MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

COVERSHEET

Minister	Hon Megan Woods	**Portfolio**	Energy and Resources
Title of Cabinet paper	**Energy Efficiency (Vehicle Fuel Economy Labelling) Amendment Regulations 2022**	**Date to be published**	27 April 2022

List of documents that have been proactively released		
Date	**Title**	**Author**
27 April 2022	*Cabinet paper – Energy Efficiency (Vehicle Fuel Economy Labelling) Amendment Regulations 2022*	*Office of the Minister of Energy and Resources*
27 April 2022	*LEG-22-MIN-0018*	*Cabinet Office*
27 April 2022	*Regulatory Impact Statement: Options for providing Clean Vehicle information to consumers*	*MBIE*

Information redacted **NO**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

© Crown Copyright, Creative Commons Attribution 4.0 International (CC BY 4.0)

Regulatory Impact Statement: Options for providing Clean Vehicle information to consumers

Coversheet

Purpose of Document	
Decision sought:	Analysis produced for the purpose of informing final Cabinet decisions.
Advising agencies:	Ministry of Business, Innovation and Employment
Proposing Ministers:	Minister of Energy and Resources
Date finalised:	*21/02/2022*

Problem Definition

Easily accessible and reliable information about emissions or rebates/fees (Clean Vehicle information) is not available to consumers in one location at point-of-purchase. This puts unnecessary burden on consumers to seek out and verify Clean Vehicle information during their purchasing process.

This limits the effectiveness of the Clean Vehicle programme.

Executive Summary

In June 2021, the Government announced its Clean Vehicle programme, in line with the advice of the Climate Change Commission, to reduce emissions from road transport and contribute to New Zealand's efforts to transition to a net zero carbon economy by 2050. The programme consists of two complementary policies – the Clean Car Standard and the Clean Car Discount.

As part of the Clean Vehicle programme, Cabinet has agreed that the following information will be visible to consumers at the point-of-purchase through clear labelling on the vehicle, and through electronic labelling if the vehicle is advertised online:

- a vehicle's CO_2 emissions in grams per kilometre
- a star rating (for the CO_2 emissions), and
- the monetary amount of any rebate or fee.

The existing Vehicle Fuel Economy Label is a recognised and trusted source of information but does not include Clean Vehicle (emissions or rebate/fee) information as there is currently no requirement for vehicle traders to display such information. This means that consumers are required to seek out the information for each potential vehicle purchase independently with no way to verify or standardise the information for comparison. This limits the effectiveness of the Clean Vehicle programme.

Reducing the effectiveness of the Clean Vehicle programme may limit New Zealand's ability to achieve the emissions reductions required from road transport to meet our Nationally Determined Contribution.

We have considered three options against the status quo:

1. Amend the existing Energy Efficiency (Vehicle Fuel Economy Labelling) Regulations 2007 (VFEL Regulations)to include a requirement to display rebate or fee (charge) information and emissions intensity
2. Registered motor vehicle traders independently provide 'Clean Vehicle' labels supported by public education
3. Individual vehicle fuel economy and 'Clean Vehicle' (rebate or fee (charge) and emissions) labels maintained by Waka Kotahi NZ Transport Agency

In November 2021, the Ministry of Business, Innovation and Employment (MBIE) released the consultation document *Options for providing Clean Vehicle information to consumers* seeking feedback on the above options. MBIE received 16 submissions from a range of organisations and individuals, including industry associations, climate advocates and a vehicle distributor.

MBIE's preferred option is Option 1, and this is supported by many different groups of stakeholders including industry associations and climate advocates. However, when consulted on an example label that included rebate and emissions intensity on the existing label, many stakeholders did not think it would be effective as proposed. MBIE and the Energy Efficiency and Conservation Authority have assessed the feedback on the label in terms of what can be incorporated at this stage and what can be used in future opportunities to improve the label. Changes to the title and colour scheme are proposed to reflect feedback, along with the addition of a requirement to include 'energy economy' information in kilowatt hours of electricity consumed per 100 kilometres travelled for plug-in hybrids and fully electric vehicles.

