



Memorandum of Understanding between the Electricity Commission and EECA

November 2008

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This Memorandum of Understanding is made on the day of 2008
between (1) Electricity Commission (the Commission)
and (2) Energy Efficiency and Conservation Authority (EECA)

Background

- A. The Commission was established as the regulator of the electricity industry in September 2003. The principal objectives of the Commission, as set out in section 172N(1) of the Electricity Act 1992, are:
 - a. to ensure that electricity is produced and delivered to all classes of consumers in an efficient, fair, reliable, and environmentally sustainable manner; and
 - b. to promote and facilitate the efficient use of electricity.
- B. EECA was established by the Energy Efficiency and Conservation Act in 2000. EECA promotes a sustainable energy future by changing the way New Zealanders think about and use energy. EECA works to raise community awareness of energy efficiency issues and provides businesses and individuals with the tools to make changes. EECA develops programmes to meet the needs of specific markets, often working in partnership with other organisations.
- C. Key legislation and policy settings in relation to energy efficiency are provided by the Electricity Act 1992, the Energy Efficiency and Conservation Act 2000, the New Zealand Energy Strategy (NZES) and New Zealand Energy Efficiency and Conservation Strategy (NZEES), and the Government Policy Statement on Electricity Governance 2008 (GPS).
- D. The GPS sets out the objectives and outcomes the government wants the Commission to give effect to. The GPS refers to the way in which the Government expects the Commission and EECA to work together.
 - a) Paragraph 14 notes that both the Commission and EECA are members of a senior energy officials' group (SEOG) established to oversee the implementation of the NZES and NZEES.
 - b) Paragraph 35 seeks continuation of the work of the Commission and EECA in assessing electricity efficiency potential in New Zealand.
 - c) Paragraph 36 notes that a number of government agencies have responsibilities that support improved energy efficiency in the stationary energy demand sector and that it is the Government's intention that EECA be the primary service delivery agency for energy efficiency programmes in this sector.
 - d) Paragraph 37 requires the Commission and EECA to work closely together to achieve the common objective of promoting efficient and environmentally sustainable use of electricity. Commission activities should complement the work of EECA and avoid duplication of effort.
 - e) Paragraph 38 seeks that the Commission draw on EECA's expertise when designing, administering and delivering its programmes in order to promote coordination of expertise and effort. Such arrangements should be consistent with good procurement practice as well as the NZES principle that investment in energy efficiency measures should be cost effective.

- f) Paragraph 39 requires that all purchases by the Commission of services from EECA should be formalised in contracts and published on the Commission's website.
 - g) Paragraph 40 requests that the previous memorandum of understanding outlining how the Commission and EECA will work together should be reviewed to clarify roles and reflect the GPs arrangements.
- E. The Ministry of Economic Development (MED) is the Government's policy adviser for the energy sector, including the electricity sector. The Ministry leads the development of sector strategy, for example through the development of the NZES, and is involved in the formulation of legislation (Acts and Regulations) for the electricity sector. The MED also acts as the purchase adviser to the Minister of Energy on the requirements of the Crown Entities Act 2004 in respect to both the Commission and EECA.

The parties agree as follows:

Purpose of this memorandum

- 1 The purpose of this memorandum is to provide the foundations and framework for us to work together to maximise the achievement of our common objective—that being the use of electricity in an efficient and environmentally sustainable manner.
- 2 Nothing in this memorandum is intended to limit or affect the independence of each party or the requirement that each party act to fulfil its legal functions and obligations.

