Quality of policy advice as assessed by the Minister twice during the year against the agreed standards for Policy Advice and Ministerial Servicing	No less than a 4 (met and sometimes exceeded my expectations)	Achieved	No less than a 4 (met and sometimes exceeded my expectations)
Quality of Regulatory Impact Statement which are subject to assessment by the Treasury or by the Ministry of Economic Development's Regulatory Impact Analysis Review Panel against criteria of completeness, convincing, consulted and clear and concise	80% fully met the criteria and the remaining 20% at least partially met them	Achieved	80% fully met the criteria and the remaining 20% at least partially met them
Quality of policy briefings as assessed independently by the New Zealand Institute of Economic Research (NZIER) - or an equivalent organisation	A median score of at least 7.5 (halfway between 'adequate' and 'good' - goes beyond the task at hand somewhat)	Achieved	A median score of at least 7.5 (halfway between 'adequate' and 'good' - goes beyond the task at hand somewhat)

## Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Efficiency Dividend	2012/13	-	(85)	(85)	(85)	(85)
Reinstate Efficiency Dividend	2012/13		177	177	177	177

## Part 2.2 - Non-Departmental Output Expenses

### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<b>Impact:</b> Maximisation of the benefits to New Zealand from its natural resources	Acquisition of Petroleum Exploration Data
<b>Impact:</b> The energy sector provides competitive and secure energy supplies	Electricity Governance and Market Operations * Security Management Management of IEA Oil Stocks
<b>Impact:</b> Energy efficiency, energy conservation, and use of renewable energy resources improves security of supply, productivity and health	Energy Efficiency and Conservation MCOA **

For further information on the intended impacts, outcomes and objectives of the non-departmental output expense appropriations, please see the Statements of Intent for the Electricity Authority (\*) and Energy Efficiency and Conservation Authority (\*\*); and the New Zealand Energy Efficiency and Conservation Strategy (\*\*).

### Acquisition of Petroleum Exploration Data (M28)

#### *Scope of Appropriation and Expenses*

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b><i>Acquisition of Petroleum Exploration Data (M28)</i></b>	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

#### *Reasons for Change in Appropriation*

No budget changes for this appropriation; however any unspent funds will be automatically transferred into 2012/13.

#### *Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Undertake evaluation of Block Offer New Zealand data and industry feedback to determine 2012 petroleum data acquisition programme	New Measure	New Measure	Evaluation completed

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Acquisition of Petroleum Exploration Data	2009/10	5,876	-	-	-	-

### Electricity Industry Governance and Market Operations (M28)

#### Scope of Appropriation

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.

#### Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	62,535	62,535	63,906

#### Reasons for Change in Appropriation

The change in this appropriation between 2011/12 and 2012/13 reflects a \$679,000 increase to implement the new governance arrangements for the Electricity Authority, and a \$692,000 increase to fund the Financial Transmission Rights manager service.

#### Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Maintain delivery standards for Electricity system and market operation services in accordance with the Act, Regulations and Code	New Measure	New Measure	<p>1. System operator meets the requirements of the principle performance obligations, including:</p> <ul style="list-style-type: none"> <li>• no cascade failures</li> <li>• frequency is kept within limits at all times, and</li> <li>• the system operator's systems are effective 100% of the time.</li> </ul> <p>Market operation service providers meet the requirements of the Act, regulations, Code and contract.</p>

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Complete implementation of Code amendments for new matters in section 42(2) of the Act	New Measure	New Measure	Implementation completed for all section 42 matters with the exception of dispatchable demand, which is scheduled for 2013/14
Annual assessment of market performance published	First market assessment report by 30 June 2012	Met	Annual assessment report produced by the end of the financial year.
The percentage of notifications of alleged breaches completed or referred to the Rulings Panel within three months/six months /twelve months of notification	New Measure	New Measure	70% / 85% / 98%

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Increase to Appropriation to partially fund the FTR manager service required to implement Code amendments made in accordance with section 42 of the Electricity Industry Act 2010	2012/13		692	960	960	960
Changes to Appropriations for the Implementation of New Governance Arrangements in the Electricity Industry Act	2010/11	62,535	63,214	63,913	64,633	64,633

## **Energy Efficiency and Conservation MCOA (M28)**

### *Scope of Appropriation*

#### **Electricity Efficiency**

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.

#### **Energy Efficiency and Conservation**

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.