Option 1 has minimal cost and risk as it utilises existing Regulations and implementation infrastructure. Option 1 has the benefit of making Clean Vehicle information available to consumers in a recognisable and trusted format. A risk is that consumers do not know how to interpret emissions intensity information, but this will be mitigated through public education campaigns from EECA/Waka Kotahi prior to 1 April 2022 when the Clean Car Discount and new label are expected to come into effect.

Limitations and Constraints on Analysis

The options were considered within the scope of Cabinet's previous decision (as part of the design of the Clean Vehicle programme) that the following information will be visible to consumers at the point-of-purchase through clear labelling on the vehicle, and through electronic labelling if the vehicle is advertised online:

- a vehicle's CO_2 emissions in grams per kilometre
- a star rating (for the CO_2 emissions), and
- the monetary amount of any rebate or charge.

This limited the scope of feasible options to options that involved vehicle labelling.

Due to time constraints, we were not able to undertake dedicated consumer testing on the new label. However, stakeholder feedback received during formal consultation on the new label has been taken into account.

The scope of amendments that can be made to the label at this time is limited to those already provided for in the Energy Efficiency and Conservation Act 2000 and through amendments to that Act. The amendments were being progressed through the Land Transport (Clean Vehicles) Amendment Bill (as part of implementation of the Clean Vehicles programme) at the time of writing. The Bill passed its third reading on 17

February 2022, and the relevant amendments commence the day after Royal assent. Stakeholder feedback received on issues beyond this scope can be considered as part of a broader review of the legislation that is currently underway.

We are assuming that making emissions intensity and rebate or fee information more easily available to consumers will influence consumer behaviour towards lower emissions vehicles.

These limitations do not undermine the analysis in this document, as is confirmed by stakeholder support for MBIE's preferred option, Option 1.

Responsible Manager(s) (completed by relevant manager)
Suzannah Toulmin Acting Manager, ENERGY MARKETS POLICY *Building, Resources and Markets* Ministry of Business, Innovation and Employment *03/02/2022*

Quality Assurance (completed by QA panel)	
Reviewing Agency:	MBIE
Panel Assessment & Comment:	MBIE's Regulatory Impact Analysis Review Panel has reviewed the attached Impact Statement prepared by MBIE. The Panel considers that the information and analysis summarised in the Impact Statement is sufficient to meet the criteria necessary for Ministers to make informed decisions on the proposals in this paper.

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

Background

1. In June 2021, the Government announced its Clean Vehicle programme, in line with the advice of the Climate Change Commission, to reduce emissions from road transport and contribute to New Zealand's efforts to transition to a net zero carbon economy by 2050. Implementation of the programme, which consists of two complementary policies – the Clean Car Standard and the Clean Car Discount – requires legislative amendments to the Land Transport Act 1998 and various other Acts.[1] The Land Transport (Clean Vehicles) Amendment Bill (Clean Vehicles Bill) was before the House during the development of this analysis and passed its third reading on 17 February 2022.

2. The Clean Car Standard (CCS) means vehicle importers will be subject to registration and reporting requirements, and the obligation to meet annual CO_2 targets by 1 December 2022. This policy will require vehicle importers to lower the average CO2 emissions profile of the vehicles they bring into New Zealand.

3. The Clean Car Discount (CCD) is a charge/rebate scheme designed to increase demand for low-emissions vehicles. Consumers who purchase high emitting vehicles will be required to pay a charge (fee) in recognition of the increased environmental and economic costs they are imposing on others. The revenue from these fees is then used to provide a rebate to customers who buy vehicles with zero or very low carbon emissions.[2]

4. As part of the Clean Vehicle programme, Cabinet has agreed that the following information will be visible to consumers at the point-of-purchase through clear labelling on the vehicle, and through electronic labelling if the vehicle is advertised online:

    - a vehicle's CO_2 emissions in grams per kilometre
    - a star rating (for the CO_2 emissions), and
    - the monetary amount of any rebate or fee.

