


OC230234

5 April 2023



Tēnā koe 

I refer to your email dated 21 March 2023 requesting the following documents under the Official Information Act 1982 (the Act):

“OC230044 8/02/2023 Quarter 2 Output Plan Report

OC230088 2223-2556 10/02/2023 Meeting with Danusia Wypych, Damon Birchfield, present and former CEOs of ChargeNet, on EV Charging infrastructure

OC221027 BR/23/14 15/02/2023 Advice on next steps following Police procurement process for oral fluid testing devices

OC230102 17/02/2023 Sustainable Biofuels Obligation - Impact of decision to discontinue”

Of the four documents you requested:

- three are released with some information withheld; and
- one is withheld in full.

Certain information, and one full document, is withheld under the following sections of the Act:

9(2)(a)	to protect the privacy of natural persons
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
9(2)(h)	to maintain legal professional privilege

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website www.ombudsman.parliament.nz

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry's website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'H. Penman', followed by a period.

Hilary Penman
Manager Ministerial Services

Annex 1 - Document Schedule

Doc #	Reference	Document	Decision on release
1	OC230044	Quarter 2 Output Plan Report	Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv).
2	OC230088 2223-2556	Meeting with Danusia Wypych, Damon Birchfield, Present and Former CEOs of ChargeNet, on EV Charging Infrastructure	Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv).
3	OC221027 BR/23/14	Advice on Next Steps Following Police Procurement Process for Oral Fluid Testing Devices	Withheld in full under Section 9(2)(f)(iv).
4	OC230102	Sustainable Biofuels Obligation - Impact of Decision to Discontinue	Released with some information withheld under Sections 9(2)(a), 9(2)(f)(iv), 9(2)(g)(i) and 9(2)(h).

8 February 2023

OC230044

Hon Michael Wood**Action required by:****Minister of Transport**

Tuesday, 21 February 2023

QUARTER 2 OUTPUT PLAN REPORT

Purpose

Provides an update on agreed projects from the Output Plan.

Key points

- The Ministry previously agreed to provide you with quarterly updates against identified initiatives from the Output Plan. The Quarter 2 (Q2) Output Plan Report is attached (Appendix A refers).
- The Ministry has also, today, provided you with a briefing on the 'Quarterly report on implementation progress of the ERP Transport actions' (OC230000 refers). These briefings, together, constitute the Ministry's Q2 reporting to you.
- Three projects are assessed as being 'amber', meaning there is some risk to the Ministry achieving the forecasted September 2023 position. Resourcing and the availability of subject matter expertise are key issues for these initiatives. The initiatives are:
 - Rapid Rail Hamilton to Auckland Corridor
 - Transit Framework
 - Inter-Regional Passenger Rail Select Committee Inquiry.
- The other five initiatives are assessed as being 'green', meaning the Ministry expects to achieve the forecasted September 2023 position.
- The Ministry has recently commenced discussions with you to confirm your key priorities to June 2023. This will enable the Ministry to ensure that resources are focused on those priorities. We will recommend amendments to the Output Plan in response to your priorities to June 2023.

Recommendations

We recommend you:

- 1 **Review** the attached Quarter 2 Output Plan Report and discuss any issues that you may have on progress-to-date for individual initiatives with officials. Yes / No



Robyn Smith
Deputy Chief Executive, Corporate Services
8 February 2023

Hon Michael Wood
Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Robyn Smith	s 9(2)(a)	✓
Hilary Penman, Manager Ministerial Services		
Robert McShane, Principal Adviser, Ministerial Services		

s

Appendix A

Reports Against Agreed Output Plan Projects

Project


- Project 2B: Rapid Rail Hamilton to Auckland Corridor
- Project 2C: Transit Framework
- Project 2E: Inter-Regional Passenger Rail Select Committee Inquiry
- Project 3A: GPS 2024
- Project 3B: Budget 2023
- Project 3C: Future of the Revenue System
- Project 4E: Northland Dry Dock
- Project 4J: Manukau Harbour Feasibility Study

Page

2
3
4
5
6
7
8
9

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

Project 2B: Rapid Rail Hamilton to Auckland Corridor Quarter 2 2022/23

Key Contacts:	Director: Siobhan Routledge, s 9(2)(a) Manager: Jessica Ranger	Overall Status RAG:
Project Purpose:	This project involves investigating the potential for faster rail between Hamilton and Auckland to support regional and national economic growth and productivity, as well as a more efficient urban form and reduced congestion and emissions from transport in the corridor.	
Forecasted Sep 2023 Status:	Dependant on your decision on how to progress with the project. Options could include progressing to a detailed business case, continuing to investigate options for the Hamilton-Auckland corridor, or ceasing the project.	




Progress against last quarter report

- We completed one of the two deliverables due this quarter. We provided advice to you on options for progressing this project now the Indicative Business Case (IBC).
- The other deliverable – the opportunity for you to present the IBC to the Future Proof Implementation Committee – has been postponed until March 2023. The December 2022 meeting was cancelled.


Key focus for next quarter

- We have advised you further analysis is needed before proceeding to a Detailed Business Case.
- s 9(2)(f)(iv)
- Ensuring you have the information you need to decide the future of this project is critical to success next quarter.
- Resourcing remains a risk, particularly due to the limited time to develop the advice and the loss of a key member of the project team. We have reprioritised resource to ensure this work can continue.