### *Explanation for Use of Multi-Class Output Expense Appropriation*

To combine similar output classes relating to energy efficiency.

#### *Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	38,246	38,246	37,344
Energy Efficiency and Conservation	25,246	25,246	24,344
Electricity Efficiency	13,000	13,000	13,000

### *Reasons for Change in Appropriation*

#### **Energy efficiency and conservation**

This appropriation decreased from \$25.246 million to \$24.344 million as a result of a \$300,000 increase in the New Zealand Insulation Fund as a result of the 2009 Budget, a \$2.498 million increase as a result of reallocation of funding from the 2012 Budget, and a \$3.700 million net difference from a change of \$200,000 in 2011/12 to (\$3.500 million) in 2012/13 due to the New Zealand Insulation Funding for Heat Smart Programme brought forward.

#### **Electricity efficiency**

No change for this appropriation.

### *Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
<b>Energy Efficiency and Conservation Authority</b>			
Provide information to increase public awareness of the benefits of energy efficiency and how energy efficient products can be identified			
EnergyWise campaign to reach the public: raising awareness	65% total awareness of EnergyWise achieved.	Achieved	65% total awareness of EnergyWise achieved.
ENERGYSTAR® labelled products with new or increased stringency	4 new or revised products	Not Achieved 2 new products labelled	4 new or revised products
Develop and administer standards so consumers can access energy efficiency products. - Minimum Energy Performance Standards	New Measure	New Measure	Regulate two and consult on three standards
Administration of financial assistance:			
<ul style="list-style-type: none"> <li>funding arrangements are consistent with the basic principles articulated by the Controller and Auditor General</li> </ul>	Full compliance with basic principle	Met	Full compliance with basic principle
<ul style="list-style-type: none"> <li>audit and control of WUNZ:HS install quality.</li> </ul>	At least 5% audited. 90% pass rate. All identified faults rectified	Met	At least 5% audited. 90% pass rate. All identified faults rectified

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
<b>Energy Efficiency and Conservation Authority - cont'd</b>			
Energy savings from electricity levy funded activities: <ul style="list-style-type: none"> <li>the cumulative number of GWh saved from levy funded electricity efficiency programmes (PJ)</li> </ul>	750 GWh (2.7 PJ)	Met	1015 GWh (3.8 PJ)
The cumulative savings in MW peak demand from levy funded electricity efficiency programmes	315MW	Met	445 MW

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Extend Warm Up New Zealand Programme	2013/14			2,000		
Extend Business Energy Efficiency Programme	2012/13		2,498	358	358	358
Warm Up New Zealand: Heat Smart programme	2009/10	200	(3,500)	(7,300)	(7,300)	(7,300)
New Zealand Insulation Fund	2009/10	5,220	5,520	5,520	(5,520)	(5,520)
<b>Previous Government</b>						
Extension of the Energy Products Programme, including Energy Star® Endorsement	2008/09	750	750	750	750	750
Enforcement and Compliance of Vehicle Fuel Economy Programme	2008/09	250	250	250	250	250
Business Energy Efficiency Programmes	2008/09	2,250	2,250	2,250	2,250	2,250
Interest-free Loans for Residential Energy Efficiency and Heating	2007/08	800	800	800	800	800

## **Maintenance and Operation of Whirinaki (M28)**

### *Scope of Appropriation*

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.

### *Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,600	2,600	600



### *Reasons for Change in Appropriation*

This appropriation decreased by \$2 million between 2011/12 and 2012/13 due to the sale of the Whirinaki Power Station on 22 December 2012. The fuel is currently still stored in the tanks therefore the appropriation in 2012/13 is to cover operating and maintenance costs until the remaining fuel is sold.

### *Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Whirinaki residual fuel is to be disposed of at a reasonable market price	New Measure	New Measure	Disposal completed by December 2012

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Electricity Industry Act Whirinaki Fuel Holding Costs	2011/12	600	-	-	-	-
Changes to the Appropriations for the Implementation of New Governance Arrangements in the Electricity Industry Act	2011/12	(15,000)	(17,000)	(17,000)	(17,000)	(17,000)
<b>Previous Government</b>						
Security of Electricity Supply	2008/09	1,000	1,000	1,000	1,000	1,000

## **Management of IEA Oil Stocks (M28)**

### *Scope of Appropriation*

For the cost of managing and funding of oil stocks to meet International Energy Agency obligations.