How we will work together

- 3 We recognise that Paragraph 38 of the GPS states that the Commission should draw on EECA's expertise when designing, administering and delivering its programmes in order to promote coordination of expertise and effort. In doing so, both the Commission and EECA will take a positive approach, whilst also recognising that each party has obligations they must take account of.
- 4 It is noted that any procurement that is carried out between the parties will be in accordance with the procurement policies of each organisation and that any contracts that eventuate between the organisations will be published on the Commission's website as required by the GPS.
- 5 Together, we will work towards our common objectives in a number of ways. In particular we will:
 - a. Work together to advance government strategy and any whole of government directions coordinated by the Senior Energy Officials Group and as agreed by individual organisations;
 - b. Keep each other regularly updated on our work plans so that potential duplication can be minimised and opportunities for working together can be identified at an early stage;

- c. Share information, with each other, other stakeholders and the public as much as is practicable (recognising that sometimes information cannot be shared, for example where it has been provided in confidence);
 - d. Share our knowledge and skills with each other to increase our overall capability;
 - e. Coordinate our activities to avoid potential overlaps or duplication of effort, and to maximise efficiency and effectiveness - particularly in promoting and delivering our programmes to stakeholders and the public;
 - f. Combine our efforts on specific potentials, research, modelling, planning or analysis activities and agreeing on programmes that deliver the best results;
 - g. Adopt a no surprises approach, by advising each other early of any identified issues that might affect the other party or our common objective.
- 6 The Chief Executive of EECA and the General Manager of the Commission will meet at regular intervals to discuss the major elements of each agency's work programme. Key staff from each organisation will also meet on a regular basis to give effect to the requirements of this MOU.
- 7 This memorandum will be made available on both the Commission's and EECA's websites.

Roles and responsibilities

- 8 **The Commission** recognises that EECA's roles and responsibilities are primarily concerned with:
- a. encouraging, supporting, and promoting efficiency and conservation of all forms of energy, as well as increasing the use of renewable sources of energy; and
 - b. provision of policy advice to the Minister of Energy and other government agencies consistent with government strategy.
- 9 **EECA** recognises that **the Commission**:
- a. has responsibility for governance and regulation of the electricity industry;
 - b. is accountable for the achievement of GPS objectives and outcomes; and
 - c. utilises efficiency and demand response initiatives to decrease the need for new generation.

Issue resolution

- 10 Both parties will use their best endeavours to resolve any issue in a timely manner and in the way that best supports the delivery of the government's strategy and policy.
- 11 In the event of issues arising between the parties they will be resolved, or if necessary escalated for resolution, in accordance with the following order and timeframe:

- a. The Commission and EECA personnel, if unresolved within two weeks, then escalated to;
- b. Responsible managers, if not resolved within two weeks, then escalated to;
- c. General Manager the Commission and Chief Executive EECA, who will agree on what further action is required.

12 Solutions to issues need to be consistent with the roles and mandates of each party.

Review

13 This memorandum will be reviewed from time to time, as appropriate.

Signatures



Mervyn English
General Manager
Electricity Commission



Mike Underhill
Chief Executive
Energy Efficiency and Conservation Authority

on the 18th day of November 2008

Appendix 1—Abbreviations and definitions

Commission	Electricity Commission
DBH	Department of Building and Housing
EECA	Energy Efficiency and Conservation Authority
Electricity conservation	A reduction in electricity use
Electricity efficiency	A change to electricity use that results in an increase in net benefits per unit of electricity
GPS	<i>Government Policy Statement on Electricity Governance</i>
MAF	Ministry of Agriculture and Fisheries
MED	Ministry of Economic Development
Minister	Minister of Energy
MfE	Ministry for the Environment
MOU	memorandum of understanding
NZEECS	<i>New Zealand Energy Efficiency and Conservation Strategy</i>
NZES	<i>New Zealand Energy Strategy</i>
Policy	Government policy as expressed from time to time in formal mechanisms such as the NZES and GPS, and informally, for example in speeches or press releases from the Minister.
Regulations	<i>Electricity Governance Regulations 2003</i>
Rules	<i>Electricity Governance Rules 2003</i>
SOI	<i>Statement of Intent</i>
Strategy	The <i>New Zealand Energy Strategy</i> (NZES) and <i>New Zealand Energy Efficiency and Conservation Strategy</i> (NZEECS) as approved by the Minister of Energy in October 2007