Progress against current & future deliverables/milestones

Due date/ Timeframe	Deliverables/milestones	Status (RAG)
Nov 22	Advice to you on how to progress the project	
Mar 23	Presenting the IBC findings to the Future Proof Committee	
s 9(2)(f)(iv)		

Project 2C: Transit Framework Quarter 2 2022/23

Key Contacts:	Director: Siobhan Routledge, s 9(2)(a) Manager: Jessica Ranger	Overall Status RAG: 
Project Purpose:	Planning for mass rapid transit projects in Auckland, Wellington, and Christchurch is underway, but each has bespoke arrangements and lacks consistent central government guidance on key issues. We are designing a framework for decision-makers that will reduce friction in the system and support more clarity and consistency in decision-making when progressing mass rapid transit.	
Forecasted Sep 2023 Status:	A framework will be in place to guide decision-makers in Auckland, Wellington, and Christchurch as they plan and deliver their mass transit projects.	

Progress against last quarter report





- We completed all the deliverables due this quarter. s 9(2)(f)(iv)

Key focus for next quarter

















s 9(2)(f)(iv)

- Resourcing is a key risk, and we are reprioritising resource to ensure this project can proceed at pace.

Progress against current & future deliverables/milestones

Due date/Timeframe	Deliverables/milestones	Status (RAG)
Dec 22	Provide draft framework to Minister for feedback	
Mar 23	Cabinet consideration of draft framework	
Mar 23	Public engagement on the draft framework	
July 23	Implementation of framework underway	























Project 2E: Inter-Regional Passenger Rail Select Committee Inquiry Quarter 2 2022/23

Key Contacts:	Director: Siobhan Routledge, s 9(2)(a) Manager: Jessica Ranger	Overall Status RAG:																		
Project Purpose:	The Transport and Infrastructure Committee (the Committee) is holding an inquiry into the future of inter-regional passenger rail in New Zealand. It seeks to gain insights into the viability of passenger rail and investigating potential rail expansions and investments in specific areas. The inquiry will also look at the climate and emissions reduction possibilities of passenger rail.																			
Forecasted Sep 2023 Status:	The Inquiry should be completed by September 2023. Any recommendations resulting from the inquiry are not yet known and will be dependent on the Transport and Infrastructure Committee's approach to the inquiry and findings.																			
Progress against last quarter report <ul style="list-style-type: none"> We completed all the deliverables due this quarter. The public submissions process and oral hearings have finished. s 9(2)(f)(iv) 																				
Key focus for next quarter s 9(2)(f)(iv)																				
<ul style="list-style-type: none"> Ensuring sufficient resourcing will be critical to success next quarter. There are some constraints, particularly around our rail expertise. 																				
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Project 3A: GPS 2024 Quarter 2 2022/23

Key Contacts:	DCE: Bryn Gandy, s 9(2)(a) Manager: Tim Herbert	Overall Status RAG: <div></div>															
Project Purpose:	To develop the Government Policy Statement 2024 on Land Transport. The GPS 2024 will reflect the latest Government priorities for transport. It will ensure available funding from both the National Land Transport Fund and Crown sources are used efficiently and effectively to meet these priorities.																
Forecasted Sep 2023 Status:	The GPS 2024 project will be completed with expected publication of the final draft by mid-2024.																
<div><div>Progress against last quarter report<ul style="list-style-type: none">We completed all of the deliverables that were due this quarter.We provided the Minister with a range of possible options around establishing activity class funding levels and his preferred option has been included in the draft GPS.The strategic priorities document and associated cabinet paper were provided (and subsequently approved for release). Key stakeholders have now been provided with the document and a more general release will occur in the early New Year.The Minister has now been provided with a draft GPS, for his comment/direction in the early New Year.Key focus for next quarter<ul style="list-style-type: none">Key deliverables will be incorporating the Minister's feedback and further developing content for the consultation draft in March 2023.Alongside the release of the consultation draft, planning has also begun for the roadshow and wider engagement process with the sector as part of the release.</div><div>Progress against current & future deliverables/milestones<table><tr><th>Due date/Timeframe</th><th>Deliverables/milestones</th><th>Status (RAG)</th></tr><tr><td>Dec 2022</td><td>Draft GPS submitted to the Minister for consideration</td><td></td></tr><tr><td>Mar 2023</td><td>Provide Cabinet paper seeking release of draft GPS for consultation</td><td></td></tr><tr><td>Mar 2023</td><td>Draft GPS published and engagement roadshows</td><td></td></tr><tr><td>Jun 2023</td><td>Final GPS and Cabinet paper provided for consideration</td><td></td></tr></table></div></div>			Due date/Timeframe	Deliverables/milestones	Status (RAG)	Dec 2022	Draft GPS submitted to the Minister for consideration		Mar 2023	Provide Cabinet paper seeking release of draft GPS for consultation		Mar 2023	Draft GPS published and engagement roadshows		Jun 2023	Final GPS and Cabinet paper provided for consideration	
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Project 3B: Budget 2023 Quarter 2 2022/23				
Key Contacts:	DCE: Bryn Gandy, s 9(2)(a) Manager: Tim Herbert		Overall Status RAG: <div></div>	
Project Purpose:	Support the Minister of Transport to develop the Budget 2023 Vote Transport package (including the Climate Emergency Response Fund), for the Minister of Finance and Treasury's consideration.			
Forecasted Sep 2023 Status:	Vote Transport Budget 2023 initiatives agreed by Cabinet (in April 2023) will have begun implementation, and strategic planning for Budget 2024 will have commenced.			
Progress against last quarter report		Progress against current & future deliverables/milestones		
<ul style="list-style-type: none">We completed all of the deliverables that were due this quarter.The Vote Transport 2023 package was provided to the Minister in early December and with his approval submitted to Treasury on 16 December. <p>Key focus for next quarter</p> <ul style="list-style-type: none">Providing any additional and/or supporting material as requested by Treasury in relation to any of the specific bids or packages.Preparing material and/or briefing material to support the Minister in budget bi-laterals, meetings etc.Continuing work on any budget initiatives as needed (i.e., CERF, Rail and Resilience).		Due date/Timeframe	Deliverables/milestones	Status (RAG)
		s 9(2)(f)(iv)		
		Oct 22	Receive Minister's feedback and permission to progress	
		Nov 22	Minister receives advice on the cost pressures envelope for Vote Transport and the initiatives that will be included	
		Dec 22	Minister receives advice on full Vote Transport Budget 2023 package (including new spending, CERF, and cost pressure initiatives)	
		Feb-Mar 23	Budget bilateral	