Context

5. The Energy Efficiency and Conservation Act 2000 (the EEC Act) allows for regulations to be made that prescribe labelling requirements for energy-using products, including vehicles, which pertain to energy efficiency, or proficiency in conserving energy.[3]

6. The Energy Efficiency (Vehicle Fuel Economy Labelling) Regulations 2007 (the VFEL Regulations) are made under this regulation-making power. The VFEL Regulations currently prescribe that all light vehicles under 3.5 tonnes being sold, except for

---

[1] Amendments are also required to the Land Transport Management Act 2003, Energy Efficiency Conservation Act 2000 and the Income Tax Act 2007, and these are being progressed through the Clean Vehicles Bill.

[2] The scheme only applies to new and used light vehicles registered for road use for the first time in New Zealand, not vehicles in the domestic second hand market.

[3] Section 36(1)(b)

motorbikes, display fuel saver information, which relates to their fuel economy, with a corresponding 'star' rating, provided the information is available.

7. The Energy Efficiency Conservation Authority (EECA) administers the Vehicle Fuel Economy Label programme and compliance with the VFEL Regulations in New Zealand. Some of the data needed to produce the labels is collected from vehicle manufacturers or importers under the Land Transport Rule: Fuel Consumption Information 2008, which is administered by the Ministry of Transport (MoT).[4]

8. Since April 2008, it has been mandatory for registered motor vehicle traders to display Vehicle Fuel Economy Labels when offering light vehicles for sale. These labels, which traders print from an online label generator, are unique to each individual vehicle, and allow consumers to compare the fuel economy of vehicles (using a six-star rating scale) and their average annual fuel costs. Research has found that vehicle labelling effectiveness increases when consumes can compare motor vehicles in the same categories on a fair and equitable basis.

9. MBIE and EECA commenced a review of New Zealand's energy efficiency regulatory system during the development of the Clean Vehicle programme. A range of proposals were consulted on in June 2021, including a proposal to amend the regulation-making powers in the EEC Act to allow for the inclusion of emissions information (and related pricing information) on vehicle fuel economy labels.

10. This proposal was supported by submitters and an amendment to the EEC Act is being progressed through the Clean Vehicles Bill. The Bill provides for regulations to be made in relation to the labelling of vehicles in terms of their carbon dioxide emissions and any financial rebates receivable or charges payable relating to those emissions.

The Status Quo

11. The existing Vehicle Fuel Economy Label is a recognised and trusted source of information but does not include Clean Vehicle (emissions or rebate/fee) information as there is currently no requirement for vehicle traders to display such information. This means that consumers have to seek out the information for each potential vehicle purchase independently. Note that vehicle supplier are currently voluntarily including the 'energy economy' of plug-in hybrid and full electric vehicles on the existing label as the existing requirements specify fuel economy in litres per 100 kilometres (which is not relevant to vehicles running on electricity).

12. Clean Vehicle information is currently scattered across a range of sources including:

    - vehicle retailer websites,
    - government websites,
    - aggregator websites (i.e. car comparison websites)
    - vehicle retailer promotional campaigns, and
    - government campaigns.

[4] This rule requires fuel consumption information to be provided by the vehicle manufacturer or importer when a vehicle is first certified for use in New Zealand. The information is obtained by the manufacturer when a new vehicle is tested in accordance with international test standards in a laboratory. The information is provided to Waka Kotahi and uploaded into the Motor Vehicle Register database, and the Fuelsaver database from which EECA's Fuel Economy Label Generator draws data.

13. If the status quo remains unchanged it will limit the effectiveness of the Clean Vehicle programme, as it does not enable consumers to easily make reliable comparisons between vehicles with different emissions profiles and associated fee or rebates.

What is the policy problem or opportunity?

14. Clean Vehicle information is not available to consumers in one location at point-of-purchase. This puts unnecessary burden on consumers to seek out and verify Clean Vehicle information during their purchasing process.

15. Pricing information is often wrapped up in promotional material, which can disguise the rebate available or fee applicable to the vehicle. Information on aggregator websites is not always frequently maintained and so may be out of date, leaving consumers with incorrect information about the rebate available or fee applicable to the vehicle.

16. This limits the effectiveness of the Clean Vehicle programme as consumers do not have easily accessible and reliable information about emissions and rebates/fees to inform their purchasing.

