

June 2022

# EECA Market Update December 2022

EECA Business Group

EECA  
TE TARI TIAKI PŪNGAO  
ENERGY EFFICIENCY & CONSERVATION AUTHORITY

ACCELERATING BUSINESS  
TOWARDS A LOW-EMISSIONS FUTURE





# EECA presenters



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# Today's agenda

1. Overview of these sessions & our current focus
2. Our business offerings
3. Partnerships & infrastructure update
4. GIDI funding rounds – lessons from our experience so far
5. Reminder: funding for business case development & enabling work
6. What we'll cover in the next update
7. Questions





# Our Market Updates will cover the latest in business

- **Our purpose:** Share updates on EECA business offerings to help grow awareness and uptake of available products and programmes
- **Aimed at:** Consultants, sustainability professionals, energy grads, businesses and decarbonisation influencers
- **We assume:** Existing knowledge, about EECA
- **Will cover:** Progress across all of EECA's business programmes, with segments on transport, research & insights.
- **Frequency:** 3 – 4 times a year



# EECA's role is to mobilise New Zealanders

## Our purpose

Mobilise New Zealanders to be world leaders in clean and clever energy use.

## Our desired outcome

A sustainable energy system that supports the prosperity and wellbeing of current and future generations.

## Strategic focus areas



Productive and low-emissions business



Efficient and low-emissions transport



Energy efficient homes



Government leadership



Engage hearts and minds



# We want to do more, faster – here's what's in focus for EECA right now

- The **Regional Energy Transition Accelerator** programme
- Partnerships with **Large Energy Users**
- The **GIDI Pipeline and ensuring visibility** so public and private can work as a team and make the most opportunities
- **Reaching into SMEs** including the introduction of our SME account manager Ben Pitt
- Gearing up for 2023 which will be the year of the **Equipment Replacement Scheme**



# We are actively engaging with businesses

Funding Programmes	Target Audience	Programme Purpose	Status Update
Direct Engagement	Large Energy User (LEU)	Account Mangers actively working with NZ's largest energy consuming businesses to identify and implement decarbonisation plans	New SME Account Manager New Biomass Industry Development Lead
Sector Decarbonisation Programme	Medium to smaller energy users/emitters (MSE's)	Collaborate with sector associations and technical experts to provide best practice sector decarbonisation guidance	12 active sector engagement across food & beverage, agriculture, manufacturing, commercial buildings. Expansion into 2023
Regional Energy Transition Accelerator (RETA)	LEU/MSE's Energy Supply chain Regional Stakeholders	Connects demand and supply sides to provide the information needed for businesses to build robust business cases	Southland Report published All remaining SI regions underway NI regions to commence through 2023
Partnerships	Aligned industry bodies	Collaboration and support of aligned industry bodies and stakeholders	Increase focus on supporting capability and capacity building



# Funding support is available to de-risk and accelerate

Co-funding Programmes	Target Audience	Programme Purpose	Status Update
<b>GIDI</b>	Large – Medium Energy Users	Decarbonise industrial and commercial processes	Contestable Round 5 open until March Programme design underway for others
<b>Equipment Replacement Scheme (ERS)</b>	All businesses	Technology focused energy efficient and decarbonisation equipment and systems replacement co-funding programme	Pilots and Programme design
<b>Technology Demonstration</b>	All businesses	Drive the demonstration or diffusion of new and under-utilised technology in NZ.	Broadened criteria/guidance Increased defunding discretion Target highly replicable technologies
<b>Feasibility Studies / Business Case Development</b>	All businesses	Move projects closer to implementation and facilitate an investment decision in a specific technological solution	Refine product specification to support GIDI application readiness

For more information please visit our website or contact [business@eeca.govt.nz](mailto:business@eeca.govt.nz)





# Update on GIDI 2.0's 4 pillars (post Budget 2022)



# GIDI will consider targeted infrastructure projects

- Co-investment to unblock upstream supply barriers to decarbonisation
- Support requires an evidenced need of supply & demand imbalance in the relevant locality
- Unlocking the infrastructure barrier must reduce existing emissions, no double counting at user's end
- Biomass & electricity streams quite different. Pilots are underway in each
- No set process, contact us with enquiries. Expect a Biomass EOI March/April
- Help us by identifying these opportunities, doing groundwork on the potential so you have a case to bring



# Partnerships with large energy users (LEUs) will also be forged

- Purpose is to commit LEUs to doing more decarb projects, and earlier, than if they went through the GIDI co-funding funds
- Same level of information required about the projects, scrutiny & criteria. The aim is a portfolio of projects
- 4 LEUs signed up to Relationship Agreements & scoping a decarbonisation portfolio, 7 LEUs working towards Relationship Agreements
- Help us by working with LEUs to scope up projects that could be brought forward, progressing feasibility studies or business cases, especially to establish "additionality" ie why they need government funding