Project 3C: Future of the Revenue System Quarter 2 2022/23																										
Key Contacts:	DCE: Bryn Gandy s 9(2)(a) Manager: Marian Willberg	Overall Status RAG: 																								
Project Purpose:	To develop and implement a new, or renewed, transport revenue system by 2030 that will be fit for purpose for the next 30 to 50 years. This project is both in response to and in support of the Emissions Reduction Plan to ensure that we can pay for the land transport system we need in the future.																									
Forecasted Sep 2023 Status:	By September 2023 we will have provided advice to the Minister on options to consider for the future revenue system. We will be in the process of planning the next phase of the project - preparing to test and consult on options from early 2024 in wider public engagement.																									
Progress against last quarter report <ul style="list-style-type: none"> We completed 2 of 2 deliverables that were due this quarter. The <i>Polis</i> digital conversation about 'who should pay for what', was completed and has provided information to feed into the next phase of the Koi Tū work. The Minister has been provided with summer reading on project progress and some initial thinking on principles and purposes. Key focus for next quarter <ul style="list-style-type: none"> We are resetting the next phase to be best placed to engage with key stakeholders to meet quarter 4 deliverables. A key focus for the next two quarters is the refinement of problem definition and development of options. Communication will be critical for this next stage of work. Being secure and consistent in our messaging, with a clear narrative will be important, as well as aligning with other Ministry work. A strategic engagement plan is currently being prepared. 		Progress against current & future deliverables/milestones <table> <tr> <th>Due date/ Timeframe</th><th>Deliverables/milestones</th><th>Status (RAG)</th></tr> <tr> <td>Nov 2022</td><td>Run <i>Polis</i> deliberative conversation – contract with Koi Tū</td><td></td></tr> <tr> <td>Dec 2022- Feb 2023</td><td>Engage with stakeholders on problem definition</td><td></td></tr> <tr> <td>Q1 2022</td><td>Update to Minister on stakeholder engagement on issues and challenges</td><td></td></tr> <tr> <td>Dec 2022</td><td>Briefing to Minister on potential Purposes and Principles of future System</td><td></td></tr> <tr> <td>Mar 2023</td><td>Run <i>mini-public</i> deliberative workshops – contract with Koi Tū</td><td></td></tr> <tr> <td>Mar- Apr</td><td>Engage with stakeholders to help identify potential options</td><td></td></tr> <tr> <td>Jun 2023</td><td>Advice to Minister on future options</td><td></td></tr> </table>	Due date/ Timeframe	Deliverables/milestones	Status (RAG)	Nov 2022	Run <i>Polis</i> deliberative conversation – contract with Koi Tū		Dec 2022- Feb 2023	Engage with stakeholders on problem definition		Q1 2022	Update to Minister on stakeholder engagement on issues and challenges		Dec 2022	Briefing to Minister on potential Purposes and Principles of future System		Mar 2023	Run <i>mini-public</i> deliberative workshops – contract with Koi Tū		Mar- Apr	Engage with stakeholders to help identify potential options		Jun 2023	Advice to Minister on future options	
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Project 4E: Northland Dry Dock Quarter 2 2022/23