17. Reducing the effectiveness of the Clean Vehicle programme may limit New Zealand's ability to achieve the emissions reductions required from road transport to meet our Nationally Determined Contribution.

18. We conducted public consultation and received submissions from a range of stakeholders, including from two key groups – vehicle traders and climate advocates, and from the health and finance sectors. All submitters agreed with our assessment of the problem and that further government intervention was required.

What objectives are sought in relation to the policy problem?

19. The overarching objective is to support maximum effectiveness of the Clean Vehicle programme. There are three objectives within this:

    - to make Clean Vehicle information available to consumers in a reliable and accessible way at the point-of-purchase.
    - to enable consumers to easily and consistently compare vehicles;
    - to educate consumers on the factors they should consider when purchasing a low emissions vehicle;

Section 2: Deciding upon an option to address the policy problem

What criteria will be used to compare options to the status quo?

20. The assessment criteria for the options are:

    - **Effectiveness** – to what extent does the option effectively communicate Clean Vehicle information to the consumer at point-of-purchase, in order to facilitate informed purchasing decision and reduce emissions from road transport? This includes how easily accessible the information is and how much consumers are likely to trust the information.
    - **Efficiency** – to what extent does the option minimise undue costs and burdens? This includes the degree to which the outcomes justify the costs to businesses, consumers, and government.
    - **Resilience** – how well does the option cope with market variation, change and pressures? This includes how the option keeps pace with low emissions vehicle innovation, new vehicle sale methods, international markets, and evolving emissions reduction targets domestically.

What scope will options be considered within?

21. The options are being considered within the scope of Cabinet's previous decision that the following information will be visible to consumers at the point-of-purchase through clear labelling on the vehicle, and through electronic labelling if the vehicle is advertised online:

    - a vehicle's CO_2 emissions in grams per kilometre
    - a star rating (for the CO_2 emissions), and
    - the monetary amount of any rebate or fee.

22. This limits the scope of feasible options to options that involve vehicle labelling. We also assessed whether a non-regulatory option can meet the criteria and give effect to Cabinet's decision.

What options are being considered?

Status Quo

Description

23. The existing Vehicle Fuel Economy Label is a recognised and trusted source of information but does not include Clean Vehicle (emissions or rebate/fee) information as there is currently no requirement for vehicle traders to display such information. This means that consumers have to independently seek out and verify the emissions and pricing information for each potential vehicle purchase.

Analysis

24. In this option consumers carry high engagement costs/burden of having to spend time and energy researching the rebates or fees for different cars.

25. The status quo limits the effectiveness of the Clean Vehicle programme, as it does not enable consumers to easily make reliable comparisons between vehicles with different emissions profiles and associated fee or rebates, and does not give effect to Cabinet's decision.

Stakeholder views

26. No stakeholders preferred the status quo over the other options.

Option One – Amend the VFEL Regulations to include a requirement to display rebate or fee (charge) information and emissions intensity on the existing Vehicle Fuel Economy Label

Description

27. This option would consist of developing and implementing an amended Vehicle Fuel Economy label to include information about the emissions and rebate or fee of a car to the consumer at point-of-purchase.

Analysis

28. Using the established mandatory vehicle-labelling scheme provides a number of benefits for vehicle traders, consumers and the government. These benefits include:

    - The Vehicle Fuel Economy Labelling scheme has existing infrastructure that traders are currently comfortable navigating.
    - The Vehicle Fuel Economy Labelling scheme has proven effective at assisting customers. Asia-Pacific Economic Cooperation Energy Working Group found New Zealand's Vehicle Fuel Economy Label scheme to be one of the most comprehensive in the world.
    - Integrating emissions and fee / rebate information into the existing label removes the cost of building and maintaining a new, dedicated and separate system.
    - EECA have established a strong reputation with consumers and the Vehicle Fuel Economy Label is a trusted source of information.

29. Stakeholder research conducted by EECA shows that vehicle retailers think that the Vehicle Fuel Economy Label scheme has made fuel efficiency easier to understand and

more tangible for customers. They also said its independence is important, given the lack of trust many customers have in salespeople.

