

7 February 2017

Energy Markets  
Building, Resources and Markets  
Ministry of Business, Innovation & Employment  
PO Box 1473  
Wellington 6140

VECTOR LIMITED  
101 CARLTON GORE ROAD  
PO BOX 99882  
AUCKLAND 1149  
NEW ZEALAND  
+64 9 978 7788 / VECTOR.CO.NZ

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

## Submission on the Draft NZEECS 2017-2022

### Introduction

1. This is Vector Limited's (Vector) submission on the *Draft New Zealand Energy Efficiency and Conservation Strategy 2017-2022 (Draft NZEECS)*, released by the Ministry of Business, Innovation & Employment (MBIE) and the Energy Efficiency and Conservation Authority (EECA) in December 2016.
2. As a leading provider of technology solutions in the rapidly evolving energy sector, Vector sees major opportunities for achieving the *Draft NZEECS*'s proposed goal and objectives now and in the coming years. This includes the wide-scale adoption of new and emerging technologies that enable greater energy efficiency and productivity, and promote the use of renewable energy.
3. We set out below our responses to the consultation questions in the *Draft NZEECS*.
4. No part of this submission is confidential. Vector's contact person for this submission is:

Luz Rose  
Senior Regulatory Specialist  
[Luz.Rose@vector.co.nz](mailto:Luz.Rose@vector.co.nz)  
04 803 9051

### Responses to consultation questions

**Q1: Does the proposed goal capture what you see as the desirable future state from the promotion of energy efficiency, energy productivity and renewable energy in New Zealand?**

5. Yes. We believe the proposed goal of supporting "New Zealand to be an energy efficient, productive and low emissions economy" envisions a desirable, new energy future.
6. We welcome the *Draft NZEECS*'s continued focus on the electricity sector (particularly in supporting technology uptake and innovation) and recognition of the Government's role in

enabling market-led action in the energy sector. We urge MBIE and EECA not to lose sight of this focus as commercial applications of new energy technologies continue to evolve.

*Q2: Where do the challenges and opportunities lie for energy efficiency and renewable energy in New Zealand over the next five years?*

7. While energy efficiencies are being realised in the electricity sector, we believe the future holds even greater potential for further efficiency improvements and emission reductions using new technologies in this sector and the wider economy. We agree with the Minister of Energy and Resources' statement (page 3 of the *Draft NZEECS*) that "[t]here are more opportunities for improving energy efficiency and productivity than ever".
8. Vector is prepared to be disrupted and be disruptive by embracing the opportunities and consumer benefits new energy technologies bring. We intend to continue to develop innovative and energy-efficient services and solutions that promote the use of renewable energy. These include, among other services:
  - electric vehicle (EV) charging services;
  - grid-scale and residential batteries;
  - solar PV;
  - home management solutions; and
  - advanced or 'smart' metering.
9. We will be trialling peer-to-peer trading amongst Auckland consumers – the first in New Zealand. We have also announced a partnership with the Auckland Council, which would see us fund a series of projects that would promote sustainable and renewable energy use in Auckland.
10. We have included EVs in our pool car fleet, and are planning to replace our petrol and diesel fleet with EVs as their leases expire. We are also planning to convert our office lighting to LED, and install solar panels on the roofs of our head office building and some sub-stations.

*Q3: Do the proposed objectives and priority areas capture the key contributions that are needed to achieve the goal?*

11. Yes, to the extent that the *Draft NZEECS* is supported by a range of other Government initiatives. We note that the *Draft NZEECS* identifies complementary Government initiatives, including the Government's Electric Vehicles Programme, the review of the New Zealand Emissions Trading Scheme, changes to EECA's levy funding, etc.
12. We encourage MBIE to coordinate closely with other Government agencies and regulators on cross-cutting initiatives that support the *Draft NZEECS*'s objectives. This involves, for example, working with:

- the Commerce Commission, following its final decision on Input Methodologies (discussed in our response to Question 6);
- the Electricity Authority's soon-to-be established advisory groups that would focus on new energy technologies and business models, and
- the Gas Industry Company, in responding to the “climate change” challenge it identifies in its proposed *Statement of Intent and Levy* for FY2018.