Key Contacts:	DCE: Brent Johnston, s 9(2)(a) Manager: Dan Jenkins	Overall Status RAG:															
Project Purpose:	To undertake a business case examining the feasibility of a Northland Dry Dock (one large enough to cater for our increasingly growing and large fleet, e.g., KiwiRail ferries, Navy vessels, other commercial coastal ships etc).																
Forecasted Sep 2023 Status:	Delivery of the completed business case and policy advice to the Minister with a set of recommendations for next steps.																
<div> <div> Progress against last quarter report <ul style="list-style-type: none"> We have selected a preferred supplier from the six bids received and are working through the contract award process with PwC. We expect the contract to be signed in the near future. Key focus for next quarter <ul style="list-style-type: none"> Establishing the project advisory group with relevant government agencies in the new year. We will establish monthly meetings that will feed into the business case development process. This is an approximately 21-week business case process, so need to ensure the PwC team can hit the ground running in January. May require Ministry visits to Northland to meet with key stakeholders. </div> <div> Progress against current & future deliverables/milestones <table border="1"> <thead> <tr> <th>Due date/ Timeframe</th><th>Deliverables/milestones</th><th>Status (RAG)</th></tr> </thead> <tbody> <tr> <td>Dec 2022</td><td>Consultants procured and work commenced.</td><td></td></tr> <tr> <td>Jan 2023</td><td>Regular project advisory meetings with government agencies. We may invite commercial interests to these meetings if required (e.g., Bluebridge, and the NZ Shipping Federation).</td><td></td></tr> <tr> <td>Mar/Apr 2023</td><td>Formal status update to Minister Wood, potentially with any early findings, if possible</td><td></td></tr> <tr> <td>June 2023</td><td>Delivery of business case and policy advice to Ministers, recommending next steps. Could also include a presentation from the consultants if requested.</td><td></td></tr> </tbody> </table> </div> </div>			Due date/ Timeframe	Deliverables/milestones	Status (RAG)	Dec 2022	Consultants procured and work commenced.		Jan 2023	Regular project advisory meetings with government agencies. We may invite commercial interests to these meetings if required (e.g., Bluebridge, and the NZ Shipping Federation).		Mar/Apr 2023	Formal status update to Minister Wood, potentially with any early findings, if possible		June 2023	Delivery of business case and policy advice to Ministers, recommending next steps. Could also include a presentation from the consultants if requested.	
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June 2023	Delivery of business case and policy advice to Ministers, recommending next steps. Could also include a presentation from the consultants if requested.																

Project 4J: Manukau Harbour Feasibility Study Quarter 2 2022/23

Key Contacts:	DCE: Brent Johnston, s 9(2)(a)  Manager: Dan Jenkins	Overall Status RAG:
Project Purpose:	To undertake a technical feasibility study exploring whether the Manukau Harbour could serve as a location for a future large-scale port. This is a technical exercise which will lead to a recommendation on whether a large-scale port is technically feasible in the Manukau Harbour.	
Forecasted Sep 2023 Status:	Work by September 2023 will be on-going. The market has so far indicated that work of this nature would take 12 months to complete, as the field studies require data from all seasons to be accurate. We will receive an interim report by the consultants in mid-2023, which we will provide to the Minister.	





Progress against last quarter report

We have selected a preferred supplier from the three bids received and are working through the contract award process with Tokin and Taylor. We expect the contract to be signed in the near future.

Key focus for next quarter

- Project advisory group with relevant agencies formed in the new year. We expect Auckland Council to form part of the group given their involvement in the 2015 Port Future Study and ownership of Ports of Auckland. This is particularly important with the appointment of Mayor Wayne Brown who has a particular interest in the future of Ports of Auckland.
- Stakeholder engagement is critical. We intend to engage with several agencies and mana whenua. We will have the consultants develop an engagement strategy.

Progress against current & future deliverables/milestones

Due date/ Timeframe	Deliverables/milestones	Status (RAG)
Dec 2022	Contract in place	
Jan 2023	Regular project advisory meetings with agencies. A key stakeholder we want to include is Auckland Council.	
Jun 2023	Delivery of interim report to Minister	
Late 2023 / early 2024	Completion of work and delivery of final work to incumbent Government with policy advice	

IN CONFIDENCE



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

10 February 2023

OC230088 / 2223-2556

Hon Michael Wood
Minister of Transport

Hon Dr Megan Woods
Minister of Energy and Resources

MEETING WITH DANUSIA WYPYCH, DAMON BIRCHFIELD, PRESENT AND FORMER CEOS OF CHARGENET, ON EV CHARGING INFRASTRUCTURE

Snapshot

ChargeNet wrote to you both on 11 October 2022, requesting a meeting to discuss three points that it argues are barriers to further electric vehicle (EV) charging infrastructure development: the priorities of investments in the Energy Efficiency and Conservation Authority's (EECA's) Low Emissions Transport Fund, the cost of establishing new connections to the grid, and the costs of electricity.

Time and date	3:30pm – 4:00pm, 16 February 2023
Venue	(EW7.4)
Attendees	Danusia Wypych, Chief Executive ChargeNet Damon Birchfield, Fmr Chief Executive ChargeNet
Officials attending	Holly Walker, Manager Environment and Emissions Strategy (MOT) Justine Cannon, GM Energy Resource Markets (MBIE) Tamara Linnhoff Manager Energy Generation, Infrastructure and Markets Policy (MBIE)
Agenda	N/A
Talking points	Talking points attached in Annex 1

Contacts

Name	Telephone	First contact
Holly Walker, Manager Environment and Emissions Strategy, MOT	s 9(2)(a)	✓
Tamara Linnhoff, Manager Energy Generation, Infrastructure and Markets Policy, MBIE		

UNCLASSIFIED

MEETING WITH DANUSIA WYPYCH, DAMON BIRCHFIELD, PRESENT AND FORMER CEOS OF CHARGENET, ON EV CHARGING INFRASTRUCTURE

Key points

- Damon Birchfield, former CEO of ChargeNet wrote to you on 11 October 2022 to request a meeting. He and the new CEO of ChargeNet, Danusia Wypych would like to discuss the challenges that ChargeNet is facing in deploying electric vehicle (EV) charging infrastructure.

