

Information Supporting the Supplementary Estimates

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

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2011/12				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	164,277	(1,334)	112,619	111,285	275,562
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	117,583	-	(25,879)	(25,879)	91,704
Capital Expenditure	2,000	-	-	-	2,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	283,860	(1,334)	86,740	85,406	369,266
Crown Revenue and Capital Receipts					
Tax Revenue	37,874	N/A	-	-	37,874
Non-Tax Revenue	447,736	N/A	(2,519)	(2,519)	445,217
Capital Receipts	2,000	N/A	33,000	33,000	35,000
Total Crown Revenue and Capital Receipts	487,610	N/A	30,481	30,481	518,091

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

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		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	5,680	(550)	5,130
Revenue from Crown	249	-	249
Revenue from Other	5,502	(550)	4,952

Reasons for Change in Appropriation

This appropriation decreased by \$550,000 as a result of a reduction of LPG levy revenue and associated expenses to reflect delays in the passing legislation associated with LPG safety and regulation.

Emissions Trading Implementation (M12)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation decreased by \$3.213 million as a result of a \$3.713 million fiscally neutral adjustment to reflect the transfer of the Emissions Trading Scheme functions from the Ministry to the Environmental Protection Authority (EPA) in December 2011. This decrease was partially offset by a one-off \$500,000 expense transfer from 2010/11 to 2011/12 as a result of delays in implementation of measures to combat recent security attacks on the EU registries.

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		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,106	3,227	4,333
Revenue from Crown	1,067	3,227	4,294
Revenue from Other	39	-	39

Reasons for Change in Appropriation

This appropriation increased by \$3.227 million as a result in a transfer of 2010/11 unspent funds to reflect the delays in the Minerals Prospectivity programme.

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		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	14,871	237	15,108
Revenue from Crown	8,558	237	8,795
Revenue from Other	6,320	-	6,320

Reasons for Change in Appropriation

This appropriation increased by \$237,000 as a result of a \$487,000 expense transfer from 2010/11 to 2011/12 reflecting the delays in the Crown Minerals Agency Capability Review. This was partially offset by a transfer of \$250,000 from 2011/12 to 2012/13 reflecting the delays in the Petroleum Action Plan.

Provision of Climate Change Unit Register and Information (M12)

Scope of Appropriation

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.

Expenses and Revenue

	2011/12		Total \$000
	Estimates \$000	Supplementary Estimates \$000	
Total Appropriation	1,559	(1,035)	524
Revenue from Crown	1,556	(1,032)	524
Revenue from Other	3	(3)	-

Reasons for Change in Appropriation

This appropriation decreased by \$1.035 million as a result of a fiscally neutral adjustment to reflect the transfer of the Climate Change functions from the Ministry to the Environmental Protection Authority (EPA) in December 2011.

Part 2.2 - Non-Departmental Output Expenses

Acquisition of Petroleum Exploration Data (M28)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<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

Energy Efficiency and Conservation MCOA (M28)

Scope of Appropriation

<p>Electricity Efficiency</p> <p>This output class is limited to:</p> <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. <p>Energy Efficiency and Conservation</p> <p>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.</p>
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Explanation for Use of Multi-Class Output Expense Appropriation

To combine similar output classes relating to energy efficiency.

Expenses

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	42,943	(4,697)	38,246
Energy Efficiency and Conservation	25,424	(178)	25,246
Electricity Efficiency	17,519	(4,519)	13,000

Reasons for Change in Appropriation

This appropriation decreased by \$4.697 million as a result of funding returned back to the Crown as savings.

Generating Reserve Electricity At Whirinaki (M28)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<p><i>Generating Reserve Electricity At Whirinaki (M28)</i></p> <p>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.</p> <p>Commences: 1 July 2007</p> <p>Expires: 30 June 2012</p>	Original Appropriation	49,045
	Adjustments to 2010/11	94,956
	Adjustments for 2011/12	-
	Adjusted Appropriation	144,001
	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	

Reasons for Change in Appropriation

This appropriation increased by \$101.188 million as a result of an expense transfer of 2010/11 unspent funds.

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		Total \$000
	Estimates \$000	Supplementary Estimates \$000	
Total Appropriation	2,000	600	2,600

Reasons for Change in Appropriation

This appropriation increased by \$600,000 to fund the operation of the Whirinaki power station until it was sold in December 2011.

