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Report to Policy and Finance Committee  
from John Holmes, Section Leader, Policy Advice  
and Rosalind Groves, Hazard Analyst

**Regional Council submission on the “Draft National Energy Efficiency and Conservation Strategy”**

1. **Purpose**

To seek the Committee’s endorsement of a draft submission on the *Draft National Energy Efficiency and Conservation Strategy*.

2. **Background**

The Minister of Energy, Hon Pete Hodgson, released the *Draft National Energy Efficiency and Conservation Strategy* for public consultation on 29<sup>th</sup> March 2001. Submissions close on 1<sup>st</sup> June, and following public input, a final version of the Strategy will be released by 1<sup>st</sup> October.

There has been a series of public meetings held to outline the main points of the Draft Strategy. Officers attended the breakfast meeting in Wellington on 10<sup>th</sup> April.

The Draft Strategy document provides two key policy directions and two associated targets for assessing movement towards sustainable energy management. The two components of policy direction (and their associated targets) are:

- continuing improvement in our energy efficiency (at least a 20% improvement in economy-wide energy efficiency by 2012); and
- progressive transition to renewable sources of energy (increase renewable energy supply by a defined quantity by 2012).

The date, 2012, is significant in that it is the final year of the first commitment period of the Kyoto Protocol.

The Strategy also sets out six goals that give a little more specification as to the Strategy’s intent. The goals address reducing CO2 emissions, dealing with local

environmental effects of energy production and use, improving economic productivity and economic resilience, reducing energy deprivation and promoting industry development associated with energy efficiency and the use of renewable energy sources.

By way of implementation, five programmes are presented, representing sectoral areas of energy interest. The sector programmes cover:

1. Central and local government;
2. Buildings;
3. Industry (including agriculture);
4. Transport; and
5. Energy supply (production, transmission and distribution).

There is a short concluding section that touches upon barriers to energy efficiency and use of renewables, sorts of implementation measures that are available, roles for different players, and the Strategy's monitoring requirements.

### 3. **Comment**

The Draft Strategy is one in a number of documents related to energy management on which the Council has made a submission. Most recently, the Council made submissions to the Environment Select Committee (with a copy to LGNZ) on Local Government's Role in Meeting New Zealand's Climate Change Target. Other submissions have included those on the Ministry for the Environment's Vehicle Fleet Emission Controls Strategy, and on various papers discussing road pricing and the environment.

The Draft Strategy has implications for the Regional Council across a number of its responsibilities - for resource management, transport, building management, land management and for operational activities, notably water supply. Officers from all relevant departments of the Council have therefore looked at the Draft Strategy, and a submission prepared (See attachment 1).

Because of its breadth of coverage and interest to councillors from several committees, the submission is being presented to the Policy and Finance Committee for approval.

Local Government New Zealand is also preparing a submission on behalf of its members. Officers from the Regional Council have been able to provide input to the LGNZ submission, and a draft version of the LGNZ submission has been received.

The LGNZ submission makes several of the points made in the Regional Council submission. Both submissions give a message of general support for the Draft Strategy, but look to seeing greater specificity in the implementation actions, more clarity in the roles and responsibilities, and a realistic appraisal of funding support in the final Strategy document.

The Regional Council submission makes major points under six themes. In summary, those themes express the following concerns:

1. The Strategy is very weak on the issue of **energy conservation**. The line adopted in the Strategy is that if energy conservation is to occur, it will simply be through improved efficiency. But if we do manage to achieve the 20%

improvement in efficiency sought by the Strategy, the value of this achievement is very questionable if there has been a 50% increase in the quantity of energy used. The submission suggests that we have to actively address the quantity of energy used too, not just efficiency of performance in the use of (more and more) energy.

2. Even a **20% improvement in efficiency could be tough**, given the practical problems of maintaining year on year efficiency gains (our experience with improving efficiency in water supply suggests that a 1% per annum rate is about achievable). This reinforces the need to think more actively about managing energy demand.
3. A more **strategic approach** could be adopted in the Strategy, with a three-pronged approach that integrates energy efficiency, greater use of renewable energy sources, and moderating energy demand.
4. As part of a more strategic and integrated approach, there needs to be **better integration across relevant legislation** so that the net effect of legislation produces the range of energy/economy/environmental outcomes sought by the Strategy. In particular, transport and environmental legislation needs closer alignment.
5. **Transport** is the hardest, but most important nut to crack. It's the area of major use of energy, and has been growing at 3.5% or more per annum. The Strategy is perhaps overly simplistic about energy solutions for the transport sector, and overly reliant on agencies like the Regional Council to implement action. A better mix of actions (carrots and sticks) and responsibilities (individual and organisational) is necessary.
6. The Strategy puts a heavy emphasis on voluntary action, doing the right thing, but there are various **barriers** to doing the "right thing". The barriers are institutional, attitudinal and practical, but they are real, and the Strategy will need to address the reasons why individuals, companies, and councils don't necessarily do the "right thing".

The submission also makes a number of general comments about the structure and terminology of the document, along with a range of more specific points on the five Programmes (notably the Government and Local Government, Buildings, and Energy Supply Programmes).

A copy of the Draft National Energy Efficiency and Conservation Strategy will be tabled for information.

#### 4. **Communication**

The Regional Council has maintained contact with LGNZ during the preparation of both it's own and the LGNZ submissions. A copy of the Regional Council's final submission will be sent to LGNZ for information.

5. **Recommendation**

*That the report be received and the submission on the Draft National Energy Efficiency and Conservation Strategy approved for submission.*

Report prepared by:

Approved for submission by:

JOHN HOLMES  
Section Leader, Policy Advice

JANE BRADBURY  
Divisional Manager, Environment

ROSALIND GROVES  
Hazard Analyst

DAVE WATSON  
Divisional Manager, Transport

DAVE BENHAM  
Divisional Manager, Utility Services