



Energy Efficiency and  
Conservation Authority  
Te Tari Tiaki Pūngao



Ministry of Transport  
TE MANATŪ WAKA

7 December 2016

Hon Simon Bridges  
MINISTER OF ENERGY AND RESOURCES  
MINISTER OF TRANSPORT

### Investment focus for the second round of the Low Emission Vehicles Contestable Fund

Ministry of Transport reference: OC04671

**Purpose:** This paper seeks your agreement to retain the current investment focus for the second round of the Low Emission Vehicles Contestable Fund (LEVCF) which opens in early 2017.

**Key message:**

- The investment focus of the LEVCF signals the types of projects sought and is reviewed periodically between rounds to ensure that investment is phased over the life of the fund in a way that matches New Zealand's progress towards electric vehicles (EVs).
- The investment focus for this year was on demonstration projects that could be implemented relatively quickly to showcase and popularise electric and other LEV technologies in the New Zealand environment to accelerate uptake.
- The LEVCF is designed to be flexible over time in order to build a cohesive portfolio of projects, while providing a robust and independent assessment process to ensure only high quality projects are funded.
- We propose to retain this year's investment focus because it remains fit for purpose and is a good way to continue to showcase and popularise electric and other LEV technologies in high profile ways.

**Recommendations:** Agree that this year's investment focus for the LEVCF be retained for the second round, which opens in early 2017.

**Approved**

**Deadline:** Requires your approval before 13 December 2016.

**Consultation:** MBIE (Energy Markets Policy) has been consulted and agrees with the recommendation.

**EECA contact:** Elizabeth Yeaman – [REDACTED]

**MOT contact:** [REDACTED]

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## Background

1. The LEVCF was one of the initiatives announced by you on 5 May 2016 as part of the Electric Vehicles Programme.
2. The overarching principle of the LEVCF is that it should encourage innovation and investment to promote, enable and accelerate the uptake of electric and other LEV technologies in New Zealand that might not otherwise occur.
3. Up to \$4 million was available through the first round of the LEVCF. Up to \$6 million is available in future years. Grants are made on a co-funding basis, with up to 50% of the costs of a project able to be grant funded.
4. The objectives of the LEVCF are to:
  - a. Contribute to getting New Zealand ready for mainstream uptake of electric and other LEVs by:
    - Ensuring there is a range of EVs on the road to provide experience and familiarity, and to stimulate supply of vehicles, servicing and charging infrastructure;
    - Enabling New Zealanders to learn about, and experience EVs; and
    - Ensuring charging and servicing infrastructure is in place before or when it is needed.
  - b. Encourage business, communities and government to develop innovative responses to barriers and opportunities around EVs;
  - c. Make the most of New Zealand's renewable electricity advantage, and take advantage of opportunities to reduce carbon emissions and improve air quality;
  - d. Encourage high-tech innovation in the systems around EVs.

## Current investment focus

5. The purpose of the investment focus is to signal to applicants the types of projects sought as priorities for each round of the LEVCF. The investment focus is stated at the commencement of each funding round.
6. Over the life of the LEVCF, the investment focus can be reassessed and changed before each round commences. This ensures that a cohesive portfolio of projects is funded across different demonstration and deployment projects, geographical areas, and types of technologies.
7. The investment focus for the first round of funding (in 2016/17) was on demonstration projects that could be implemented relatively quickly to showcase and popularise electric and other LEV technologies in the New Zealand environment to accelerate uptake.

8. Demonstration projects are expected to produce the following outcomes:
  - a. Lessons learned on how to overcome challenges to implementing new LEV technologies novel to New Zealand;
  - b. Build investor and consumer confidence in the viability of these technologies;
  - c. Identify opportunities to scale-up demonstration models and deployment; and
  - d. Increasing the visibility of EVs and associated technology and infrastructure.
9. Examples of the types of projects fitting within the current investment focus include:<sup>1</sup>
  - a. The creation and promotion of branded tourism routes using EVs;
  - b. Demonstrations of vehicle types not currently used in New Zealand, such as electric buses utilising new technologies and electric trucks in commercial fleets; and
  - c. Car share schemes that promote EVs and new ways of addressing transport demands.

#### **Advice on the investment focus for the second round**

10. EECA, MOT and MBIE jointly propose that the investment focus for the second round of funding be the same as that used for the first round. This is because a continued focus on demonstration projects is a good way to continue to showcase and popularise electric and other LEV technologies in high profile ways.
11. We consider it preferable to avoid changing the investment focus too frequently to allow potential applicants sufficient opportunity to develop their proposals. This is particularly relevant for proposals that are of significant scale and complexity.
12. The first funding round attracted significant interest, with 85 applications received. The assessment panel identified a number of promising proposals that were unsuccessful. These applicants could make strong contenders in a subsequent round of funding under the same investment focus, following refinement of their original proposals. Potential applicants who missed out on submitting proposals in the first round could also apply.
13. We see no risk in retaining the current investment focus for the second round of funding.

#### **Consultation**

14. MBIE has been consulted on this briefing note, and agrees with the recommendation made.

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<sup>1</sup> These examples were published in the first round Request for Proposals (RFP) document.

### Next steps

15. The conditionally approved projects from the first funding round of the LEVCF will be announced by you on or around 7 December (EECA's briefing on 2 December refers).
16. Once you have made a decision about the investment focus for the second round, we will liaise with your office about suitable timing for this to be publicly communicated via an update on EECA's website and an email newsletter to subscribers before the end of 2016. (This may coincide with the announcement of the successful first round projects).
17. The second round is proposed to open in early 2017. The EECA Board will confirm the timeframe for the second round at its meeting on 13 December 2016.
18. We will update your office on the timeframe for the second round once it has been confirmed and will liaise with your office on any future announcement opportunities.

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