

# EECA's 2024/25 energy levies funding proposal and related work programme

Clarus welcomes the opportunity to submit this response to the Energy Efficiency and Conservation Authority's (EECA) consultation on its 2024/25 energy levies funding proposal and related work programme.

We support EECA's intention to **review whether a higher minimum efficiency performance standard would be warranted for gas appliances**. A 2022 report for Energy Networks Australia found that "Raising minimum gas appliance efficiency to 6-Star efficiency rating could reduce total domestic gas use emissions by 2%-5% by 2030 based on typical appliance end of life replacement rates alone."<sup>1</sup> Increasing prices in New Zealand's Emissions Trading Scheme will increase the cost of all fossil fuels, including natural gas and LPG. Renewable gases are also initially likely to be more expensive than gases used today. These trends mean that gas consumers will benefit from appliances that have higher energy efficiency standards.

While we support EECA's role in providing informed, impartial advice on options available to energy users, we believe that biomethane should be added to the range of options described. EECA's consultation document doesn't mention biomethane as an energy alternative. We believe it will be important for EECA to **analyse emerging evidence about the emissions outcomes and cost-effectiveness of biomethane** and which use-cases deliver the best outcomes for energy users individually and collectively. Accordingly, we encourage EECA to use the levy to undertake such analysis and provide advice and support for biomethane projects.

Biomethane often gets analysed purely in terms of its contribution to energy needs. However, Blunomy's recent report—*A Vision for Biogas in Aotearoa New Zealand*<sup>2</sup>—highlights that anaerobic digestion of wastes and residues to produce biomethane makes a big contribution toward New Zealand's waste targets, emission goals (including biogenic methane), agriculture decarbonisation and regional productivity. Section five of our submission to the Ministry of Business, Innovation and Employment on *Advancing the Energy Transition* highlights additional benefits (energy reliability and resilience, improved consumer choice, and various avoided costs) from use of biomethane.<sup>3</sup> Many of these considerations will be out of scope from EECA's traditional analytical lens, so may require tweaks to how EECA assesses and qualifies its advice about the costs and benefits associated with biomethane.

The first injection of biomethane into New Zealand's gas network is expected in Q2 of 2024. Energy users are likely to have some level of confusion and look to EECA for high-quality advice on this new product.

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<sup>1</sup> ENEA Consulting's 2030 Emission Reduction Opportunities for Gas Networks available from <https://www.energynetworks.com.au/miscellaneous/2030-emission-reduction-opportunities-for-gas-networks-by-eneaconsulting2022/>

<sup>2</sup> We jointly commissioned Blunomy's report with Ecogas and Powerco. It is available from <https://clarus.co.nz/about-us/regulatory-compliance>

<sup>3</sup> Also available from <https://clarus.co.nz/about-us/regulatory-compliance>