

VOTE *Energy*

Energy

Overview

Appropriations sought in Vote Energy in 2004/05 total \$97.816 million and are to be applied as follows:

- \$23.458 million (24.0% of the Vote) purchasing services from the Ministry of Economic Development, including:
 - \$4.633 million (4.7% of the Vote) for policy advice on the operation of energy and resource markets
 - \$5.947 million (6.1% of the Vote) for the management of the Crown mineral estate
 - \$9.692 million (9.9% of the Vote) for advice on, and the administration of, the gas and electrical safety, supply quality and measurement regimes; a petroleum quality monitoring regime, licensing of electrical workers and the implementation of information disclosure regimes for the electricity and gas sectors
 - \$480,000 (0.5% of the Vote) for the development and implementation of a national unit register to enable international trading in emissions units and sink credits under the Climate Change Response Act 2002, and
 - \$2.706 million (2.8% of the Vote) for the provision of information on energy and minerals sectors.

Appropriations for non-departmental output classes in 2004/05 total \$73.353 million (75.0% of the Vote) will be used as follows:

- \$49.880 million (51.0% of the Vote) for the Electricity Commission to undertake electricity governance functions.
- \$20.023 million (20.5% of the Vote) for the maintenance, operation and generating reserve for the Whirinaki Reserve Generation Plant.
- \$3.000 million (3.1% of the Vote) for the Commerce Commission to undertake electricity regulation through monitoring and price control of electricity lines businesses.
- \$450,000 (0.4% of the Vote) for the Commerce Commission to undertake a section 56 inquiry under the Commerce Act 1986 on whether 'control' of gas pipeline services should be introduced.

Appropriations sought for non-departmental other expenses total \$475,000 (0.5% of the Vote). These relate to the Crown contribution to, or membership of, various organisations associated with activities within Vote Energy, and the payment of residual liabilities of the former Ministry of Energy (MOE). In addition investment of \$530,000 (0.5% of the Vote) is sought for the Electricity Commission.

The Ministry expects to collect \$160.663 million of Crown revenue in 2004/05 with the major portion coming from petroleum licence/permit levies and royalties. In addition \$47.914 million is forecast to be recovered through a levy on electricity industry participants under section 172ZC of the Electricity Act 1992 for the costs of operating the Electricity Commission.

More specific details of how the appropriations are to be applied appear in Parts B1 and C of this Vote. Details of Crown revenue appear in Part F.

Terms and Definitions Used

EECA	Energy Efficiency and Conservation Authority
MOE	Ministry of Energy
IEA	International Energy Agency

Energy

VOTE MINISTER: Minister of Energy

ADMINISTERING DEPARTMENT: Ministry of Economic Development

The Minister for Economic Development is the Responsible Minister for the Ministry of Economic Development

Part A - Statement of Objectives and Trends

Part A1 - Objectives for Vote Energy

Related Government Outcomes

One of the Government's goals to guide the public sector in achieving sustainable development is to grow an inclusive, innovative economy for the benefit of all.

Appropriations within this Vote will contribute to this goal by working towards ensuring that New Zealand's business environment promotes a sustainable increase in income growth for New Zealanders.

The services to be purchased under Vote Energy will allow the Ministry of Economic Development and other agencies to deliver outputs that contribute to the Government's goal.

Strategic Issues

A major focus for the Vote in 2004/05 will be to monitor and advise the Government on energy and resource markets (with a particular focus on supply security) and work to promote an electricity market that delivers the objectives of the Government's Policy Statement on Electricity Governance. A particular focus will be ensuring the security of electricity supply in the context of the early depletion of Maui. In addition the Ministry will participate in contingency planning, lead by the Electricity Commission, to manage supply security in the event of another dry hydro year. In addition the Ministry will continue to lead the inter-departmental process relating to the development of the Sustainable Development Programme of Action on energy.

Work will also occur with the gas sector to ensure delivery of the government's gas objectives, set out in the Government Policy Statement on gas, to improve the functioning of the market and ensure a smooth transition to the post-Maui environment.

Continued investment to identify new gas reserves is required, and international promotional work to market the prospectivity of New Zealand's hydrocarbon basins to new investors will continue. A review of the regulatory regime for petroleum commenced in 2001/02 and will progress during 2004/05 to ensure that the regime is internationally competitive and capable of attracting continued investment. Complementing this, the Ministry is enhancing access to geotechnical data through online services.