30. Using the infrastructure of and consumer trust in the existing VFEL scheme carries minimal regulatory costs for government, minimises compliance costs for industry and minimises engagement costs for consumers while achieving the highest effectiveness. This option will make Clean Vehicle information available at point-of-purchase in a consistent, recognisable and trusted way. This will support the effectiveness of the Clean Vehicle programme to enable consumers to make informed purchasing decisions and ultimately support emissions reduction from road transport.

Stakeholder views

31. All stakeholders preferred this option. However, we also consulted on the operationalisation of the scheme i.e. what the new label would look like. There was little support for the example label across all groups of stakeholders, particularly those with climate interests. Many stakeholders felt that the example label was not effective.

32. Feedback indicated that the proposal to amend the label was, while superior to other options considered, not sufficient to meet the Government's intentions for significantly reducing emissions from road transport. Many respondents wanted to see the label include information on energy consumption, relative running costs, and driving range of PHEVs and EVs. Some respondents also suggested a more deliberate and intuitive colour scheme be used, and testing the label with consumers before implementing

33. The example label has been modified to incorporate some of the feedback received. The label title has been changed from 'Clean Vehicle Label' to 'Vehicle Emissions and Energy Economy Label', which more clearly explains the content of the label.

34. Some submitters suggested that the 'fuel economy rating' (currently only required in litres/100km) should be updated to also apply to plug-in hybrid and full electric vehicles (i.e. include a kWh/100km). At present, vehicle suppliers voluntarily provide this information and the label generator on the EECA website already displays fuel economy in kilowatt hours per 100km for plug-in hybrid and fully electric vehicles. An amendment to require 'energy economy' in kilowatt hours per 100km to be included on the label is now proposed to align the requirements. This addition aligns with the intent of Cabinet's decision to make Clean Vehicle information available to consumers at the point of purchase.

35. Several submitters suggested making the label colour reflect how 'clean' the vehicle is (i.e. low emissions would be green and high emissions would be red) as well as having the Clean Car rebate figure show in black or blue or red if a fee is to be paid. The benefit of this approach would be to make it clear to consumers which vehicles are low emission. This feedback has been incorporated to the extent possible within the legislation.

36. The scope of amendments that can be made to the label at this time is limited to what can be changed under the existing provisions of the EEC Act, and what is being provided for through the Clean Vehicles Bill (emissions intensity and charge or rebate information). The Clean Vehicles Bill has recently passed into law so there is no scope to add further proposals for change.

37. Several stakeholders suggested that there should be a more drastic redesign of the VFEL so that it better promotes the uptake of low emission vehicles. The role of the VFEL and other programmes and information sources in driving behaviour change will

be considered in future, and labelling is in scope of the broader review of the energy efficiency regulatory system that is still underway.

Option Two – Registered motor vehicle traders independently provide 'Clean Vehicle' labels supported by public education

Description

38. Under this option, registered motor vehicle traders would voluntary provide 'Clean Vehicle' information at the point of purchase. This would be supported by a public campaign to educate consumers on the Clean Car Discount and Clean Car Standard, including on what information they should expect to see at the point-of-purchase.

Analysis

39. This non-regulatory option would rely on registered motor vehicle traders displaying feebate and emissions information at the point-of-purchase on a label of their choice. This could result in inconsistent information, or information not being provided at all (e.g. traders may be reluctant to display information about fees) so is considered an ineffective way to implement Cabinet's decision.

40. Additionally, the public education campaign would need to be comprehensive to ensure consumers are aware of what to expect. This would be expensive and there is no guarantee that this awareness would carry over to the time of purchase. This option does not mean lower compliance costs for industry, as they are already required to display the Vehicle Fuel Economy Label. The only benefit of this option is that it does not involve further government regulation, but that would come at the expensive of potentially undermining the Clean Vehicle programme.

Stakeholder views

41. No stakeholders preferred this option. However, a few stakeholders recommended that option one (the amended label) be supported by a strong public education campaign and noted the importance of the new information being easily understandable.