ChargeNet has a network of EV Chargers across New Zealand

- ChargeNet has 282 public and private EV Chargers across New Zealand and includes a range of output capacities. ChargeNet has recently started deploying 300kW “hyper-chargers”.
- ChargeNet has worked closely with the Energy Efficiency and Conservation Authority (EECA) to develop charging stations across the country and has seen significant funding from the Low Emissions Transport Fund (LETF) and the Low Emission Vehicle Contestable Fund (LEVCF) that preceded it. EECA has allocated \$4.77 million in direct funding to ChargeNet for 76 chargers, in addition another \$4.72 million has been allocated via third parties or where ChargeNet was the co-applicant for another 258 chargers. This makes ChargeNet the single largest direct recipient of funding from the LETF/LEVCF since it began in 2017.

ChargeNet wants to continue to expand its charging network...

- ChargeNet outlines that a competitive market for EV Charging is developing, with some new entrants emerging, but the provision of charging services is not always economic. It argues that continued investment in charging infrastructure is critical to ensure the growth in EV demand is met with supporting charging infrastructure.
- ChargeNet supports EECA’s work in co-investment in the public charging network, and supports the continuation of the LETF, but argues for “a long-term and strategic approach”. This speaks to the tension between the private sector’s interest in harnessing maximum demand, thereby focusing on high traffic areas, and the Government’s objectives in building a comprehensive network across New Zealand, including in areas with lower traffic and demand. Government is also keen to see investment ahead of demand to prevent queuing, and to provide a coordination role (through EECA), as well as supporting consistency to customer facing elements across charging providers (including potential for the creation of centralised billing methods).

...but is facing challenges to deploy chargers without public co-investment

- ChargeNet’s letter raises three challenges:

- the cost of establishing new connections to the grid can cost up to two-thirds of the total cost of installing a charger
- those connections to the grid (which are dependent on Electricity Distribution Companies) can take up to a year to be established in some places.
- the cost of electricity accounts for about 80 percent of revenue in some sites.

Comments on the cost and time to connect to the grid

- Te Manatū Waka Ministry of Transport and Ministry of Business, Innovation and Employment (MBIE) have prepared a draft EV Charging Strategy, which is currently scheduled to be released for public comment on 23 February 2023. The draft Strategy has the following relevant actions:
 - Work with lines companies to identify opportunities, mitigate risks, and clarify responsibilities in developing EV charging infrastructure.
 - Ensure the network connection process and pricing for firms wishing to connect public EV chargers to distribution networks is efficient and enabling. Investigate changes to the current system that could reduce 'first mover disadvantage'
 - Use vehicle and electricity supply data to identify and plan for electricity network requirements (i.e. avoid inefficient network upgrades).
 - Work with investors, charge point network operators and providers, and other key parties to support investment in public chargepoints.
- Officials will engage ChargeNet and other industry players to ensure that it has the opportunity to provide comment on the EV Charging Strategy, including the actions.
- Officials have met with firms investing in public charging infrastructure, and with key EDBs, to discuss the costs faced by these investors. Essentially, electricity distribution businesses (EDBs) have argued that they are passing through costs that they face but do not control.
- s 9(2)(f)(iv) [REDACTED]
- [REDACTED]
- The Electricity Authority (EA) is assessing and addressing any significant first mover disadvantage issues facing customers connecting to distribution networks, with a view to removing barriers to new and expanding connections. The EA also recently issued guidance to distributors on how to appropriately pass-through charges under the new transmission pricing methodology, including to new and expanding connections.
- The Commerce Commissions (the Commission) is reviewing the rules and processes that underpin key aspects of price-quality regulation and information disclosure applied to

s 9(2)(f)(iv)

EDBs. The review of price-quality regulation for EDBs will consider any barriers to creating new connections in a timely and cost-effective manner.

- The targeted review of information disclosure could support increased transparency to allow the Commission and stakeholders to assess and monitor the performance of EDBs in providing new connections. s 9(2)(f)(iv)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Comments on the cost of electricity

- Electricity is traded via a wholesale spot market in New Zealand, which reflects the real-time costs of supplying electricity. Wholesale electricity prices rise when demand is higher, like in the evening peaks, or when supply is lower, such as when the hydro lakes are lower.
- Some large electricity users choose to purchase electricity direct from the wholesale spot market and have the option to manage risk of future price volatility in the wholesale spot market through financial hedges.
- The majority of customers choose to purchase their electricity from an electricity retailer, and enter into contracts where the retailer can manage some or all of the price risk on the customers behalf.
- Ensuring the electricity system is ready to meet future needs is a key action under the emissions reduction plan. Work is underway by MBIE to investigate the need for electricity market measures to support the transition to a highly renewable electricity system and investigate options for electricity storage in dry years. This includes considering provision of affordable electricity, as well as secure supply through the transitional phase as larger gas and coal fired thermal plants retire and are replaced by renewables.
- The EA is undertaking a comprehensive review of competition in the wholesale electricity market. The Authority is currently working on the second phase of the review, which is a forward looking assessment of what changes to market setting maybe be required to promote competition for the longer-term benefit of consumers in the transition towards 100 percent renewable electricity generation.
- The 2019 Electricity Price Review (EPR), undertaken by MBIE, investigated whether the electricity sector is delivering fair and equitable prices to consumers. It also considered whether the electricity market and the regulatory framework will continue to be appropriate in the future, particularly with the emergence of new technologies and our goal of moving to a low-emissions economy. The Government is progressing a number of initiatives in response to the EPR findings on energy hardship and consumer advocacy.