The *EnergySafe* project will translate the Government's October 2001 decisions on the review of the safety regime for the electrical and gas industries, into the legislative changes needed to implement a new safety regime. The changes are designed to remove the inconsistencies between legislation, and provide consumers with choice and a greater confidence that safety is being maintained and enhanced.

Output Classes Linkages to the Government's Outcomes

Departmental output classes

Given the wide range of the Ministry of Economic Development's activities, one of the main challenges has been to identify things that the Ministry can do within this Vote to make the biggest contribution to improving growth in New Zealand. The Ministry has identified working with five strategic priorities areas aligned to key Government goals (strategic priorities (SPs)) that are considered to be the most important areas for the Ministry to focus on over the next three to five years. These are facilitating the alignment of economic development activities across the public sector; improving international connectedness, particularly with Australia; stimulating enhanced entrepreneurial and innovative capability of New Zealand firms; improving the regulatory environment for business; and improving the quality and reliability of key infrastructure services.

In contributing to these areas under Vote Energy, the Ministry of Economic Development will provide policy advice in respect of energy and resource markets and environmental issues such as the Resource Management Act 1991 and climate change. The Ministry will also provide information on energy matters and administer the Crown's mineral estate.

A sound and reliable energy infrastructure is critical to a thriving business environment and consumer welfare.

The Ministry of Economic Development provides advice to the Government on the design, regulation and governance of electricity and gas markets, with a view to ensuring that energy is supplied reliably, securely and at reasonable cost.

A particular focus is ensuring that there is adequate investment to meet New Zealand's growing needs, balanced by the need for enhanced efficiency in energy use.

The Ministry's strategic priorities describe the things it will put particular emphasis on in order to best promote growth. However, the Ministry's work goes beyond the priorities to include a large number of activities that also make a contribution to improving the business environment. This wider set of activities is captured by the Ministry's Business Environment outcomes. The table below summarises the contribution that different outputs make to the Ministry's Business Environment outcomes.

Outcome	Contribution of Output Classes to Outcomes
Economic development activities are better aligned across central and local government	Taking the lead on an inter-departmental process relating to the development of the Sustainable Development Programme of Action on energy.
Businesses and consumers use information held by the Ministry, or required by the laws it administers, to help them make well-informed decisions	<p>Provision of information on the energy sector, including the performance of energy and resource markets and supply and demand scenarios.</p> <p>Provision of information on the Crown's mineral estate.</p> <p>Implementation and operation of a register to enable the allocation and trading of climate change units under the Climate Change Response Act 2002. Both trading and the prices emerging from trading enable businesses to make well-informed decisions on how to handle their climate change obligations.</p>
Business regulation is easy to comply with, and balances the cost it imposes with the benefits to the community	Policy advice on environmental regulation with significant economic implications, eg, climate change, and the Resource Management Act 1991. This work is done in conjunction with the Ministry of Environment.
Business and consumers have confidence in the integrity and effectiveness of markets	Policy advice on the administration of the gas and electricity safety, supply quality and measurement regimes; petroleum quality monitoring regime; electrical workers' licensing; and information disclosure regimes for the gas industry.
Businesses and consumers have access to reliable infrastructure services at reasonable cost	Monitor and advise the Government on effective governance and operation of the electricity and gas markets and the effective operation of the oil market.
The Ministry's management of Crown resources supports business development and sustainable growth	<p>Administration of the Crown's mineral estate, including allocation and permitting issues and the promotion of opportunities for investment in exploration and prospecting, especially for oil and gas.</p> <p>Policy advice on Treaty of Waitangi issues relating to natural resources.</p>

Non-departmental output classes

In addition, appropriations are sought in this Vote to purchase outputs from the:

- Commerce Commission for:
 - the provision of monitoring electricity lines
 - reviewing asset valuation methodologies and re-calibrating asset values
 - collecting and disclosing information and implementing controls as necessary in relation to electricity lines businesses and to Transpower, and
 - the provision of a gas pipeline inquiry under section 56 of the Commerce Act 1986.

- Electricity Commission for:
 - formulating and making recommendations concerning electricity governance recommendations and rules
 - administration, monitoring and enforcement of compliance with the electricity governance regulations and rules
 - facilitating the operation of markets and developing a standard or model agreements for electricity industry participants
 - recommending supply security needs, and
 - the development of a work plan to promote the efficient use and conservation of electricity.

