



26 January 2017

The Minister of Energy and Resources  
Hon Judith Collins  
c/- Energy Markets  
Ministry of Business, Innovation and Employment  
PO Box 1473  
Wellington 6140

[energymarkets@mbie.govt.nz](mailto:energymarkets@mbie.govt.nz)

Dear Minister

**Submission on the Draft Energy Efficiency and Conservation Strategy**

This is a submission under section 16 of the Energy Efficiency and Conservation Act 2000 on the draft New Zealand Energy Efficiency and Conservation Strategy (NZECS) that was released for comment on 13 December 2016.

This submission is made by the Environmental Defence Society Incorporated (EDS). EDS is a not-for-profit environmental advocacy organisation, comprised of resource management professionals who are committed to improving environmental outcomes within New Zealand. Its address is:

Environmental Defence Society  
PO Box 91736  
Victoria St West  
AUCKLAND 1142  
Email: [manager@eds.org.nz](mailto:manager@eds.org.nz)  
Contact person: Gary Taylor, CEO.

EDS regards the NZECS as an important tool in improving New Zealand's productivity and in meeting its obligations under the United Nations Framework Convention on Climate Change and the Paris Agreement to reduce its greenhouse gas (GHG) emissions.

The NEECS complements the New Zealand Emissions Trading Scheme and can bring about changes that will not readily be produced by the NZETS. Energy productivity and energy efficiency are vital components of achieving gains in how we use energy, and in this regard the NEECS is important in supporting the government's *Business Growth Agenda* as well as energy and GHG-specific policies.

*General.* We agree with the decision to focus on two particular areas, industrial process heat, and transport.

**But we submit that the NZEECS should include an economy-wide target for improvement in energy efficiency. The target should be a measurable, reasonable and practicable one, as the Act requires.**

***Target 1 for a Decrease in Industrial GHG Emissions Intensity.***

This target of 1% per annum is actually the business-as-usual forecast for the period. The “Technical fact sheet” makes this clear. The target is therefore to do what is probably going to happen anyway. This is unambitious for a national policy document. It is a poor substitute for a target to actually do something, and it brings the government’s efforts in climate change and energy efficiency into disrepute. We are strongly of the view that it should be replaced with a genuine target for change.

**We submit that the numeric in Target 1 be replaced with a genuine target that shows an intention to do better than business-as-usual.**

We note also that Target 1 is an intensity target, not a target for absolute reductions, or even any reductions at all. What is essential to address climate change and to reduce GHG emissions is reductions in actual tonnes emitted. An intensity target can only be a start on a longer and more definite ambition. It is misleading to have it alone – no intensity target by itself can ever get us to zero net emissions.

**We submit that the intensity target should be accompanied by an absolute target for the sector that will show an intention to reduce GHG emissions from the sector.**

The measures or policy actions proposed to support Target 1 are mostly actions that the government has long had under way. The main new one is a “Process Heat Action Plan” but even that is sketchy, so that what is offered is a strategy to have a plan. Target 1 is therefore unsupported by credible policy actions.

**We submit that Target 1 should be supported by a suite of credible policy actions beyond business-as-usual.**

**We submit that the numeric in Target 1 is not a meaningful target, and that it does not support overall objectives and actions in the field.**

We note that the legislation under which this strategy is prepared calls for strategies and objectives in relation to the promotion in New Zealand of energy efficiency, energy conservation, and the use of renewable sources of energy, and then to set targets related to these. We note that there is no strategy or objective for GHG emissions within the strategy to which the target relates. There needs to be. If GHGs are to be in a measure there needs to be an objective – such as - *Zero net emissions of GHGs (after cross-border trading)*.

Efficiency measures at the time of the Act were probably conceived as energy outputs for energy inputs. This is extending the concept somewhat. Given New Zealand’s poor standing on international comparisons on energy intensity and small progress in improving this measure we do support increasing focus on this as it highlights an underlying problem. Energy intensity is somewhat of a proxy measure in terms of energy efficiency but we believe a vital one.

