

Reply form : consultation by MBIE on Options for expanding the purpose of existing energy levies

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What are your views on the objective of this proposal? Do you agree or disagree with it? Why?	<p>The proposal is taken as enabling more flexible funding for EECA's activities, because it is inappropriate to use the electricity levy for non-electricity related activities.</p> <p>I agree with that objective of the proposal.</p> <p>EECA's founding legislation gives sustainability principles which must influence all its activities including the allocation of funding to different programmes. These relate to the population at large: "the health and safety of people and communities, and their social, economic, and cultural well-being."</p> <p>rather than promotion of economic growth which appears to be Government's present priority.</p> <p>The background section of the discussion document gives the elements of Government's Business Growth Agenda's Energy and Climate Change focus area. These also suggest purposes for EECA's expenditures on energy efficiency and renewable energy. Those purposes include, to raise productivity, reduce carbon emissions and promote consumer choice". Furthermore the NZ Energy Strategy reflects a commitment to "diverse resource deveopment including developing our renewable energy resources and supporting new technologies ..."</p> <p>Thus I take the objectives of <u>use</u> of the levies for energy efficiency and renewable energy as:</p> <ul style="list-style-type: none"> raise productivity reduce carbon emissions promote consumer choice develop renewable energy resources and support new technologies <p>Of these, I consider "reduce carbon emissions" to be the</p>

	dominant purpose, today, for promoting energy efficiency and conservation, and renewable energy.
<p>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?</p>	<p>"Rationality" is the most important criterion: it will be supported by the public who resent any of their levy going to a different group of beneficiaries.</p> <p>"causer" and "beneficiary" are widely used in discussions of electricity pricing and carry connotations which may not carry over to EECA work.</p> <p>Transparency is important but difficult to implement. Consultation for the electricity levy is essentially an exercise for market participants; domestic consumer input has not influenced Authority decisions.</p> <p>* transport efficiency and renewability: funding should come from the petroleum levy (PEFML). This option is supported by Government's approximately fourfold increase in PEFML.</p> <p>* industrial heat – funding of efficiency and renewability could well come mainly from the gas levy, as industry uses the overwhelming majority of New Zealand's gas. However the most effective way of reducing carbon emissions is converting from coal to wood, which is not gas-related. Dipping into the Crown-funded component of EECA's revenue makes sense here.</p> <p>* the residential sector pays half the electricity industry revenues, thus when generators, retailers and network companies pay the levy they pass on much of their total levy onto the residential power bill. The residential sector remains probably the most inefficient of the sectors in electricity utilisation because of its excess winter demand, causing the electricity system's highest peaks, generated increasingly by open cycle gas turbines and resulting in greatly increased losses.</p> <p>Although residential energy efficiency is no longer Government's high priority, the benefit to householders of WarmUP NZ has been very great; if householders had the choice this is probably the activity that would top the list.</p>
Which option do you	Option 3, but not with a set 30/50.20 allocation,

think provides the best balance?	rather the funding allocation should be determined by the degree proposals meet Government's stated objectives as discussed in the background section:- raise productivity, reduce carbon emissions, promote consumer choice, and develop renewable energy resources and support new technologies.
What is your preferred option?	Option 3.
Why do you consider this the best option?	Because it ensures the different sectors, residential, transport, industrial, each have a fair cut at EECA funding.
Of the options you do not prefer, what issues or reasons do you think are most important for us to consider? .	<p>Funding of the residential sector, once the majority of EECA funding, has been cut back to the extent that the whole retrofit industry is losing its viability. Yet cold houses are damaging productivity, and consumer choice is now becoming restricted to all-electric options.</p> <p>The issue is whether EECA is restricted to implementing Government's priorities, which at present include promotion of electric vehicles, or whether it is prepared to evaluate its proposed programmes by criteria such as – most important – climate emissions reduction.</p>
Are there other options for providing transparency in the use of levy money (besides requiring annual consultation and reporting)?	An option for restoring residential input into funding of energy efficiency would be to restore the balance of governance of the EECA board, which is now dominated by the industrial sector. This of course reflects central government's current priorities. Alternatively a forum similar to the Smart Grid Forum could research and set policy directions including funding priorities for residential energy efficiency and renewable energy. Since the Smart Grid Forum is considering re-casting itself, a new Smart Energy Forum could be the required body.