# Key points to note about GIDI investment

## Projects that are eligible for funding – and are not well recognised include:

- Projects that reduce but don't eliminate fossil fuel demand
- Network connection or other infrastructure costs – both inside and outside the gate
- Project management and other costs that can be capitalised, like detailed engineering design
- Electrification of mobile plant, or "yellow ware", if this has big carbon abatement outcomes
- If a project reduces the emissions somehow related to an industrial process, then we'll consider it

## Greenfields vs Brownfields, where is the line on eligibility?

- **Greenfields** sites or new build is **not eligible** because the government's Emissions Reduction Plan (ERP) & GIDI co-funding target reduction of existing emissions
- What we call **Brownfields**, or expansion of an existing business is **eligible**, because the ERP anticipates business growth & builds this into ERP targets.
- 20% growth is a general guide to what we'll support but not a hard and fast rule if you can provide credible reasoning



# Lessons from high-quality applications

## Establishing a credible base case

- Applications that do not have a credible base case (BAU alternative) are less successful. E.g., applications that claim to be considering a bigger diesel boiler in the current climate lack the credibility needed
- We want to hear about tech that is the most practical and economic today – applications that don't align with this are unlikely to be successful
- Explain your process – this is useful context as to why a particular base case applies to you

## What level of information have good applications provided?

- Good applications explain and evidence all statements. E.g., if stating "we're seeking funding because we're capital constrained", explain why. Imagine we are briefing our Board on your situation
- Feasibility studies or BCs are not mandatory, but we do need adequate information to make a robust assessment that a project is within abatement and payback parameters
- Stage gating is an option where there is a firm commitment to a supported project, but detailed design (etc) is needed for final costings within that in principle cap
- If doing studies now, we recommend ensuring the outputs of the study will inform or (even better) create your GIDI application



# Feasibility studies are a valuable place to start

## Why do we have funding for this?

Our objective is implemented decarbonisation projects. However, often questions about viability and costs need resolving before decisions to proceed can be made

We want feasibility studies to move projects closer to implementation by answering these questions. If funding assistance is needed to make projects viable then the study's provide information to support good quality GIDI applications

## How to apply

Contact an EECA account manager or email the address on our website

## Funding

We have significant budget for this, and dependent on the abatement potential can fund more than previously

### Considerations include:

- The end project's abatement potential
- The business' enthusiasm and ability to implement the end project (subject to a study confirming viability)

Funding offers will be proportionate to the abatement potential, and we can usually fund up to 40% of the study's cost, up to \$50k, and can consider capital costs (such as metering). For exceptional circumstances we can consider grant amounts higher than this.





# We have guidance to help you get it right

We are working on guidance for applicants and consultants and templates for proposals and reports to indicate some of the key things we would like covered (end of Q1, 2023). In the meantime:

## Proposals should include

- The specific question(s) the feasibility intends to answer, and the scope of works to achieve this
- A description of the wider context and where the study fits. E.g., is it enabling a go/no-go decision (which is ideal) or is more work needed after the study to enable this, and if so, what might that involve and cost?
- A rationale for why this option is being developed further (E.g., might have been identified in an ETA)
- A description of the overall opportunity ultimately being pursued and its indicative energy savings, emissions abatement potential and cost to implement
- The study's cost and an indication of timing and what factors could bring this forward or delay it

We are considering how an options analysis might fit within a feasibility study – if this is needed as a first step then talk to us.

## Report

The study's key output will be a report that clearly and succinctly communicates the study's findings and answers the question(s) in the scope so that decisions can be made, with any data and analysis to be included as appropriate. Any cost estimates need to be accurate enough to enable the intended decisions, and so will need to be agreed before the work starts (i.e., specified in the proposal).



# What's next?

Next EECA Market Update webinar is March 2023

## It will cover:

- What's happening with Contestable after GIDI 5
- What's next for our Regional and Sector programmes
- Trends we're seeing to date from GIDI Funding Round projects
- EECA's new Equipment Replacement Scheme and Commercial Building support



# Questions

Ngā mihi







## ACCELERATING BUSINESS TOWARDS A LOW-EMISSIONS FUTURE



Stay in the loop of latest developments ([@EECA\\_nz](#), [LinkedIn](#))

Contact us with any questions ([GIDIfund@eeca.govt.nz](mailto:GIDIfund@eeca.govt.nz))

Find everything on the GIDI fund here ([www.eeca.govt.nz/gidifund](http://www.eeca.govt.nz/gidifund))

