



Minister for Energy

Energy Portfolio

Vote Business, Science and Innovation

Report in relation to selected non-departmental appropriations for the year ended 30 June 2024

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Foreword

Ministers are responsible for reporting the financial and non-financial performance of non-departmental appropriations to Parliament. This report provides information about the year-end performance results of non-departmental appropriations that have not been included in any other reports to Parliament.

This report provides the 1 July 2023–30 June 2024 results of the relevant non-departmental appropriation for the Energy portfolio within Vote Business, Science and Innovation. The relevant appropriations are:

- Energy and Resources: Advice on Viable Energy Storage Projects (MYA)
- Energy and Resources: Management of IEA Oil Stocks (MYA) (M28)
- Energy and Resources: Low Emission Transport Freight Decarbonisation Grants 2022-2027 (M28)
- Energy and Resources: National New-Energy Development Centre (M28)
- Energy and Resources: National New-Energy Development Centre 2022-2026 (M28)
- Energy and Resources: Crown Loans – Impairment of Debt
- Energy and Resources: Establishing a Renewable Electricity System on Chatham Island (M28) (A17)
- Energy and Resources: Crown Energy Efficiency – Capital Injection

The current portfolio name '*Energy*' changed from the previous portfolio name '*Energy and Resources*' as specified on the 2023-24 Estimates and Supplementary Estimates documents.



Hon Simeon Brown
Minister for Energy

Statements of Performance

Non-Departmental Output Expenses

Energy and Resources: Advice on Viable Energy Storage Projects (MYA)

Scope of Appropriation

This appropriation is limited to the delivery of advice on the technical, environmental, and commercial feasibility of viable energy storage projects, including an assessment against alternatives.

Intention Statement

This appropriation is intended to achieve the funding of the business case assessment of options to address New Zealand's dry year energy storage problem in sufficient detail for a Cabinet decision on the selection of a project to be developed into a final engineering design for approval.

Assessment of Performance

Non-Financial

Performance Measure	2022/23 Actual Standard	2023/24 Total Standard	2023/24 Actual Standard
Quarterly reports to the Minister of Energy and Resources are delivered on time	100%	100%	100% for duration of requirement

Comment

This programme of work ceased from 24 November 2023, as directed by Cabinet through its 100-day action plan. The standard was achieved for Q1 2023/24.

Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	11,671	-	2,977	2,173

Comment

This is a multi-year appropriation, the appropriation was fully phased by end of 2022/23 financial year and had nil in 2023/24 Estimates. However, this appropriation had \$66.627 million unspent funding by end of 2022/23, this remaining funding was fully transferred to 2023/24 year through technical adjustment in October Baseline 2023. The original forecast spend for 2023/24 was \$66.627 million. \$63.650 million was returned to the Crown in the Mini Budget 2024 exercise after the decision to stop work on Lake Onslow. However, the \$2.173 million actual reflected some activity which occurred early in 2023/24, both prior to the programme being closed and to cover close down and decommissioning activities.

Energy and Resources: Management of IEA Oil Stocks (MYA) (M28)

Scope of Appropriation

This appropriation is limited to purchasing, managing and investigating oil tickets (forward purchase contracts for oil supply) and other related oil security products needed to meet International Energy Agency treaty obligations.

Intention Statement

This appropriation is intended to achieve New Zealand meeting its 90-day oil stock holding obligation as a member of the International Energy Agency (IEA).

Assessment of Performance

Non-Financial

Performance Measure	2022/23 Actual Standard	2023/24 Total Standard	2023/24 Actual Standard
Oil stock reserve (in days) maintained by New Zealand to meet International Energy Agency obligations (see Note 1)	Achieved	90 days	93.4 days

Note 1 - This performance indicator and budget standard were revised for 2023/24 to improve its verifiability, comparability and faithful representation.

Comment

Stockholding requirements have met or exceeded 90 days of net oil imports for 2023/24.

Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	13,403	58,757	85,445	33,280

Comment

A technical adjustment was made to the appropriation in 2023/24 to fund activities that promote the resilience of fuel supplies in New Zealand, including fuel emergency planning, procurement of fuel stocks to meet international obligations, and coordination and administration of the minimum fuel stockholding obligation in Energy and Resources: Information Services appropriation.

Actuals are below forecast expenditure due to several factors:

- The current surplus in the memorandum account, which has been carried forward (expected to reduce over the period 2024/25 to 2028/29, and will be re-forecast in the 2024/25 year)
- Volatility in the oil and currency markets (ticket contracts are in USD), and therefore uncertainty in relation to the costs of IEA tickets.
- Change in government policy, including cancellation of the Reserve Diesel project.

- Scope limitations, which have been addressed in creating a new appropriation (*Energy: Implementation of Policies and Programmes for Fuel Security and Fuel Emergency Management 2024-2029 (MYA Expense)*) to fund activities as described above.

Non-Departmental Other Expenses

Energy and Resources: Low Emission Transport Freight Decarbonisation Grants 2022-2027 (M28)

Scope of Appropriation

This appropriation is limited to supporting organisations for projects that demonstrate low emission freight technologies, fuels services, infrastructure, innovations and business models.

Intention Statement

This appropriation is intended to achieve demonstration and piloting of low emission freight solutions, to inform businesses and the wider freight and supply chain sector about what low emissions options are available and how they operate in practice.

Assessment of Performance

Non-Financial

Performance Measure	2022/23	2023/24	2023/24
	Actual Standard	Total Standard	Actual Standard
Amount of transport co-funding committed to low emission and supply chain demonstration projects in the 2023/24 financial year	-	\$1m	-

Note 1: This performance indicator and budget standard was changed from 'Achieved' to '\$1m' for 2023/24 and outyears to improve its verifiability, comparability and faithful representation.