Some analysis of why the situation of poor intensity has arisen and why current progress on this measure is relatively slow is essential to targeting any actions to follow. We see nothing here to assist in this. Clearly the low cost of energy in the past has been a factor – but it cannot be the only one.

Energy intensity is a concept that will be familiar to economists and many engineers, but they make up only a small proportion of our business leaders and decision-makers. This measure risks being seen as something for experts – in other words too pointy-headed. If it is to be adopted there needs to be an effort to explain and interpret it in a way that is accessible to a wide range of people.

***Target 2 for Electric Vehicles to Make up 2% of the Vehicle Fleet by the End of 2021.***

This is not new policy, it was announced earlier in 2016. It focuses on a single technology that is likely to be important over time, but for some time yet will only fill a small niche. In our view the Draft NZEECS is deficient in ignoring the other 98% of the motor vehicle fleet. If we are serious about low-emissions transport we need to include the internal combustion engine vehicles that will dominate transport for a long time to come. In particular, the heavy vehicle fleet needs to be addressed as a substantial user of fuel and emitter of GHGs and pollutants, but it is a sector where EV technology is only in a pioneer stage. The Draft NZEECS does not say whether the 2% target is for the vehicle fleet as a whole or only for passenger and light motor vehicles. In any event 2% seems unambitious and should be higher.

As the Draft Strategy says, the fuel economy of vehicles entering the New Zealand fleet is poor compared with other countries. Virtually every other developed country gains big benefits from fuel economy or fuel efficiency standards. Australia is now moving towards introducing standards, and that will leave New Zealand in company with Russia in believing that they are unnecessary. At the *Australia and New Zealand Climate Change and Business Conference* in 2015, the Minister of Energy and Transport promised that work on fuel efficiency standards would begin in 2016, but it has not appeared.

**We submit that the Strategy should include fuel efficiency standards for heavy and light motor vehicles.**

**We submit that Target 2 is not a meaningful or effective target, and that it does not support overall objectives and actions in the field.**

***Target for 90% Renewable Electricity Generation.***

The Draft Strategy discusses the target of 90% renewable electricity generation by 2025 subject to security of supply. That target was in the previous NZEECS, and has broad support and we are making good progress in reaching it. It is strange that this Draft Strategy does not re-state the target. In our view, it should. The presence of the target in the New Zealand Energy Strategy is no substitute, because that is not a statutory document with legal effect. Under the Energy Efficiency and Conservation Act, the National Energy Efficiency and Conservation Strategy is the key statement of New Zealand's policy on the use of renewable sources of energy. There is no real room to argue that the 90% renewable electricity target does not belong in the Strategy.

**We submit that the Strategy should include the target of 90% renewable electricity generation by 2025, subject to security of supply, and that the Strategy should accompany the target with policy actions that will ensure that it is met.**

***Information and Analytical Basis of the Draft.***

The Draft NZECS includes almost no data or analysis to justify the choices that it makes. There is no quantification of costs and benefits. The Draft does not analyze marginal abatement costs, or otherwise determine where the biggest opportunities for improvement are to be found. It does virtually nothing to state what effect it will have on New Zealand's GHG emissions. It includes no evaluation of results under the previous three NZECS efforts in order to analyze our performance thus far in the field and to decide what will work best this time. The result, in our view, is that we are making policy in the dark. This would never be tolerated in other fields such as environmental management under the RMA.

**We submit that the Strategy should be supported by a sound information base.**

***Conclusion***

We look forward to efforts to produce an Energy Efficiency and Conservation Strategy that will genuinely meet New Zealand's needs in energy productivity, energy efficiency, and climate change policy.

We are happy to discuss our submission further with you if required.

Yours sincerely



**Professor Barry Barton  
Director  
Environmental Defence Society**