Biographies

Danusia Wypych – Chief Executive Officer, ChargeNet



(Pronounced Dah-nu-sha Vih-pik)

Danusia took up the role of CEO of ChargeNet in November 2022. She has experience across energy and transport sectors in New Zealand, and most recently served as Head of New Ventures and Transformation at Transpower.

Danusia has held roles across the fuels and energy sectors, including at Z Energy, where she was the company's first Sustainability Manager.

Damon Birchfield-West – Director, ChargeNet (and former Chief Executive)



Damon has been a Director with Charge Net since November 2021.

He draws his experience from Local Government at Auckland Council, and its former iterations, where he has had a range of lead roles from Housing Quality Lead, to Grants and Funding.

Damon is also the co-founder and director of Deemon Creative Limited – an eco-tourism firm in Matakana, Auckland.

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ANNEX 1: TALKING POINTS

On the Low Emissions Transport Fund (LETf)

- I recognise the pioneering role of ChargeNet in kicking off New Zealand's public charging network, even at a time when EV's were a rare site on the roads.
- I appreciate your comments about the importance of the government co-funding of charging infrastructure, through the LETf and Low Emission vehicles Contestable Fund that preceded it. I assure you that we intend for the LETf to continue its work.
- You will be aware that in Round 5 of the LETf, EECA is piloting a new approach of co-funding large public EV charging hubs. This seems to be the approach that both EV drivers and charging providers see as a key part of the future public charging network. The successful applicants for round 5 will be announced soon.
- I would welcome your comments regarding the provision of charging infrastructure in areas where customer usage of chargers is low (for example rural areas). I recognise that these locations would be more commercially challenging, but are essential to providing a comprehensive and equitable charging network. This is one of the reasons why Round 4 of the LETf was focussed on filling some of the most challenging remaining gaps in the public charging network, providing an increased government funding contribution to do so.

On the cost of connecting to the electricity grid

- I understand energy regulators across government are considering this issue.
- I understand the Electricity Authority (EA) is considering this issue and how it can use its levers to remove barriers to new connections.
- Electricity distribution businesses are natural monopolies, so are regulated by the Commerce Commission (the Commission) to ensure their revenues and quality of service are reported and to support pricing that drives towards efficient and reliable outcomes.
- The Commission is reviewing the rules and processes that underpin key aspects of information disclosure and price-quality regulation applied to distributors.
- The targeted review of information disclosure could support increased transparency to allow the Commission and stakeholders to assess and monitor the performance of distributors in providing new connections.
- The review of price-quality regulation for distributors will consider any barriers to creating new connections in a timely and cost-effective manner.
- Government will publish a draft EV Charging Strategy shortly. The draft Strategy will seek feedback on actions to support further development of EV charging infrastructure, including the increasing role for commercial players.

- While this work by energy regulatory agencies will take some time, in the meantime, while not ideal, EECA is prepared to continue to include connection costs as part of co-funding a public charger. Importantly however, to receive funding these chargers will need to align with the LETF criteria and the general strategy for journey and destination charging.
- I would recommend that ChargeNet continue to engage with EECA in the first instance. EECA is willing to do what they can within the existing regulatory environment to reduce the pain of connections to the network.

On the cost of electricity

- Providing affordable and secure electricity supply as we transition to a highly renewable electricity system is crucial to support electrification of transport and other parts of our economy and work is underway across government to enable this.
- This Government is working with the electricity sector to enable an orderly reduction in the use of fossil fuels, so that consumers continue to get affordable and reliable electricity supply during the transition to renewable energy.
- The EA is undertaking a comprehensive review of the wholesale electricity market and is currently exploring what changes to market setting may be required to promote competition for the longer-term benefit of consumers in the transition towards 100 percent renewable electricity generation.
- The Government will also investigate the need for electricity market measures to support affordable and reliable electricity supply, while accelerating the transition to a highly renewable electricity system over time.
- Additionally, this Government is investigating ways to solve the dry year issue without the need for fossil fuels through the New Zealand battery project. The New Zealand Battery Project will consider lower wholesale electricity prices as one of the criteria when assessing options to address New Zealand's dry year risk.

17 February 2023

OC230102

Hon Michael Wood
Minister of Transport

Action required by:
 Monday, 20 February 2023

SUSTAINABLE BIOFUELS OBLIGATION - IMPACT OF DECISION TO DISCONTINUE

Purpose

This briefing outlines the likely impact of the decision to discontinue the Sustainable Biofuels Obligation on the transport sector's ability to meet its expected emissions reductions. While the impact of the Biofuels decision will not be able to be fully offset within the transport sector alone, we suggest some options for how transport could contribute to filling the gap left by Biofuels in current and future emissions budgets.

