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Response to: Options for expanding the purpose of existing energy levies

Consultation on expanding the purpose of an existing levy to recover the costs of encouraging, promoting and supporting energy efficiency, energy conservation and the use of renewable sources of energy

Scope – Consideration of Electric Vehicles in relation to EECAs performance of functions of the "encouragement, promotion and support of electricity efficiency"

Introduction

ChargeNet NZ is the only non-utility in Aotearoa New Zealand installing and maintaining Rapid DC chargers. Charge Net NZ works in conjunction with location partners including lines companies, traditional retailers from petrol stations to supermarkets, and **currently already has MOUs with six district councils throughout Aotearoa New Zealand. Charge Net NZ** (ChargeNet) **is the only company that is currently installing a network of Rapid Chargers to create a nationwide corridor of charging opportunity** in order to promote rapid uptake of EV.

Charge Net NZ is the recent winner of the EECA 2016 efficiency award in the Transport sector.

Reponses to Reply form questions

1) What are your views on the objective of this proposal? Do you agree or disagree with it? Why?

The intention is to enable a wider range of activities that encourage, promote and support energy efficiency, energy conservation and the use of renewable sources of energy to be levy funded.

The changes proposed would provide the Energy Efficiency and Conservation Authority (EECA) with greater flexibility to prioritise funding across its work programmes. EECA is the government agency that is responsible for encouraging, promoting and supporting energy efficiency, energy conservation, and the use of renewable sources of energy.

- Charge Net NZ supports an expanded scope for EECAs activity, and sees the extension of funding from alternate levies as: a reflection of change in available technology advantages, an increasing importance placed on renewable energy and industry growth in the sector, and opportunity to accelerate beyond business benefits for Aotearoa New Zealand.

- **Further, the current situation of focus on energy *efficiency* only and the explicit exclusion of transport solutions such as EV seems to be contradictory to its mandate to encourage the uptake of renewable energy, or at least non-inclusive of changing technology.** i.e: EECA's current funding model limits about half of its funding to electricity (not *energy*) efficiency activities. This is because it comes from a levy on electricity-industry participants that can only be used in relation to the "encouragement, promotion, and support of *electricity* efficiency". The promotion of EVs, for example, cannot be funded by this levy because increased uptake results in greater use of (largely renewable) electricity, not improved electricity *efficiency.* *(pg 7, 13.)*

- The basis for comparison in the case of Electric Vehicles would be a fossil fuel vehicle; and the scope for comparison / consideration when considering *efficiency* should be included to consider the use of petroleum products versus electricity in transport.

- Due to impacts of the non-renewable transport fuels on emissions, the expansion of the purpose of existing levies would allow the delivery of EECAs mandate and better support work to achieve outcomes encouraging the uptake of renewable energy.

Electric Vehicles are the sector in which Aotearoa New Zealand has the most potential to increase employment of existing renewable energy. As the discussion document outlines:

- Due to the current low number of light passenger EVs on our roads;
- The high percentage of non-renewable use in transport sector;
- The high percentage of emissions in the transport sector – 17% of emissions and 44% of total emissions in Energy;
- The extremely low current percentage of renewable energy in transport – less than 1%. *(Pg6, 11.)*

2) What do you think is the appropriate balance between 'administrative simplicity/transparency' and the 'causer or beneficiary pays' and 'rationality' criteria? Should more weight be given to one over the others?

Ideally, an even focus on both criteria would demonstrate an option that is sustainable regarding EECA delivering for government energy efficiency work. A high level of transparency and a focus on simplistic administration are important in a workable solution.

With regards to the goals of both EECA and of the Business Growth Agendas Natural Resources Sector, specifically the Energy and Climate focus area, causer and beneficiary pays criteria appear to be currently unrepresented in funding streams.

As the discussion document specifically references, EECA has had to reprioritize its limited non-levy funding in order to undertake transport and non-electricity *efficiency* work (emphasis added), and notes that opportunities will be lost and some important work will not occur.

Therefore, it can be said that the current situation does not consider the causer or beneficiary pays / rationality criteria, especially as 99% of transport energy is oil based, and the use of this levy directly targets users and beneficiaries of non-renewable energy.

A rectification therefore may need to focus on causer or beneficiary pays criteria to align it with its current high standards of administrative simplicity.

3) Which option do you think provides the best balance?

Charge Net supports Option 3A: Electricity levy + PEFML + gas levy, all with expanded purpose, set allocation 30: 50: 20.

4) What is your preferred option?

Further to the above discussion:

- The expansion of purpose of allocated funding will allow EECA to include Electric Vehicles in its activities. It can be said that EVs are the area in which Aotearoa New Zealand stands to gain the most in overall energy efficiency and carbon reduction, due to the extremely high percentage (near total at 99%) of non-renewable energy currently used in transport.
- 44% of total energy consumption is in Transport. EVs have huge potential to reduce energy waste in this sector. As EECAs energywise website references, Electric Vehicles are as a technology **"more efficient - EVs can convert up to 90% of energy from their batteries into driving. This compares to 20% - 30% for a petrol or diesel vehicle.** https://www.energywise.govt.nz/on-the-road/electric-vehicles

- Energy efficiency in the light vehicle sector alone stands to increase by 70-80%, per fossil fuel vehicle that is replaced by a plug in Electric vehicle. The exclusion of Electric Vehicles in EECAs work to encourage, promote and support energy efficiency energy conservation and the use of renewable energy sources restricts EECAs ability to promote renewable energy sources in the area where New Zealand has the most to gain.

5) Why do you consider this the best option?

This option, by almost all measures, meets the objective most strongly. The only criterion in which it is considered weaker than other options is transparency. If the assessment criteria for transparency is as referenced (taking into account The Treasury and the Controller and Auditor generals guidelines) that it is easily understood and clear to the levy payers, Charge Net considers this weakness logistical, and resolvable, rather than empirical. Furthering transparency can be achieved with improved processes; Causer or beneficiary pays / rationality criteria are funding parameters that cannot be reconsidered once excluded.

6) Of the options you do not prefer, what issues or reasons do you think are most important for us to consider?

The Status quo, if excluding Electric vehicles, does not allow EECA to meet its primary objectives. Option 1 does not strongly incorporate Causer or Beneficiary pays and Rationality criteria.