Part A2 - Trends in Vote Energy

Classes of Output to be Supplied

Output trends from 1999/2000 to 2003/04

The major change between 1999/2000 and 2000/01 reflected a change in status for the Energy Efficiency Conservation Authority (EECA) to a stand-alone Crown entity with energy efficiency policy advice and services being delivered through Vote Energy - Energy Efficiency and Conservation. The Ministry for the Environment now administers these activities. Partially offsetting the reduction resulting from the change in status for EECA was ongoing additional funding for increased outputs to assist with New Zealand's preparation for meeting its Kyoto Protocol commitments, and expenditure incurred for the Ministerial Inquiry into the Electricity Industry in 1999/2000.

The increase in 2001/02 mainly relates to an increase in appropriation of \$4.600 million as a consequence of the implementation of the Government's new policies in relation to electricity regulation set out in the new Part 4A of the Commerce Amendment Act (No 2) 2001. In addition a minerals conference was undertaken in 2001/02 and work on the Ministerial Inquiry into the Electricity Industry was completed in that period.

Significant increases in 2003/04 reflects the establishment of the Electricity Commission part way through 2003/04 and its role in the performance of Electricity Governance Functions.

In addition funding was provided to support the implementation and coordination of a project to enhance the security of electricity supply, and for the maintenance, operation and generating reserve for the recently completed Whirinaki Reserve Generation Plant.

Appropriation changes from 2004/05

Expenditure for classes of outputs will increase in 2004/05 mainly due to the full year impact of the Electricity Commissions operations and for the maintenance, operation and generating reserve for the Whirinaki Reserve Generation Plant.

For further details of new initiatives agreed, refer to the "Reconciliation of New Initiatives to Appropriations" below.

Capital Flows

Crown Energy Efficiency Loans were transferred to Vote Energy - Energy Efficiency and Conservation effective 1 July 2000.

In 2003/04 funding was provided for the Development of Reserve Electricity Generation Capacity at Whirinaki. In addition funding has been provided across 2003/04 and 2004/05 for establishing the Electricity Commission.

Crown Revenue and Receipts

Significant revenue fluctuations have occurred over this period primarily owing to variations in the levels of petroleum royalties and energy resource levies (related to changes in crude oil prices and fluctuation in demand for gas for power generation).

2001/02 was the first year when electricity lines businesses were levied to fund regulation activities.

Furthermore, capital receipts were forecast at \$1.000 million per annum for Crown Energy Efficiency Loans transferred to Vote Energy - Energy Efficiency and Conservation effective from 1 July 2000.

The anticipated run-down in gas off take from the Maui field will result in reduced Energy Resource Levies receipts and Royalties on condensate production (petroleum).

From 2003/04 electricity industry participants will pay a levy under section 172ZC of the Electricity Act 1992 that will cover the full cost of performing the Electricity Commission's functions, powers and duties.

Reconciliation of New Initiatives to Appropriations

Initiative	Appropriations as shown in Part B	\$000 increase/(decrease)				
		2003/04	2004/05	2005/06	2006/07	2007/08
Security of Supply - support the implementation and coordination of a project to enhance the security of electricity supply	Departmental Output Class - Policy Advice on Energy and Resource Issues	1,324	197	-	-	-
Security of Supply - Reserve Electricity Generation - ongoing operation and maintenance costs	Non-Departmental Output Class - Maintenance of the Reserve Generation Facility	505	4,023	4,231	3,681	3,682
Security of Supply - Reserve Electricity Generation	Non-Departmental Output Class - Maintenance of the Reserve Generation Facility	16,000	16,000	16,000	16,000	16,000
Security of Supply - Reserve Electricity Generation - Whirinaki Reserve Electricity Generation Plant	Purchase or Development of Capital Assets by the Crown - Development of Reserve Electricity Generation Capacity	201,923	-	-	-	-
Establishment and operation of the Electricity Commission	Departmental Output Class - Policy Advice on Energy and Resource Issues	960	-	-	-	-
	Capital Contributions to Other Persons or Organisations - Investment in Electricity Commission	869	530	-	-	-
	Non-Departmental Output Class - Performance of Electricity Governance Functions	29,850	47,880	47,880	47,880	47,880
Enable the Electricity Commission to carry out a range of electricity governance functions.	Non-Departmental Output Class - Performance of Electricity Governance Functions	(9,000)	2,000	2,000	2,000	2,000
Expanded Fuels Quality monitoring programme	Departmental Output Class - Administration of Gas and Electricity Regulations	-	165	210	210	210
Further development of the energy sector Greenhouse Gas inventory to meet New Zealand's international obligations under the Kyoto Protocol	Departmental Output Class - Energy and Resource Information Services	-	130	130	130	130
Advice on energy safety	Departmental Output Class - Administration of Gas and Electricity Regulations	-	327	327	327	327

