



COVERSHEET

Minister	Hon Simeon Brown	Portfolio	Energy
Title of Cabinet paper	Delivering a More Effective Energy Efficiency Regime	Date to be published	6 November 2024

List of documents that have been proactively released

Date	Title	Author
August 2024	Delivering a more effective energy efficiency regime	Office of the Minister for Energy
21 August 2024	Delivering a more effective energy efficiency regime ECO-24-MIN-0162 Minute	Cabinet Office
13 August 2024	Regulatory Impact Statement - Delivering a more effective energy efficiency regulatory regime	Ministry of Business, Innovation and Employment

Information redacted

YES / 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.

Some information has been withheld for the reasons of Legal professional privilege, Confidential advice to Government and International relations.



Cabinet Economic Policy Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Delivering a More Effective Energy Efficiency Regime

Portfolio **Energy**

On 21 August 2024, the Cabinet Economic Policy Committee (ECO):

Background

- 1 **noted** that in June 2023, the previous government agreed to a number of amendments to the Energy Efficiency and Conservation Act 2000 (the Act) [ENV-23-MIN-0020];
- 2 **noted** that the Act is no longer fit for purpose, and that the energy efficiency regulatory regime's ability to deliver significant energy and cost savings for New Zealand businesses and consumers is constrained;
- 3 **noted** that the amendments to the Act in the below paragraphs will support progress towards the Government's 2050 Net Zero target, as well as the Electrify NZ and Supercharging EV Infrastructure work programmes, by setting standards for demand flexibility and increasing the overall effectiveness of the energy efficiency regime;
- 4 **noted** that public consultation on proposals for inclusion in the Energy Efficiency and Conservation Amendment Bill was undertaken from June to July 2021 [DEV-21-MIN-0130], and that the paragraphs below take account of the feedback received;
- 5 **rescinded** the decisions in ENV-23-MIN-0020; and instead:

Streamlining the regime's processes

- 6 **agreed** to amend the Act to authorise the Minister for Energy to make rules that prescribe technical requirements for Minimum Energy Performance Standards (MEPS), demand flexibility, testing and labelling requirements for energy-using products, services and systems;
- 7 **noted** that the rules will be drafted by the Energy Efficiency and Conservation Authority (EECA);
- 8 **noted** that regulations (which need to be agreed by Cabinet) will continue to specify which types of energy-using products, systems and services will be subject to MEPS, demand flexibility, testing and labelling requirements;

- 9 **agreed** that when making rules that prescribe the technical requirements referred to in paragraph 6 above, the Minister for Energy must have regard to international energy efficiency and demand flexibility standards, including New Zealand standards and joint New Zealand-Australia standards;
- 10 **noted** that the Legislation Act 2019 and the Standards and Accreditation Act 2015 provide general provisions for secondary legislation to incorporate material by reference, and that the Minister for Energy expects EECA and relevant officials to consider incorporating international material by reference before introducing any new requirements in future;
- 11 **agreed** to clarify that the requirements for energy-using products, services and systems may, in line with the sustainability principles specified in the Act, include testing requirements that are related to the overall performance of the energy-using product, system or service;
- 12 **agreed** to amend the Act to require that:
- 12.1 for any new regulations or changes to existing regulations, a notice must be published in the Gazette, or in one or more newspapers circulating in the area, or on the website of the agency administering the Act (the Ministry of Business, Innovation and Employment (MBIE)); and
- 12.2 for any new rules or changes to existing rules, a notice must be published in the Gazette and on EECA's website;

Future-proofing the regime

- 13 **agreed** to expand the regime to allow for:
- 13.1 rules to prescribe demand flexibility capability requirements for energy-using products, services and systems;
- 13.2 technical requirements for MEPS, demand flexibility, testing and labelling requirements for energy using systems;
- 14 **invited** the Minister for Energy to report back to ECO on an approach to regulating EV smart chargers in due course;
- 15 **agreed** to expand the types of supply that may be covered by the requirements to include energy-using products, systems or services:
- 15.1 imported by an individual or business for their own commercial purposes;
- 15.2 provided to another business for commercial purposes, for example through a wider services agreement; or
- 15.3 provided to customers through promotional offers or as a component of a unit, including appliances directly imported to be sold as part of a property;
- 16 **agreed** to amend the Act to specify that regulations may include a class-based exemptions regime and may specify a minimum number of products below which MEPS, demand flexibility, testing and labelling requirements may not apply ('de minimis'), provided criteria for these exemptions have been met;
- 17 **noted** that the Minister for Energy will develop and approve the criteria for granting class-based and de minimis exemptions before drafting instructions are sent to the Parliamentary Counsel Office (PCO);

- 18 **agreed** to amend the Act to provide EECA with the powers to grant exemptions from aspects of energy performance, testing and labelling requirements on a case-by-case basis via application;
- 19 **agreed** that, when assessing any application for exemption, EECA will be required to consider a defined set of criteria;
- 20 **noted** that the Minister for Energy will determine the criteria EECA must consider when granting exemptions on a case-by-case basis, which may include the factors set out in paragraph 57 of the paper under ECO-24-SUB-0162, before drafting instructions are sent to PCO;
- 21 **agreed** to update the labelling requirements to include information that must be made available for online sales of energy-using products, services and systems;
- 22 **noted** that the information required to be displayed online will be set in rules approved by the Minister for Energy;

Legislative implications

- 23 **noted** that changes to primary and secondary legislation are required to give effect to the above paragraphs;
- 24 **noted** that the Energy Efficiency and Conservation Amendment Bill has a category 6 priority on the 2024 Legislation Programme (drafting instructions to be issued to PCO before the end of 2024);
- 25 **noted** that officials will work with PCO to identify provisions currently placed in regulations that would be better placed in the primary legislation, and whether regulations should subdelegate certain requirements to rules;
- 26 **invited** the Minister for Energy to issue drafting instructions to PCO to give effect to the above paragraphs;
- 27 **authorised** the Minister for Energy to make the following policy decisions and issue further drafting instructions to PCO on:
- 27.1 technical details arising from the proposed changes;
 - 27.2 transitional matters;
 - 27.3 the details of the exemptions regime (including the criteria to be used for class-based and de minimis exemptions, and the criteria EECA must consider when granting exemptions on a case-by-case basis);
 - 27.4 any issues which arise during the drafting process that are consistent with the above paragraphs.

Rachel Clarke
Committee Secretary

Present : (see over)

Present:

Rt Hon Winston Peters
Hon Brooke van Velden
Hon Nicola Willis
Hon Chris Bishop
Hon Simeon Brown
Hon Erica Stanford
Hon Louise Upston
Hon Judith Collins KC
Hon Paul Goldsmith
Hon Casey Costello
Hon Melissa Lee
Hon Chris Penk
Hon Penny Simmonds
Hon Andrew Bayly
Hon Mark Patterson
Simon Court MP
Jenny Marcroft MP

Officials present from:

Office of the Prime Minister
Office of Hon Simeon Brown
Office of Hon Erica Stanford
Office of Simon Court MP
Officials Committee for ECO