Option Three – Individual vehicle fuel economy and 'Clean Vehicle' (feebate and emissions) labels maintained by Waka Kotahi NZ Transport Agency

Description

42. This option would consist of maintaining the present conditions for the Vehicle Fuel Economy Label scheme and introducing a new, separate feebate and emissions label maintained and branded under Waka Kotahi.

Analysis

43. The interplay of different regulatory regimes that cover similar or overlapping areas can create cumulative costs. There would be some cost involved with designing an additional label. There would also be costs involved in designing and implementing an additional software system for traders to print the label. The Vehicle Fuel Economy Label scheme has well-established infrastructure that traders are comfortable using. Requiring traders to navigate two different systems to label the performance of vehicles is an unnecessary burden.

44. Research commissioned by EECA found that, compared to other labels (such as the AA Odometer Passed Label), the Vehicle Fuel Economy Label has the highest level of overall consumer awareness. The independence of the vehicle fuel economy label,

backed by a government organisation, makes consumers feel they are getting the best information possible.

45. This option is not preferred because it would involve additional operational and compliance costs for government and industry and will likely prove less effective.

46. There would also be additional costs associated with the compliance regime necessary for a separate vehicle-labelling programme. EECA has an established compliance strategy for the Vehicle Fuel Economy Label.

Stakeholder views

47. No stakeholders preferred this option. However, some submitters noted that the example label with Clean Vehicle information added did seem busy or overly complex and might confuse consumers. This feedback is being considered.

How do the options compare to the status quo/counterfactual?

	Status Quo / Counterfactual	Option One – Amend the VFEL Regulations to include a requirement to display rebate or fee (charge) information and emissions intensity on the existing Vehicle Fuel Economy Label	Option Two - Registered motor vehicle traders independently provide 'Clean Vehicle' labels supported by public education	Option Three - Individual vehicle fuel economy and 'Clean Vehicle' (feebate and emissions) labels maintained by Waka Kotahi NZTA
Effectiveness	0 Minimal effectiveness of the Clean Vehicle programme as consumers have to find information for themselves and may not have awareness of the Clean Vehicle programme.	++ Strong effectiveness as the VFEL scheme has proven effective at assisting customers. EECA has established a strong reputation with consumers and the VFEL is a trusted and widely recognised source of information.	0 Low effectiveness as the burden to compare and verify specific information about each vehicle would still sit with consumers. If information about a significant financial component of purchasing a car is not easily available at the point-of-purchase may lead consumers to feel they have been let down and reduce the effectiveness of the Clean Vehicle programme.	+ Medium effectiveness as the information would be available but building widespread awareness and trust in an unfamiliar label can take years, which would reduce the immediate effectiveness of the Clean Vehicle programme. Effectiveness would be achieved in the medium term.
Efficiency	0 Engagement costs to consumer of having to spend time and energy researching the rebates or fee for different cars	++ Minimal costs to government and industry to integrate into the existing VFEL scheme. Industry is comfortable navigating the existing scheme.	- Higher compliance costs for industry, as they will develop and display a new label as well the Vehicle Fuel Economy Label. Engagement costs to consumers might decrease slightly if promotion makes information more accessible. Option does not involve further government regulation but would have costs to government of funding extra campaign material.	Highest regulatory and compliance costs. There would be cost involved with designing an additional label and in designing and implementing an additional software system for traders to print the label.
Resilience	0 Low resilience as relies on consumers being engaged with international and domestic developments in low emissions policies beyond their immediate interest in purchasing a car.	++ High resilience as The APEC Energy Working Group (APEC EWG) found New Zealand's VFEL scheme to be one of the most comprehensive in the world. Existing scheme already adapts well to changes in international standards and domestic expectations.	- Independent labels would make it difficult to ensure consistency and accuracy of information. If the Clean Vehicle programme expands, or the levels of feebate get reviewed, there is a risk that information may become outdated.	+ A dedicated label designed for this sole purpose would likely be resilient, but this would take time.
Overall assessment	0	++	-	+

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

48. Option One is most likely to best address the problem of Clean Vehicle information not being available to consumers at point-of-purchase, putting unnecessary burden on them to seek out and verify Clean Vehicle information during their purchasing process. This is MBIE's preferred option as it carries the least cost for government and industry while making Clean Vehicle information available to consumers in a resilient and effective way. The addition of 'energy economy' in kilowatt hours per 100 kilometres for plug-in hybrid and full electric vehicles to the Option 1 requirements addresses strong stakeholder feedback and aligns with the intent of the changes. Some stakeholders did not feel that the example label was effective, and this has been addressed through changes to the final proposed label.

