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Submission on Expanding the Purpose of Existing Energy Levies

Introduction

1. This is Vector **Limited's** (Vector) submission on the Ministry of Business, Innovation & Employment's (MBIE) consultation paper, *Options for expanding the purpose of existing energy levies*, released in May 2016.
2. **We generally support MBIE's proposal** providing the Energy Efficiency and Conservation Authority (EECA) greater flexibility to undertake initiatives promoting energy efficiency, energy conservation, and the use of renewable sources of energy.
3. We also make a comment on the gas safety levy.
4. **Vector's contact person for this submission is:**

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5. No part of this submission is confidential and we are happy for it to be made publicly available.

Vector supports greater energy efficiency

6. Vector supports **MBIE's** agenda of seeking energy efficiency improvements in the transport sector. MBIE acknowledges that the transport sector accounts for **17 percent of New Zealand's total emissions and represents a significant opportunity** for delivering greater energy efficiency.

7. We support the recently announced “low emission vehicle (LEV) contestable fund” that EECA is being tasked to deliver as a policy lever for improving the efficiency of **New Zealand’s transport sector**.
8. We believe it would be appropriate for the LEV contestable fund to be delivered from the levy most relevant to the sector. In this instance, the most relevant levy is the petroleum and engine fuels monitoring levy (PEFML) collected under the *Energy (Fuels, Levies and References) Act 1989*.
9. Accordingly, we support Option 2 presented in the consultation paper, which would recover some of the levy funding from the electricity levy and some from the PEFML. We note that under Option 2, “[t]he PEFML would have an expanded purpose, but the electricity levy could remain for electricity activities only”. This approach ensures that transport sector users are funding energy efficiency improvements in their sector and have the right forward looking incentive to modify their transport use.
10. In addition, we believe that any new or expanded activities that EECA will be allowed to undertake **under MBIE’s proposal** should not include the co-funding of studies with particular interested industry participants. This ensures that conflicts (or perceived conflicts) of interest are avoided.

Vector encourages MBIE to review the gas safety levy

11. We note that under section 23(3) of the *Energy (Fuels, Levies and References) Act 1989* (the Act), the gas levy is required to be charged to “(a) every person or body who or which sells piped gas to a gas retailer (whether or not that gas retailer is also a gas wholesaler); and (b) every gas retailer who sells piped gas which is not subject to a levy pursuant to paragraph (a)”.
12. We encourage MBIE to review the current gas safety levy arrangements to ensure all parties required to be levied under the Act are so charged.
13. We are happy to discuss with MBIE officials any future review of the gas safety levy.

Yours sincerely

For and on behalf of Vector Limited



Richard Sharp
Head of Regulatory