



Energy Markets Team
Ministry of Business, Innovation and Employment
via email: energymarkets@mbie.govt.nz

7 February 2017

Development of the New Zealand Energy Efficiency and Conservation Strategy 2017-2022

The Electricity Retailers' Association of New Zealand (ERANZ) welcomes the opportunity to provide a submission to the Ministry of Business, Innovation and Employment (MBIE) on its consultation document: *'New Zealand Energy Efficiency and Conservation Strategy Refresh: 2017 – 2022'*. ERANZ submitted on the targeted consultation on 29 July 2016 and our position remains consistent.

ERANZ supports the focus on the three priority areas stated and associated targets for the process heat, transport and electricity sectors for the reasons outlined in the 2017-2022 NZEECS. The initiatives which have the most potential to reduce carbon emissions lie in our process heat sector for industrial and commercial users and in our transport sector. Currently both sectors have a much larger proportion of non-renewable energy use than electricity generation. In this respect we particularly welcome the energy intensity target for the process heat sector, as the electric vehicle and electricity targets are already in place.

We also note reference in the strategy to work the Electricity Authority (EA), Commerce Commission and the Ministry of Business, Innovation and Employment (MBIE) are undertaking in relation to the potential implications of emerging energy technologies. The regulatory settings are important to ensure there is an open, competitive platform to allow those technologies to develop and value-streams are derived that benefit customers. It is also important that the regulatory settings are robust, flexible and technology neutral. ERANZ wishes to remain closely engaged with MBIE as this work gets underway.

ERANZ wishes to note that we endorse the work undertaken by the Business New Zealand Energy Council relating to energy targets and we support their submission on this consultation. We expect this work will feed into the target setting initiative and we look forward to seeing how those targets develop.

We also note that Mercury has submitted separately on this topic with some more detailed comments which develop some of the points raised further.

As a final point, ERANZ believes a less-restrictive interpretation of "efficiency" would be reasonably justified to include a broader range of electricity efficient activities, and not constrained by requiring a reduction of consumption. In this way it may include activities that increase electricity demand and consumption, such as the promotion of electric vehicles, but are more "efficient" because they reduce carbon emissions. Applying an ordinary meaning to the term "efficiency" does not necessarily mean a reduction in a process or output, as "efficiency" can equally mean gaining more benefit or utility from the function. Likewise a reduction in a process

or output does not necessarily mean it is being conducted more efficiently. We draw MBIE's attention to the submission ERANZ made on the proposed changes to the EECA levy on 7 June 2016 which discusses these points in more detail.

We are happy to discuss any matters raised in our submission further if you require.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jenny Cameron', is positioned below the 'Yours sincerely' text.

Jenny Cameron
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