### *Expenses*

Total Appropriation	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
	3,000	2,638	5,160

### *Reasons for Change in Appropriation*

This appropriation increased by \$2.160 million between 2011/12 and 2012/13 as a result of the latest price and projections for New Zealand to meet oil stock requirements as a member of the International Energy Agency (IEA).

### Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
New Zealand has access to adequate oil stock reserves and meets its International Energy Agency obligations.	New Zealand has 90 day oil stock reserves	Met	New Zealand has 90 day oil stock reserves

### Security Management (M28)

#### Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>Security Management (M28)</b>	Original Appropriation	4,800
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.	Adjustments to 2010/11	-
	Adjustments for 2011/12	-
	Adjusted Appropriation	4,800
Commences: 1 July 2012	Actual to 2010/11 Year End	-
Expires: 30 June 2017	Estimated Actual for 2011/12	-
	Estimated Actual for 2012/13	1,200
	Estimated Appropriation Remaining	3,600

#### Reasons for Change in Appropriation

This new appropriation for the management of emergency events by the System Operator commences on 1 July 2012.

### Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Timely and effective decision for system operator requests for funding under the security management appropriation	New Measure	New Measure	Decisions made on requests from the system operator for funding under this appropriation within 15 working days
Security management is effectively delivered	New Measure	New Measure	Security management is delivered by the system operator in accordance with its contract and the Code

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Changes to appropriations agreed in 2011/12 for the implementation of new governance arrangements in the Electricity Industry Act, specifically the Government's sale of the Whirinaki Reserve Energy Plant	2012/13	-	1,200	1,200	1,200	1,200

### Summary of Service Providers for Non-Departmental Outputs

Provider	2011/12 Budgeted \$000	2011/12 Estimated Actual \$000	2012/13 Budget \$000	Reporting Mechanism	Expiry of Funding Commitment
<b>Crown Entities</b>					
<i>Electricity Authority</i> Electricity Industry Governance and Market Operations	62,535	62,535	63,906	Provider's annual report	ongoing
Security Management	-	-	1,200	Provider's annual report	ongoing
<b>EECA</b>					
Energy Efficiency and Conservation MCOA					
Energy Efficiency and Conservation	25,246	25,246	24,344	Provider's annual report	ongoing
Electricity Efficiency	13,000	13,000	13,000	Provider's annual report	ongoing
<b>Non-Government Organisations</b>					
<b>With no Specific Reporting Requirements</b>					
Management of IEA Oil Stocks	3,000	2,638	5,160	Not required	ongoing
<b>Total</b>	<b>103,781</b>	<b>103,419</b>	<b>107,610</b>		

The above table summarises funding to be allocated through Vote Energy to non-departmental providers, along with an indication of the mechanism to be used for reporting actual performance and (where determined) the length of the funding commitment.

## Part 5 - Details and Expected Results for Other Expenses

### Part 5.2 - Non-Departmental Other Expenses

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<b>Impact:</b> Energy efficiency, energy conservation, and use of renewable energy resources improves security of supply, productivity and health	Contestable Fund for Deployment of Marine Energy Devices
	International Energy Agency Contribution
	International Energy Agency Subscription
	Energy Efficiency and Renewable Energy Grants and Assistance
	Warm Up New Zealand
	Biodiesel Grants
	Ratana Housing Repairs
<b>Impact:</b> The energy sector provides competitive and secure energy supplies	Electricity Litigation Fund
	Promoting and Facilitating Customer Switching
<b>Impact:</b> Maximisation of the benefits to New Zealand from its natural resources	Ministry of Energy Residual Liabilities

For further information on the intended impacts, outcomes and objectives of the non-departmental other expenses appropriations, please see the Statements of Intent for the Energy Efficiency and Conservation Authority and the Electricity Authority.

#### Air Quality Grants and Assistance (M28)

##### *Scope of Appropriation*

This appropriation is limited to assistance for the decommissioning of high-emission heating options to improve air quality in polluted airsheds.