Comment

The Government decided not to proceed with this fund, as part of reprioritisation decisions.

Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	-	1,000	1,000	-

Comment

This multi-year appropriation decreased by \$14 million to \$1 million due to a 2023/24 Cabinet decision to return funding of \$14 million as part of the Budget 2024 baseline reduction exercise.

Energy and Resources: National New-Energy Development Centre (M28)

Scope of Appropriation

This appropriation is limited to establishing and operating Ara Ake, the National New-Energy Development Centre.

Intention Statement

This appropriation is intended to achieve the acceleration of the transition to a clean energy system, and low-emissions economy by reducing the time, cost and risk associated with the development and commercialisation of energy innovation.

Assessment of Performance

Non-Financial

Performance Measure	2022/23 Actual Standard	2023/24 Total Standard	2023/24 Actual Standard
Number of performance and monitoring meetings over the financial year	8	8	n/a
Percentage of agreed key performance indicators that have been met on time	100%	100%	n/a
Progress on agreed work programme milestones and financial performance and is reported within agreed timeframes	Achieved	Achieved	n/a

Comment

There was no activity under this appropriation on, as funding was moved to Energy and Resources: National New Energy Development Centre 2022-2026 MYA for the purpose of funding the agreement with Ara Ake.

Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	-	7,000	-	-

Comment

This appropriation decreased by \$7 million to nil for 2023/24 due to a fiscally neutral adjustment of \$7 million to move funding to Energy and Resources: National New Energy Development Centre 2022-2026 MYA for the purpose of funding agreement with Ara Ake.

Energy and Resources: National New-Energy Development Centre 2022-2026 (M28)

Scope of Appropriation

This appropriation is limited to completing the establishment of, and operating Ara Ake, the National New-Energy Development Centre

Intention Statement

This appropriation is intended to achieve the acceleration of the transition to a clean energy system, and low-emissions economy by reducing the time, cost and risk associated with the development and commercialisation of energy innovation.

Assessment of Performance

Non-Financial

Performance Measure	2022/23	2023/24	2023/24
	Actual Standard	Total Standard	Actual Standard
Percentage of agreed key performance indicators that have been met on time	90%	90%	100%
Percentage of progress on agreed work programme milestones and financial performance reported within agreed timeframes (see Note 1)	90%	100%	100%
Number of performance and monitoring meetings over the financial year.	8	At least 8	8

Note 1 - This performance indicator and its standard were changed for 2023/24 and outyears to improve verifiability and faithful representation.

Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	6,593	-	7,007	7,000

Comment

This multi-year appropriation increased by \$21 million to \$32 million due to a fiscally neutral adjustment of \$21 million to move funding from Energy and Resources: National New-Energy Development Centre annual appropriation for the purpose of funding the agreement with Ara Ake. Estimates forecast for 2023/24 was nil as the annual appropriation had funding and was to be used before transferring the funds into the multi-year appropriation.

Energy and Resources: Crown Loans – Impairment of Debt

Scope of Appropriation

This appropriation is limited to credit losses associated with crown loans provided under the Energy and resources: Crown Energy Efficiency appropriation.

Intention Statement

This appropriation is intended to achieve the recognition of credit losses associated with Crown Loans.

Assessment of Performance

Non-Financial

Performance Measure	2022/23 Actual Standard	2023/24 Total Standard	2023/24 Actual Standard
Percentage paid off on all outstanding amounts owed on EECA loans (see Note 1)	Not applicable	100%	100%

Note 1: This performance indicator and its budget standard were changed from achieved to 100% for 2023/24 and outyears to improve its comparability and verifiability.

Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	-	100	100	-

Comment

Actual for 2023/24 is zero because there was no impairment accounting expense required on loans provided to schools by EECA.

Energy and Resources: Establishing a Renewable Electricity System on Chatham Island (M28) (A17)

Scope of Appropriation

This appropriation is limited to grant funding for Chatham Island to establish a renewable electricity system.

Intention Statement

This appropriation is intended to achieve the establishment of a renewable electricity supply for the Chatham Island thereby reducing emissions and energy costs for the households and businesses on the island.

Assessment of Performance

Non-Financial

Performance Measure	2022/23 Actual Standard	2023/24 Total Standard	2023/24 Actual Standard
Average time difference between the actual completion of the project milestones compared to the contracted timeframes	-	<30 days	100%

Comment

All four of the project milestones in FY2023/24 were met within 30-days compared to the contract timeframes.

Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	-	10,000	7,000	5,356

Comment

This appropriation decreased by \$3 million to \$7 million for 2023/24 due to an expense transfer or \$3 million to manage uncertain expenditure timing across financial years.

Non-Departmental Capital Expenditure

Energy and Resources: Crown Energy Efficiency – Capital Injection

Scope of Appropriation

This appropriation is limited to capital injections to Crown entities to assist public sector agencies in implementing energy efficiency and carbon emission reducing projects.

Intention Statement

This appropriation is intended to achieve greater energy efficiency and emission reductions by providing funding assistance to Crown entity projects approved under the State Sector Decarbonisation Fund.

Assessment of Performance

Non-Financial

Performance Measure	2022/23 Actual Standard	2023/24 Total Standard	2023/24 Actual Standard
Amount of funding to assist Crown entities provided in accordance with the investment principles of the State Sector Decarbonisation Fund	100%	100%	100%

Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	6,638	14,563	24,025	17,349

Comment

This appropriation increased by \$9.462 million to \$24.025 million for 2023/24 due to an expense transfer of \$9.462 million to move grant funding for the State Sector Decarbonisation to match milestone payments in 2023/24.