What are the marginal costs and benefits of the option?

Affected groups *(identify)*	**Comment** *nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.*	**Impact** *$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.*	**Evidence Certainty** *High, medium, or low, and explain reasoning in comment column.*
Additional costs of the preferred option compared to taking no action			
Regulated group: registered motor vehicle traders	Additional one-off cost for vehicle traders of having to implement new label. There is no cost to vehicle traders to access or collate the new information required for the new label. The source database of the Label generator, Waka Kotahi's RightCar website, is mostly updated automatically from manufacturer databases or otherwise by Waka Kotahi via the import documentation accompanying the vehicle. Manufacturers will be required to make this information available through the Land Transport Rule: Vehicle Efficiency and Emissions Data 2022.	Low	High – no vehicle traders indicated that this cost would have an impact on them
Regulators	Additional one-off cost of developing new label and monitoring compliance	Low	High – this is the lowest cost option
Total monetised costs	The cost to regulator of amending the label is approximately $960 + GST for a contractor to develop the new design. The design of the existing label was done in-house by EECA. The cost to regulated groups is the total cost of printing a new A5 colour or greyscale label for every car on the yard. We estimate the cost of printing an A5 colour label is less than $1 per print.		
Non-monetised costs		Low	Medium/high
Additional benefits of the preferred option compared to taking no action			
Regulated group: registered motor vehicle traders	Benefit of existing Regulations being amended rather than introducing a new scheme and consistency of information	High	High

	and requirements between traders.		
Regulators	Benefit of existing Regulations being amended rather than introducing a new scheme. Compliance and monitoring exercises well established.	High	High
Consumers	Ongoing additional benefit to consumers as will spend less time and energy seeking out and verifying Clean Vehicle information. Provides easily comparable, reliable and consistently displayed information across different types of vehicles to aid informed purchasing. Increased awareness and accessibility of rebate and charge information. More fuel consumption savings could accrue to consumers through increased awareness of the energy economy of plug-in hybrid and fully electric vehicles.	Medium	Medium – market research and testing with consumers to understand the impact of making Clean Vehicle information available has not been done yet
Wider government	Ongoing additional benefit of Clean Vehicle programme being more effective.	Medium	High – behavioural economics suggests consumers will be more likely to consider purchasing a low emissions vehicle if they are made aware of the monetary incentive of doing so, and of the environmental externalities of higher emissions vehicles. Additionally, EVs were tracking at 1-2% of new car sales prior to rebates being introduced in June 2021, and are now 17% of the NZ new car market.
Total monetised benefits	Monetised benefits not available.		
Non-monetised benefits		Medium/high	Medium/high

49. One key assumption is that easy access to reliable Clean Vehicle information *will* influence consumer behaviour and decision making when purchasing vehicles. We are assuming that by making feebate and emissions intensity values more ubiquitous and prominent in the vehicle purchasing process, consumers may consider buying a low emissions vehicle over a high emitting one.

50. The impacts have been determined through:

    - EECA research
    - previous consultation on the Clean Vehicle programme and Clean Vehicles Bill conducted by MoT, and
    - submissions on the consultation document *Options for providing Clean Vehicle information to consumers.*

51. If the new label does not effectively communicate Clean Vehicle information, it could cause confusion for consumers and not achieve the objectives of the regulatory amendment. This risk has been highlighted by stakeholders during consultation and the suggested changes are being considered by EECA.

Section 3: Delivering an option

How will the new arrangements be implemented?

52. The new arrangements will be implemented by amending the Energy Efficiency (Vehicle Fuel Economy Labelling) Regulations 2007. EECA will remain responsible for the ongoing operation and enforcement of the amended regulations.