Sustainable Energy Modelling and Analysis	Departmental Output Class - Energy and Resource Information Services	-	300	300	-	-
Arbitration service to settle disputes between tree and line owners under Electricity (Hazards From Trees) Regulations	Departmental Output Class - Administration of Gas and Electricity Regulations	-	47	59	38	38
Total Initiatives		242,431	71,599	71,137	70,266	70,267

Trends in Vote Energy - Summary of Appropriations and Crown Revenue

Types of Appropriation	1999/2000	2000/01	2001/02	2002/03	2003/04		2004/05 Appropriations to be Used				2005/06	2006/07	2007/08	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
Operating Flows														
Classes of Outputs to be Supplied	24,090	19,746	22,655	24,316	67,550	51,207	22,258	1,200	73,353	-	96,811	95,444	93,670	93,671
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	13,825	286	518	272	475	415	-	-	475	-	475	475	475	475
Capital Flows														
Capital Contributions	983	-	-	-	869	869	-	-	530	-	530	-	-	-
Purchase or Development of Capital Assets	-	-	-	-	201,923	201,923	N/A	N/A	-	-	-	-	-	-
Repayment of Debt	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Total Appropriations	38,898	20,032	23,173	24,588	270,817	254,414	22,258	1,200	74,358	-	97,816	95,919	94,145	94,146
Total Crown Revenue and Receipts	156,618	195,388	165,388	142,427	150,684	150,112	N/A	N/A	N/A	N/A	160,663	156,648	156,409	150,210

Part B - Statement of Appropriations

Part B1 - Details of Appropriations

	2003/04				2004/05		Description of 2004/05 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross)							
Policy Advice on Energy and Resource Issues	7,141	-	7,141	-	4,633	-	- Policy advice on the operation of energy and resource markets (electricity, oil, gas, geothermal, coal, minerals and related natural resources) including Treaty of Waitangi issues in relation to natural resources in particular mineral and energy resources.
Management of the Crown Mineral Estate	6,341	-	6,297	-	5,947	-	- Allocation and management of Crown-owned petroleum, coal and mineral resources under the Crown Minerals Act 1991 and minerals programmes issued under the Act.
Administration of Gas and Electricity Regulations	9,241	-	9,241	-	9,692	-	- Advice on the administration of the gas and electricity safety and associated policy work and administration of regimes on supply, quality and measurement for gas and electricity safety; petroleum quality monitoring; electrical worker licensing; and information disclosure for the gas industry.
Provision of Climate Change Unit Register and Information	480	-	181	-	480	-	- Services relating to the implementation and operation of a register to enable the allocation and trading of climate change units under the Climate Change Response Act 2002.
Total Appropriations for Departmental Output Classes (Mode B Gross)	23,203	-	22,860	-	20,752	-	

Part B1 - Details of Appropriations (continued)

	2003/04				2004/05		Description of 2004/05 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Net)							
Energy and Resource Information Services	1,386	1,087	1,386	1,087	1,506	1,200	Provision of information and technical advice on energy and resources, the management of the response to any international disruption in oil supplies, and the management of New Zealand's energy-related international relations.
Total Appropriations for Departmental Output Classes (Mode B Net)	1,386	1,087	1,386	1,087	1,506	1,200	
Non-Departmental Output Classes							
Enforcement of Electricity Sector Regulation	3,000	-	3,000	-	3,000	-	- For the provision of monitoring electricity prices, reviewing asset valuation methodologies and re-calibrating asset values, collecting and disclosing information and implementing price controls as necessary in relation to electricity lines businesses and to Transpower.
Regulatory Control Inquiry - Gas Pipeline Services	1,519	-	1,519	-	450	-	- For the provision of a gas pipeline inquiry under section 56 of the Commerce Act 1986.
Performance of Electricity Governance Functions	20,850	-	20,850	-	49,880	-	- For governance and monitoring of New Zealand's electricity market under the Electricity Governance Rules and Regulations.
Maintenance, Operation and Generating Reserve Electricity	16,505	-	505	-	20,023	-	- For the operation and maintenance costs of Whirinaki.
Total Appropriations for Non-Departmental Output Classes	41,874	-	25,874	-	73,353	-	