**Q4: Does the focus on what each group can contribute resonate with you? Do you think anyone is missing?**

13. Yes.
14. As a leading provider of energy technology solutions in New Zealand, Vector is well placed to provide new and innovative services that contribute to the achievement of the *Draft NZEECS*'s objectives.
15. We contribute to the achievement of “efficient and low emissions transport” by delivering and expanding our EV charging services. To date, we have installed a total of 21 EV chargers in the Auckland region and plan to install another 12 chargers by June 2017. We have developed an app, downloadable from our website, which provides motorists information on all standard and rapid EV chargers across the country.
16. As stated above, we intend to continue to provide and develop offerings in grid-scale and residential batteries, solar PV, and home management solutions, and trial new services and business models. These services provide consumers greater control over their energy consumption and contribute to the decarbonisation of the New Zealand economy.
17. We play a major role in the deployment of advanced electricity meters across the country, which is almost complete – way ahead of Australia and many other developed economies. Advanced meters increase the efficiency of electricity networks through more real-time fault detection, avoiding the need for costly new network investment or expansion. These meters enable remote reading and more accurate billing (reducing costs for retailers and consumers), and tariffs that support energy efficiency and provide consumers greater choice in how they consume energy.
18. Continued monitoring of new energy technologies and markets by MBIE and EECA would ensure any gaps in the *Draft NZEECS* are identified and addressed in a timely manner.

**Q5: Taken together, do you think the proposed goal, objectives and priority areas will set a clear direction for action to unlock our energy productivity and renewables potential?**

19. Yes.

20. We support the *Draft NZEECS*'s continued focus on electricity, and new focus on transport. As a provider of natural gas services, we are also interested in the development by MBIE, EECA and the Ministry for the Environment of the *Process Heat Action Plan* proposed in the *Draft NZEECS*.

*Q6: What specific actions could help us to achieve the goal of the Strategy? What, if any, additional costs would you face if those actions were implemented? Please quantify if possible.*

21. In our view, the appropriate role of the Government with respect to initiatives under the *Draft NZEECS* is to develop governance arrangements or regulatory frameworks that allow innovation to flourish and commercial solutions to be developed. The Government should monitor markets for new energy technologies and services that have a (potentially) profound impact on the priority sectors, not impose prescriptive regulations that are likely to frustrate innovation.
22. Regulatory frameworks around new energy technologies should provide the right incentives to accelerate their introduction and enhance, rather than diminish, incentives for innovation and investment. A desired outcome should be for investments in these technologies to be viewed as opportunities rather than a burden because of excessive regulation.
23. For instance, we welcome the Commerce Commission's (the Commission) future-focused approach to its December 2016 final decision on Input Methodologies for network regulation. The Commission's decision acknowledges the reality and value of significant innovation in the energy sector that will change the way services are delivered to meet consumers' changing expectations. It recognises the flexibility required to facilitate this change and the need for investment in technologies for a new energy future.

*Q7: Do you agree that the preferred targets will be measurable and meaningful targets, and support the objectives and actions?*

24. Yes.

*Q8: How can we ensure that energy data and research generates knowledge and understanding that can help to unlock our energy productivity and renewables potential?*

25. We support MBIE and EECA continuing to monitor the *Draft NZEECS*'s progress against its objectives and targets, in conjunction with the relevant agencies and regulators. This would inform the development of more robust Government policies, and enable businesses and consumers to make more informed investment and purchasing decisions.
26. Information from MBIE and EECA's monitoring, supplemented by insights from overseas experiences and best practices, could be made publicly available by incorporating them in MBIE's regular energy sector reports and updates, and by using social media.

27. We are happy to share with MBIE and EECA our experiences in the new energy technology markets in New Zealand and the wider Australasian region.

Yours sincerely



**Mark Toner**

Head of Public Policy & Regulatory Counsel