Reserve Energy and Emergency Measures - Variable (M28)*Scope of Appropriation and Expenses*

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<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)
1. net variable operating costs of the Whirinaki Reserve Energy Plant when used to provide reserve energy, and	Adjustments for 2011/12	(43)
2. implementation of emergency measures.	Adjusted Appropriation	207
Commences: 1 July 2007	Actual to 2010/11 Year End	(2,358)
Expires: 30 June 2012	Estimated Actual for 2011/12	-
	Estimated Actual for 2012/13	-
	Estimated Appropriation Remaining	2,565

Reasons for Change in Appropriation

This appropriation increased by \$2.565 million as a result of an automatic expense transfer of 2010/11 unspent funds.

Reserve Energy and Emergency Measures - Variable Costs (M28)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<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

Reasons for Change in Appropriation

This appropriation increased by \$2.662 million as a result of an expense transfer of 2010/11 unspent funds.

Reserve Energy and Emergency Measures-Availability Costs (M28)

Scope of Appropriation

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.

Expenses

	2011/12		Total \$000
	Estimates \$000	Supplementary Estimates \$000	
Total Appropriation	6,245	4,425	10,670

Reasons for Change in Appropriation

This appropriation increased by \$4.425 million to fund the operation of the Whirinaki Power Station until it was sold in December 2011.

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

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		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,100	1,100

Reasons for Change in Appropriation

This appropriation was established during 2011/12 to decommission high-emission heating options to improve air quality in polluted airsheds.

Biodiesel Grants (M28)

Scope of Appropriation

This appropriation is limited to the provision of grants to New Zealand biodiesel producers.

Expenses

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	9,000	(8,200)	800

Reasons for Change in Appropriation

This appropriation decreased by \$8.200 million as a result of \$7 million in reprioritising baselines through the Four Year Budget Plan, and \$1.200 million being transferred to the Energy Efficiency Conservation appropriation to assist with the expansion of the Energy Efficiency Conservation Authority's (EECA's) business energy efficiency programmes.

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
<i>Contestable Fund for Deployment of Marine Energy Devices (M28)</i>	Original Appropriation	4,949
This appropriation is limited to a contestable fund for marine energy generation and associated administration.	Adjustments to 2010/11	-
	Adjustments for 2011/12	(1,852)
Commences: 1 July 2011	Adjusted Appropriation	3,097
Expires: 30 June 2016	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

Funding of \$185,000 was transferred out of this appropriation to assist with the expansion of the Energy Efficiency Conservation Authority's (EECA's) business energy efficiency programmes.

Crown Contribution to Pike River Recovery and Related Matters (M28)

Scope of Appropriation

This appropriation is limited to providing a Crown contribution towards the potential recovery of bodies in the Pike River Coal Mine and related matters.

Expenses

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	5,000	5,000

Reasons for Change in Appropriation

This appropriation was established during the 2011/12 year to reflect the "Pike River: Crown Contribution to Body Recovery" paper.

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		Total \$000
	Estimates \$000	Supplementary Estimates \$000	
Total Appropriation	1,038	912	1,950

Reasons for Change in Appropriation

This appropriation increased by \$912,000 as a result of a transfer of \$1.522 million to assist with the "Future of the Water Heating Programme" initiative. This was partially offset by a decrease of \$610,000 being transferred to the Energy Efficiency Conservation appropriation to assist with the expansion of the Energy Efficiency Conservation Authority's (EECA's) business energy efficiency programmes.

Promoting and Facilitating Customer Switching (M28)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<i>Promoting and Facilitating Customer Switching (M28)</i>	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

The expenditure for this appropriation was rephased as a result of an automatic transfer of \$1,000 in 2010/11 unspent funds.

Ratana Housing Repairs (M28)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<i>Ratana Housing Repairs (M28)</i>	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

The expenditure for this appropriation was rephased as a result of an automatic transfer of \$687,000 in 2010/11 unspent funds.

Warm Up New Zealand (M28)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<i>Warm Up New Zealand (M28)</i>	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.	Adjustments to 2010/11	32,118
	Adjustments for 2011/12	(2,000)
Commences: 1 January 2010	Adjusted Appropriation	275,068
Expires: 30 June 2014	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

The expenditure for this appropriation was rephased as a result of an automatic transfer of \$46.830 million in 2010/11 unspent funds.