Other Expenses to be Incurred by the Crown							
International Energy Agency Contribution	50	-	50	-	50	-	Payment of contributions towards the cost of energy-related research undertaken by the IEA.
International Energy Agency Subscription	115	-	115	-	115	-	Payment of annual subscription for membership of the IEA.
Ministry of Energy Residual Liabilities	210	-	210	-	210	-	Payment of residual liabilities of the former MOE and to meet urgent mine restoration and rehabilitation relating to the operations of the State Coal Mines prior to 1987.
Petroleum Joint Venture Development	100	-	40	-	100	-	Commitments to the Crown's interest in petroleum prospecting and mining licences through petroleum joint ventures.
Total Appropriations for Other Expenses to be Incurred by the Crown	475	-	415	-	475	-	
Capital Contributions to Other Persons or Organisations							
Investment in Electricity Commission	869	-	869	-	530	-	To provide funding to the Electricity Commission to cover set up costs and provide initial working capital for the Commission.
Total Appropriations for Capital Contributions to Other Persons or Organisations	869	-	869	-	530	-	
Purchase or Development of Capital Assets by the Crown							
Development of Reserve Electricity Generation Capacity	164,576	-	164,576	-	-	-	To provide funding for the purchase of a reserve electricity generation plant. No appropriation is sought in 2004/05.
GST and Customs Excise on Construction Costs	37,347	-	37,347	-	-	-	GST and customs excise on funding for the purchase of a reserve electricity generation plant. No appropriation is sought in 2004/05.

Part B1 - Details of Appropriations (continued)

	2003/04				2004/05		Description of 2004/05 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Total Appropriations for Purchase or Development of Capital Assets by the Crown	201,923	-	201,923	-	-	-	
Total Appropriations	269,730	1,087	253,327	1,087	96,616	1,200	

Part C - Explanation of Appropriations for Output Classes

Part C1 - Departmental Output Classes

Policy Advice on Energy and Resource Issues

The Minister of Energy will purchase policy advice on the effective operation of energy and resource markets (electricity, oil, gas, geothermal, coal, minerals and other natural resources).

Outputs in this class include:

- monitoring and advice to the Government on effective governance and operation of the electricity market (in particular, ensuring electricity industry arrangements and policy settings promote investment and retail competition)
- monitoring and advice to the Government on the effective operation of gas and oil markets, including fuel quality and implementation of regulations as required
- providing advice on the allocation and management of natural resources, particularly Crown-owned resources, and on Treaty of Waitangi claims in respect of natural resources
- contributing to policy advice on the development of a response to New Zealand's climate change obligations under the Kyoto Protocol
- contributing to the interdepartmental process relating to the development of the sustainable development programme of action for freshwater; monitoring and providing advice on policies and plans under the Resource Management Act (RMA) (in particular on their potential impact on significant energy developments, infrastructure and renewable energy sources)
- leading an inter-departmental process relating to the development of the Sustainable Development Programme of Action on energy.

Management of the Crown Mineral Estate

The Minister of Energy will purchase services relating to the management of Crown owned minerals under the Crown Minerals Act 1991 and minerals programmes issued under this Act. The Crown owns all in-ground petroleum, gold and silver in New Zealand and approximately half of the coal and other mineral resources. It also has jurisdiction of the petroleum and minerals in New Zealand's exclusive economic zone and continental shelf.

Outputs provided in this class include:

- maintenance of an efficient and effective management regime for the exploration of petroleum, mineral and coal resources and allocating and managing prospecting exploration and mining permits
- promotion of investment opportunities in exploration and development of petroleum and minerals
- policy and strategic advice on the Crown minerals sector

- management of the geoscience resource data library
- collection of royalties, levies and fees related to petroleum and minerals extraction and permits.

Administration of Gas and Electricity Regulations

The Minister of Energy will purchase advice on the administration of gas and electricity safety and associated policy work and administration of regimes on supply, quality and measurement for gas and electricity safety; petroleum quality monitoring; electrical worker licensing; and information disclosure for the gas industry.

Outputs in this class include:

- managing legislation, regulation, codes of practice and standards
- managing international relationships
- operating effective compliance, investigation, enforcement and communication programmes
- providing for advice on energy safety issues associated with the safe supply and use of gas and electricity
- administering a petroleum monitoring programme
- administering electrical workers' registration and licensing
- contributing to a good understanding of the energy sector performance by administering the gas information disclosure regulations.