Key points

- As you know, the Sustainable Biofuels Obligation was an important component of the policies and actions outlined in the transport chapter of the ERP. The decision not to proceed with the obligation will have an impact on both transport's ability to meet our estimated emissions reductions and the overall emission budgets for New Zealand.
- Biofuels was a particularly important ERP action in the short-term because it is one of the few transport actions with the potential to rapidly reduce emissions while we transition away from internal combustion engine vehicles, and as such, serve as an interim source of emissions reductions until longer-term benefits from mode-shift and fleet transition actions can be felt.
- Biofuels was expected to make up around half of transport's quantified contribution to the first three emissions budgets. Removing Biofuels without replacing its impact means transport is estimated to fall short of its estimated emissions reductions for the first emissions budget and make it more challenging to meet the second and third emissions budgets.

• s 9(2)(h)

s 9(2)(h)

s 9(2)(f)(iv)

Recommendations

We recommend you:

- 1 **note** that the Sustainable Biofuel Obligation was estimated to contribute significantly towards estimated transport emissions reductions and the focus area targets

s 9(2)(f)(iv)

Genevieve Woodall
**Manager, Emissions Programme
Office, Ministry of Transport**

..... / /

Hon Michael Wood
Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Genevieve Woodall, Manager, Emissions Programme Office	s 9(2)(a)	✓
Holly Walker, Manager, Environment and Emissions Strategy		
Ella Sparrow, Senior Adviser, Emissions Programme Office		

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SUSTAINABLE BIOFUELS OBLIGATION - IMPACT OF DECISION TO DISCONTINUE

Part 1: Understanding the impact of the decision not to progress the Sustainable Biofuels Obligation

The Emissions Reduction Plan (ERP) establishes targets to ensure delivery against our long-term climate change commitments

- 1 To drive New Zealand's contribution to the global effort of limiting warming to 1.5°C, Aotearoa has adopted a series of **domestic emissions reduction targets** in legislation. The Climate Change Response Act 2002 (CCRA) requires:
 - 1.1 all greenhouse gases, other than biogenic methane, to reach net zero by 2050
 - 1.2 a minimum 10 percent reduction in biogenic methane emissions by 2030, and a 24 to 47 percent reduction by 2050 (compared with 2017 levels)
- 2 To ensure New Zealand is on track to meet our long-term targets, a series of interim targets, called **emissions budgets** have been established. Emissions budgets specify the amount of greenhouse gas emissions permitted over a five-year period, or four years in the case of the first emissions budget. Emissions budgets will get smaller over time, helping Aotearoa to step progressively towards our 2050 target. The first three emissions budgets for Aotearoa have been set by the Minister of Climate Change.
- 3 **Sub-sector targets** were also established in the first ERP to track progress across key sectors over each emissions budget period. Meeting these sub-sector targets is not a requirement of the CCRA and it was expected that across sectors there would be both under and over achievement for meeting the sub-sector targets. An adaptive management approach to meet the legislated targets will be used to help Government respond to unforeseen changes and seize any opportunities to reduce emissions faster or change focus if required.
- 4 The transport sub sector targets published in the ERP for the first three emission budgets were based in part on the Climate Change Commission's recommendations for the level of emissions reduction transport could achieve. However, transport officials estimated that transport was in a better position to decarbonise quicker than some other sectors and could therefore contribute more to emissions budget one than the Climate Change Commission recommended.
- 5 New Zealand's ability to achieve the first emissions budget across all sectors was therefore based on an assumption that transport would achieve this higher level of emissions reduction (referred to going forward as the **estimated emissions reduction from transport**).

- 6 The estimated emissions reduction from transport were quantified based on policies and commitments that were already made at the time of publication. These policies and commitments were expected to enable transport to overachieve in the first emissions budget period, get us a significant way towards meeting the second emissions budget and less than half of the way to meeting the third emissions budget.

Table 1 Contribution of quantified commitments as at ERP publication

Contribution of current commitments to emissions reduction in MTCO ₂ -e	Emissions budget 1	Emissions budget 2	Emissions budget 3
Level of abatement estimated by the CCC that informed the transport sub-sector target	1.0	8.7	24.5
Estimated abatement impact from all transport ERP initiatives (mid-point) – our emissions reduction goal	1.7	6.3	9.4

- 7 As well as setting estimated emissions reductions, the transport chapter of the ERP set four transport targets that align with the three focus areas that guide our approach to reducing transport emissions. We refer to these as the **focus area targets**.
- 8 The focus area targets provide guidance on how much effort is required to reduce transport emissions across the system and shape our policy and investment decisions to support the scale and pace of change required.
- **Target 1:** Reduce total vehicle kilometres travelled by the light fleet by 20 percent by 2035 through improved urban form and providing better travel options.
 - **Target 2:** Increase zero-emissions vehicles to 30 percent of the light fleet by 2035.
 - **Target 3:** Reduce emissions from freight transport by 35 percent by 2035.
 - **Target 4:** Reduce the emissions intensity of transport fuel by 10 percent by 2035.
- 9 Achieving the four focus area targets would enable transport to also meet its sub-sector target for emissions budget two and get very close to achieving emissions budget three.

