

Questions and answers

1. What is the government's goal for energy in the New Zealand economy?

For the country to make the most of its abundant energy potential, for the benefit of all New Zealanders. This will be achieved through the environmentally-responsible development and efficient use of the country's diverse energy resources, so that:

- the economy grows, powered by secure, competitively-priced energy and increasing energy exports; and
- the environment is recognised for its importance to our New Zealand way of life.

2. How will the Government achieve its goal for energy?

Under the four priority areas of developing resources, secure and affordable energy, energy efficiency, and environmental responsibility, the Government will focus on the following 12 areas:

- i. Develop petroleum and mineral fuel resources.
- ii. Develop renewable energy resources.
- iii. Embrace new energy technologies.
- iv. Competitive energy markets deliver value for money.
- v. Oil security and transport.
- vi. Reliable electricity supply.
- vii. Better consumer information to inform energy choices.
- viii. Enhance business competitiveness through energy efficiency.
- ix. An energy efficient transport system.
- x. Warm, dry, energy efficient homes.
- xi. Best practice environmental management for energy projects.
- xii. Reduce energy-related greenhouse gas emissions.

3. What is the government's target for renewable electricity generation?

The government retains the target that 90 per cent of electricity will be from renewable energy by 2025, providing this does not affect security of supply.

4. What are the government's objectives for energy efficiency?

The draft NZEECS sets out six objectives for six sectors, which will contribute to the achievement of the overall draft energy strategy goal:

- i. Transport: A more energy efficient transport system, with a greater diversity of fuels and renewable energy technologies.
- ii. Business: Enhanced business growth and competitiveness from energy productivity investment.
- iii. Homes: Warm, dry and energy efficient homes with improved air quality to avoid ill-health and lost productivity.
- iv. Products: Greater business and consumer uptake of energy efficient products.
- v. Electricity System: An efficient, renewable electricity system supporting New Zealand's global competitiveness.

- vi. Public Sector: Greater value for money from the public sector through increased energy efficiency.

5. How does the government propose to achieve energy efficiency improvements?

The government is proposing an ambitious but achievable target of 55 petajoules (PJ) in energy saving across the economy by 2015. The intention is to build on the growing energy efficiency achievements of recent years. Savings of this order would accelerate New Zealand's rate of energy intensity improvement from the current rate of 1 per cent to 1.2 per cent per annum.

The draft NZEECS sets objectives and targets to drive action in various energy-using sectors, and identifies the government agencies responsible for achieving the strategy's targets and objectives, with the Energy Efficiency and Conservation Authority (EECA) as the primary delivery agency. All government agencies involved in the strategy's implementation are expected to work in close partnership with firms and households to seek out opportunities for energy efficiency improvements. Measures used will include provision of information, incentives, and the judicious use of codes and standards to meet the overall target.

6. How was the 55 PJ target arrived at?

This figure is derived from the difference between New Zealand's energy intensity level in 2008 and projections of New Zealand's energy intensity in 2015. Energy intensity is the energy used per unit of gross domestic product (GDP). Energy intensity projections are based on modelling work undertaken for the Ministry of Economic Development's Energy Outlook Reference Scenario (published in September 2009 and available at www.med.govt.nz/energyoutlook)

The projected 2015 level is based on both:

- anticipated advances in energy efficient technologies (such as improvements to vehicle fuel economy)
- the continuing development of new government policy and programmes in addition to current programmes.

7. Why update the strategies?

It is important that both strategies reflect and are aligned to current energy policy and are refocused on this government's economic growth agenda. The draft NZES paints a vision for New Zealand's energy future so that industry participants and investors can act with confidence going forward.

The two draft strategies reflect recent Government reforms, including:

- the repeal of the moratorium on thermal generation
- a renewed intent to promote exploration and development of New Zealand's energy resources, including petroleum
- a major review of electricity market performance, design and governance

- the repeal of the Biofuel Sales Obligation and establishment of the Biodiesel Grants Scheme
- a significant funding boost to increase home insulation retrofits through the Warm Up New Zealand: Heat Smart programme
- an Emissions Trading Scheme that provides greater certainty for economic growth

8. The strategies are shorter than the 2007 strategies, why?

These draft strategies are succinct and sharply-focused statements of government energy policy. They are not action plans. By focusing on near-term actions, the 2007 strategies – and the NZEECS in particular – quickly became out of date.

9. How do I make a submission?

The Government is inviting feedback on the proposals set out in both draft strategy documents. Submissions will inform development of the final strategies (to be released in the final quarter of 2010) that will set out the strategic direction for energy policy and investment decisions going forward.

Individuals or organisations can submit on one or the other or both strategies. Submissions should be made by **5.00pm, Thursday 2 September 2010** by email (to nzes@med.govt.nz) or by post. Details on how to make a submission are provided at the back of the strategy document and at www.med.govt.nz/energystrategy