##### *Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,100	1,100	1,100

##### *Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Provide funding to decommission non-compliant solid fuel burners and open fires in areas of poor air quality	New Measure	New Measure	Grants provided for 1,800 units

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Air Quality Grants and Assistance	2011/12	1,100	1,100	-	-	-

### Contestable Fund for Deployment of Marine Energy Devices (M28)

#### Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>Contestable Fund for Deployment of Marine Energy Devices (M28)</b>	Original Appropriation	4,949
This appropriation is limited to a contestable fund for marine energy generation and associated administration.  Commences: 1 July 2011  Expires: 30 June 2016	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

#### Reasons for Change in Appropriation

This appropriation was established in 2010/11 as part of Budget 2011 to enable commitments from the old multi-year appropriation (MYA) to be met and is funded from the transfer of remaining 2010/11 unspent funding from the previous MYA. Any unspent funds from 2011/12 will automatically be transferred into 2012/13.

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Extend Business Energy Efficiency Programme	2011/12	-	-	-	(330)	-
New Deployment Marine Energy Fund	2011/12	1,328	1,335	1,785	501	-

#### Expected Results

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Contracted marine energy devices are deployed in accordance with agreed milestones	New Measure	New Measure	Milestones are delivered to contracted standards before grants are paid out

## Electricity Litigation Fund (M28)

### Scope of Appropriation

This appropriation is limited to ensuring that the regulatory body for the electricity industry is able to participate in litigation effectively and without delay.

### Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	444	444	444

### Expected Results

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
The Electricity Authority uses the litigation fund in accordance with the criteria for use of the fund	Litigation fund used in accordance with the criteria	Met	Litigation fund used in accordance with the criteria

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Changes to Appropriations for the Implementation of New Governance Arrangements in the Electricity Industry Act	2010/11	444	444	444	444	444

## Energy Efficiency and Renewable Energy Grants and Assistance (M28)

### Scope of Appropriation

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.

### Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,950	1,950	680

### *Reasons for Change in Appropriation*

The \$1.270 million decrease in this appropriation between 2011/12 and 2012/13 is a result of a \$1.522 million one-off funding in 2011/12 to implement the future of the water heating programme, and a total net reduction of \$252,000 made up of \$610,000 in 2011/12 and \$358,000 in 2012/13 to reflect the Budget 2012 decision to reallocate funding to extend the Business Efficiency Programme.

### *Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Businesses adopt energy saving technologies	Businesses save at least \$6 million in energy costs	Met	Businesses save at least 0.04PJ in energy costs per annum

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Extend Business Efficiency Programmes	2011/12	(610)	(358)	(358)	(358)	(358)
The Future of the Water Heating Programme	2011/12	1,522	-	-	-	-
Warm Up New Zealand: Heat Smart Programme	2010/11	(83,030)	(94,740)	(94,740)	(94,740)	(94,740)
New Zealand Insulation Fund	2009/10	66,490	78,200	78,200	78,200	78,200
EnergyWise Home Grants	2008/09	1,500	1,500	1,500	1,500	1,500
<b>Previous Government</b>						
Interest-free Loans for Residential Energy Efficiency and Heating	2007/08	7,200	7,200	7,200	7,200	7,200
EnergyWise Package: Maintain EnergyWise Home Grants	2007/08	3,900	3,900	3,900	3,900	3,900

### **International Energy Agency Contribution (M28)**

#### *Scope of Appropriation*

Payment of contributions towards the cost of energy-related research undertaken by the International Energy Agency.

#### *Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	150	132	150

*Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
New Zealand has access to up-to-date international energy research	New Zealand energy work programmes informed by up-to-date international data	Met	New Zealand energy work programmes informed by up-to-date international data

**International Energy Agency Subscription (M28)***Scope of Appropriation*

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

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	170	170	170

*Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
New Zealand is represented at international energy fora and meets its funding commitments	New Zealand meets its contribution as assessed by the IEA	Met	New Zealand meets its contribution as assessed by the IEA

**Ministry of Energy Residual Liabilities (M28)***Scope of Appropriation*

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.
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*Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	199	25	199



*Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Ministry of Energy residual liabilities are met	Liabilities met	Met	Liabilities met

**Promoting and Facilitating Customer Switching (M28)***Scope of Appropriation and Expenses*

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b><i>Promoting and Facilitating Customer Switching (M28)</i></b>	Original Appropriation	10,500
This appropriation is limited to facilitating, and promoting increased switching of electricity suppliers to consumers.	Adjustments to 2010/11	-
	Adjustments for 2011/12	-
Commences: 1 November 2010	Adjusted Appropriation	10,500
Expires: 30 April 2014	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

*Reasons for Change in Appropriation*

This appropriation was established in 2010/11 to implement the new Governance arrangements in the Electricity Industry Act. Any unspent funds in 2011/12 will be automatically transferred into 2012/13.

*Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Successful programme delivery takes place	New Measure	New Measure	Ongoing campaign delivered
Tender process completed for switching facilitation and online tool providers programme implemented by 30 July 2011	New Measure	New Measure	Tender process run in accordance with procurement process

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Changes to Appropriations for the Implementation of New Governance Arrangements in the Electricity Industry Act	2010/11	3,500	3,500	2,000	-	-

## Ratana Housing Repairs (M28)

### *Scope of Appropriation and Expenses*

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b><i>Ratana Housing Repairs (M28)</i></b>	Original Appropriation	2,060
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.	Adjustments to 2010/11	-
	Adjustments for 2011/12	-
Commences: 6 December 2010	Adjusted Appropriation	2,060
Expires: 30 June 2013	Actual to 2010/11 Year End	-
	Estimated Actual for 2011/12	350
	Estimated Actual for 2012/13	1,710
	Estimated Appropriation Remaining	-

### *Reasons for Change in Appropriation*

This appropriation was established in 2010/11 to implement the Ratana Housing Strategy. Any unspent funds in 2011/12 will be automatically transferred into 2012/13.

### *Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessments to all participating Ratana houses to prioritise the eligible houses that will receive funding for repairs, insulation and heating under the Ratana Housing Project.	All participating houses assessed	Met	N/A
Repairs completed and insulation and clean heating installed in eligible Ratana houses.	Repairs to best practice standards	Met	113 houses repaired

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Ratana Housing Strategy	2010/11	687	686	-	-	-

## Warm Up New Zealand (M28)

### *Scope of Appropriation and Expenses*

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b><i>Warm Up New Zealand (M28)</i></b>	Original Appropriation	244,950
This appropriation is limited to grants towards insulation and clean heating devices to make New Zealand homes healthier and more energy efficient.  Commences: 1 January 2010  Expires: 30 June 2014	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

### *Reasons for Change in Appropriation*

Any unspent funds from 2011/12 will be automatically transferred into 2012/13. This appropriation has been extended and now expires on 30 June 2014.

### *Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Improved thermal efficiency of pre-2000 houses and improved health of occupiers through installation of insulation or clean heat devices.	54,400 installations saving energy and generating and health benefits in 2011/12	Met	55,000 installations improving thermal efficiency and generating health benefits in 2012/13

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Extend Warm Up New Zealand Programme	2013/14			(2,000)		
Ratana Housing Strategy	2010/11	117	116	-	-	-
Warm Up New Zealand: Heat Smart Programme	2009/10	100,950	29,360	-	-	-

## Reporting Mechanisms

Appropriation	Reporting Mechanism
Contestable Fund for Deployment of Marine Energy Devices	Annual report of the Energy Efficiency and Conservation Authority
International Energy Agency Contribution	Not required
International Energy Agency Subscription	Not required
Energy Efficiency and Renewable Energy Grants and Assistance	Annual report of the Energy Efficiency and Conservation Authority
Warm Up New Zealand	Annual report of the Energy Efficiency and Conservation Authority
Biodiesel Grants	Annual report of the Energy Efficiency and Conservation Authority
Electricity Litigation Fund	Annual report of the Electricity Authority
Ministry of Energy Residual Liabilities	Not required
Promoting and Facilitating Customer Switching	Not required
Ratana Housing Repairs	Not required

The above table indicates the mechanisms to be used for reporting actual performance for each non-departmental other expenses appropriation.

## Part 6 - Details and Expected Results for Capital Expenditure

### Part 6.2 - Non-Departmental Capital Expenditure

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<b>Impact:</b> Energy efficiency, energy conservation, and use of renewable energy resources improves security of supply, productivity and health	Crown Energy Efficiency

#### Crown Energy Efficiency (M28)

##### *Scope of Appropriation*

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.

##### *Capital Expenditure*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,000	2,000	2,000

##### *Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Annual savings within the public sector of no less than 20% of the capital cost of energy efficiency projects	Annual cost savings of at least 20% of the value of energy efficiency projects	Met	Annual cost savings of at least 20% of the value of energy efficiency projects

#### Reporting Mechanisms

Appropriation	Reporting Mechanism
Crown Energy Efficiency	Annual report of the Energy Efficiency and Conservation Authority

The above table indicates the mechanisms to be used for reporting actual results for each non-departmental capital expenditure appropriation.