



Hon Judith Collins  
Minister of Energy and Resources  
Level 4.1 Executive Wing  
Parliament Buildings  
WELLINGTON 6160

28 March 2017

Dear Minister,

### **Response to the Letter of Owner's Expectations**

Thank you for your Letter of 16 February 2017, setting out your expectations for EECA's performance in 2017/18.

Your letter provides a good basis for the Board to set its priorities for the year ahead. It also provides the Board with feedback on the programme reviews and, in conjunction with the draft New Zealand Energy Efficiency and Conservation Strategy (NZEES), provides a clear sense of direction as we re-align EECA's portfolio of programmes. The Board is conscious of the importance of aligning EECA's work and programmes with the Government's priorities, including in particular the Business Growth Agenda.

We are proud of EECA's record of delivery. However, the EECA Board understands your emphasis on improving the way EECA performs. Specifically, as we re-align EECA's work programmes, we are aware of the need to maintain and further build EECA's capability to:

- work with other agencies – MBIE in particular – on delivering shared objectives
- identify and articulate the public benefits we deliver
- understand the markets we work in and respond to changes in those markets
- deliver programmes end-to-end, with a clear sense of exit
- prioritise the opportunities of highest value, including in particular process heat and the electric vehicle programme initiatives
- continue our work to improve electricity efficiency throughout the economy both to optimise economic efficiency and to help ensure security of supply
- provide authoritative information that is relevant and trustworthy to consumers and businesses
- measure and report on value for money and build a strong evidence base for intervention, and
- ensure EECA's programmes are delivered utilising the most efficient and contemporary tools

We look forward to delivering priority programmes, including completing the Warm Up New Zealand programme, the efficient products programmes (MEPS and labelling), and providing authoritative information for consumers and businesses. We have also noted the points made regarding timely exit from completed programmes and non-performing programmes.

EECA is also preparing for the delivery of the new levy-funded activities, in anticipation of the passage of the Energy Innovation Bill this year.

Part of responding to your specific expectations will involve exiting some programmes, including Energy Star, and curtailing others. The Board is focused on exiting programmes and activities in a way that manages existing relationships and expectations, avoids risks to EECA's reputation, and retains a legacy of the benefit that we have delivered in the past. EECA is developing advice on this programme of change in the relevant programme areas, so that you and MBIE are kept well briefed in advance of the changes.

The changes that we are implementing to EECA's programme portfolio may involve internal changes as well, especially where we stop activities or exit programmes. I will keep you informed about the nature and scale of these changes as we progress.

As a Board, we have performed self-reviews most years and shall complete another in-depth review in 2017, to ensure our governance is efficient and supportive of the effective operation of the Authority. EECA will also undertake a Performance Improvement Framework (PIF) review by December 2017.

The Board is committed to further enhancing the means by which the EECA staff and Board work alongside MBIE to deliver on your expectations for the coming year, especially in providing robust, evidence based intervention rationales for our programmes, delivering value and benefit at the lowest possible cost to Government, and in reporting on the outputs and outcomes of those interventions.

The Board remains especially committed to running EECA's operations in a financially responsible manner and delivering value for money. In particular we will adopt a zero base budget approach to programme funding to test the need to fund initiatives through levies.

We appreciate your extension to the delivery date for EECA's Statement of Intent; as you note, it will allow EECA to re-prioritize its activities and deliver a robust four-year work programme in response to the NZEECS and changes arising from programme reviews.

I have emphasized to EECA's management the importance of maintaining a no-surprises policy, and I have been pleased to see how strong the relationship between EECA and your office has become so quickly after you took up the portfolio.

The Board looks forward to working with you in the coming year, and wishes you all the best in your new role.

Yours sincerely



Tom Campbell  
Chair  
**Energy Efficiency and Conservation Authority**