The Sustainable Biofuel Obligation contributed significantly towards estimated transport emissions reductions and the focus area targets

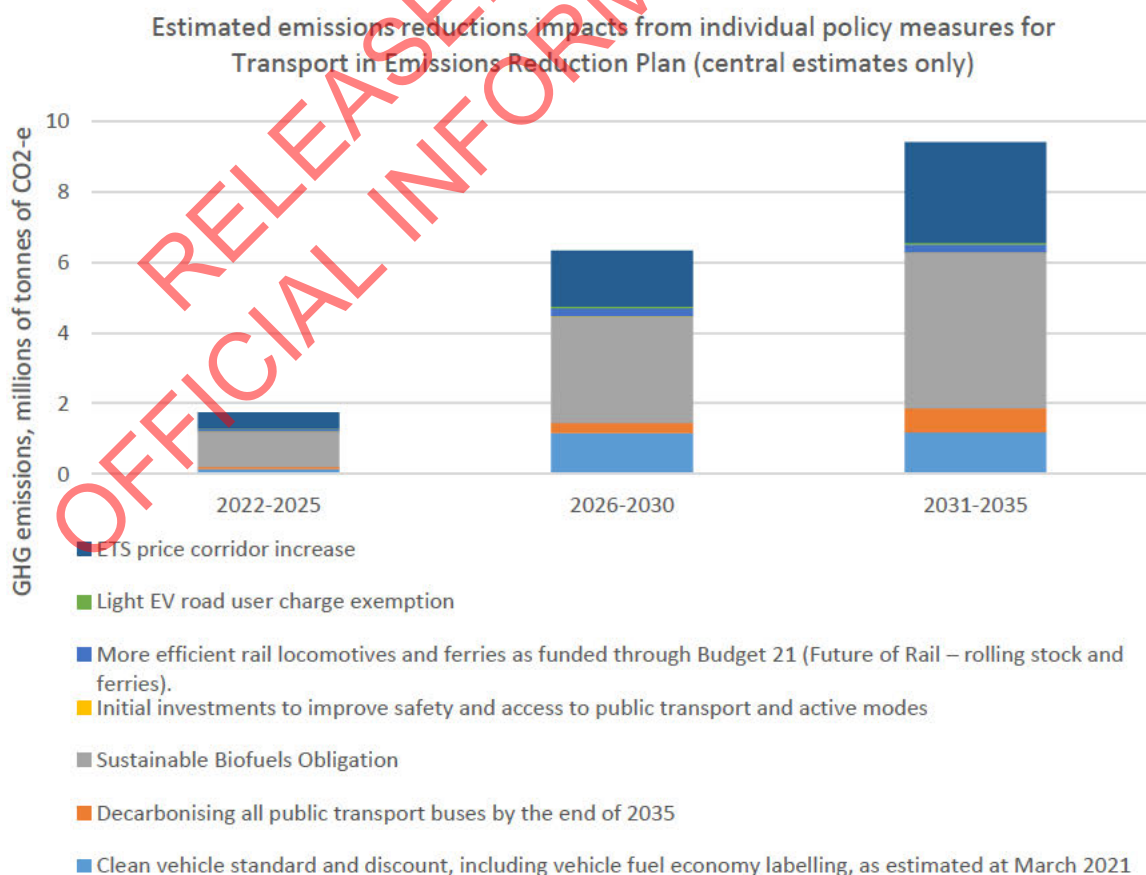
- 10 The transport chapter of the ERP outlined a suite of actions that would enable us to overachieve in the first emissions budget period and set the foundation for achieving our focus areas targets over the longer-term.
- 11 Implementing the Sustainable Biofuels Obligation was estimated to contribute 58%, 48%, and 47% of our estimated emissions reductions for the three emissions budgets respectively (see table 2).

- 12 Part of the reason for the large contribution from biofuels, particularly in the short-term, is that while the ERP sets targets for a 20% light VKT reduction target by 2035 and establishes an expectation that freight mode shift will help to reduce emissions from heavy transport, internal combustion engine (ICE) vehicles are expected to remain a large component of the vehicle fleet in Aotearoa New Zealand for some time. Biofuels were expected to play an important transitional role (a short-term *Improve* mechanism) while the foundations for longer-term *Avoid* and *Shift* mechanisms (such as integrated land use planning and the creation of a National VKT reduction plan and programmes) were embedded.

Table 2 Estimated impact of Sustainable Biofuels Obligation

ERP analysis (MT CO ₂ -e)	Emissions budget 1	Emissions budget 2	Emissions budget 3
Estimated emissions reductions from all transport ERP initiatives (mid-point)	1.7	6.3	9.4
Estimated emissions reduction impact from Biofuels (mid-point)	1.0	3.0	4.4
Biofuels share of total estimated transport emissions reduction	58%	48%	47%

- 13 Of all the transport commitments and policies quantified, Biofuels was estimated to have the biggest impact on emissions reduction. The different commitments and policies quantified and their relative contribution to the estimated reduction impact from transport are outlined in the graph below.



- 14 Biofuels was also a significant initiative to enable transport to meet focus area targets 3 and 4. Based on our analysis and current options available, focus area target 4 would be unachievable without Biofuels and achieving focus area target 3 would be considerably more difficult.

s 9(2)(h)

Part 2: Mitigating the impact of the Biofuels decision

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