53. The amendment regulations will require the following information, where available and applicable, be displayed on the vehicle fuel economy label in addition to the existing information requirements:

- kilowatt hours of energy consumed per 100km
- carbon dioxide emissions (as a rating out of 6 stars):
- carbon dioxide emissions (in grams per kilometre):
- the rebate or charge applicable to the vehicle as a function of its carbon dioxide emissions[5]

54. The new label design will be loaded into the Vehicle Fuel Economy Label generator programme that is accessed through the EECA website (Fuel economy label generator (fuelsaver.govt.nz).

55. The Land Transport Rule: Fuel Consumption Information 2008 (the FCI rule) is being amended by the Ministry of Transport to enable accurate, reliable, and robust information to be collected about vehicle fuel consumption and (CO_2) emissions to inform policies under the Clean Vehicle programme.

56. New rules set out in the proposed Land Transport Rule: Vehicle Efficiency and Emissions Data 2022 will require the information necessary to implement the amendment regulations (emissions intensity, rebate or charge, and, if an electric vehicle or plug-in hybrid, energy economy in kilowatt hours per 100km) to be made available to Waka Kotahi before the vehicle can be certified for entry.[6]

57. This will mean the additional information will be available on the RightCar website and therefore in the Label generator at no extra cost or effort to vehicle traders. The Rule will be made once the Clean Vehicle Bill passes and is planned to be effective from 1 April 2022.

58. The new label design will be included in the amendment regulations that will be gazetted once approved by Cabinet. We expect the amended regulations (and therefore the new label) will come into effect on 1 April 2022, when the Clean Car Discount is expected to come into full effect.

59. Waka Kotahi has an existing public education/awareness communications budget to support implementation of the Clean Car Discount. There will be information on the Waka Kotahi Clean Car website pages to help vehicle buyers understand the new

---

[5] Calculated according to the Land Transport (Clean Vehicle Discount Scheme) Charges Regulations 2022.

[6] There are some rare exceptions, for example vehicle models in global production of less than 500 units annually are not required to undergo the necessary testing to produce the data. Where information is not known, and if a default value cannot be determined, the label would state that information is not available.

information on the label that relates to the Clean Car programme. Public education campaigns from EECA will also support consumers to know what to expect and how to interpret the additional information.

60. As with the existing label, when a person or company wishes to sell a vehicle they will enter the vehicle details into the label generator and the label that will be produced will be in the form of the updated label. The information that is presented on the label is automatically drawn from the Government's RightCar website. The new label will still be required to be used for second hand vehicles, but it will not include rebate or charge information as they do not apply to second hand vehicles.

61. Information about the labels will be included on the EECA and Waka Kotahi websites, with contact details should vehicle sellers wish to discuss any issues. Vehicle sellers will be notified of their responsibilities to implement the new label through EECA's existing communication channels.

62. Industry stakeholders did not raise any implementation risks during consultation. The common risk raised was with the effectiveness of the example label, which MBIE and EECA have considered and responded to.

How will the new arrangements be monitored, evaluated, and reviewed?

63. Waka Kotahi collects data on the number of rebate applications made for low emissions vehicles. Waka Kotahi will monitor this data in the months following implementation and share any changes in trends or trajectory with MBIE and EECA.

64. Stakeholders recommended the label be reviewed regularly to ensure it is still relevant and useful to consumers. The Clean Car Discount is a time-limited policy (likely to be discontinued in 10 to 15 years) so the regulatory amendment and label will need to be reviewed prior to discontinuation.

65. Stakeholders recommended consumer testing and focus groups be conducted prior to implementing the new label. While we will not be doing this prior to implementation due to time constraints, we will explore this with EECA following implementation.

66. There is a broader review of New Zealand's energy efficiency regulatory system under way with a programme of work to improve energy efficiency regulation in New Zealand. This stage of the work programme is planned to commence in mid-2022 and will include a more comprehensive review of the Energy Efficiency Regulations. The effectiveness of the VFEL Regulations, and the new label, may be included in this (if, for example, there is strong consumer and industry feedback that the changes still need to go further).