Provision of Climate Change Unit Register and Information

The Minister of Energy will purchase services relating to the development, implementation and operation of a unit register to enable the allocation and trading of climate change units under the Climate Change Response Act 2002.

Outputs in this class include:

- preparation of the detailed business requirements specifications for development of a New Zealand national unit register
- preparation of a business case and project budget for the Minister's approval.

Energy and Resource Information Services

The Minister of Energy will purchase the provision of information and technical advice on energy and resources, the management of the response to any international disruption in oil supplies, and the management of New Zealand's energy-related international relations.

Outputs in this output class include:

- updating and publishing Energy Data files, the Energy Sector Greenhouse Gas Inventory Report, and the Energy Outlook
- updating and publishing crude oil, petrol and diesel prices

- managing New Zealand's response to any international disruption to oil supplies
- managing New Zealand's energy international relations.

Part C2 - Non-Departmental Output Classes

Enforcement of Electricity Sector Regulation

The Minister of Energy will purchase services for:

- the conduct of inquiries into large electricity lines businesses identified through assessments as likely to be in breach of the performance thresholds, which may result in declarations that those businesses should be placed under regulatory control
- the conduct of adjudication services namely authorisation of price, revenue and quality of the services of large electricity lines businesses the Commerce Commission has declared to be under regulatory control
- the disclosure of reliable and timely information about the operation and performance of each lines business, and the summary and analysis of that information.

The Minister of Energy will also purchase services for the conduct of litigation activity arising from the above, and for the provision of information to businesses and consumers promoting greater understanding of the parties' statutory rights and obligations under Part 4A of the Commerce Act.

Quantity, quality, timeliness and cost

Where appropriate, comparative standards for the previous year are shown in parentheses.

Performance Measures	2004/05 Performance Standards
Quantity	
Complete Review of Information Disclosure Requirements	June 2005 (N/A)
Regulatory Control Inquiries	1 - 5 (1-5)
Price, revenue and quality authorisations completed	0 - 1 (0)
Appeals filed against/reviews of Commission decisions	0 - 1 (0-1)
Summary of information disclosed by large electricity lines businesses	1
Quality	
Successful challenges to the Commerce Commission's processes during the course of investigations/authorisations	Nil (Nil)
Timeliness	
Average elapsed time for completion within stated standards for investigations/authorisations	100% (100%)

Cost

2004/05	Total output class to be provided within (GST inclusive)	\$3,000,000
2003/04	Total output class to be provided within (GST inclusive)	\$3,000,000

Provider

Commerce Commission.

Regulatory Control Inquiry - Gas Pipeline Services

The Minister of Energy will purchase services for the conduct of an inquiry into gas transmission and distribution services and the provision of a report on whether to place the services under regulatory control.

Quantity, quality, timeliness and cost

Where appropriate, comparative targets for the previous year are shown in parentheses.

Performance Measures	2004/05 Performance Standards
Quantity	
Regulatory control inquiry report completed	1 (N/A until 2004/05)
Quality	
Successful challenges to the Commission's processes during the course of the inquiry	Nil Nil
Timeliness	
Inquiry completed within Ministerial deadline	100%

Cost

2004/05	Total output class to be provided within (GST inclusive)	\$450,000
2003/04	Total output class to be provided within (GST inclusive)	\$1,519,000

Provider

Commerce Commission.

*Performance of Electricity Governance Functions***Description**

The Minister of Energy will purchase services from the Electricity Commission for:

- the formulation and making of recommendations concerning electricity governance regulations and rules
- the administration, monitoring and enforcement of compliance with the electricity governance regulations and rules

- facilitating the operation of markets for electricity industry participants, and
- the development of a standard or model agreements for use by electricity industry participants.

Quantity, quality, timeliness and cost

Performance Measures	2004/05 Performance Standards
Recommendations on electricity governance rules Quantity Rule changes are processed in response to issues raised by participants	120 rule changes processed
Quality Rule change process complies with requirements in legislation and Government Policy Statement	In all cases
Timeliness Rule changes are processed within timetables that are set by the Board/Working Groups which reflect the relative importance and urgency of the issue	In all cases
Monitoring and enforcement Quantity Complaints reviewed and decisions made as to whether or not they should be investigated	200 complaints reviewed
Quality Investigations are carried out in a manner that meets standards agreed with the Rulings Panel	In all cases
Timeliness Complaints are carried out within timeframes that are agreed with the Rulings Panel	In all cases
Monitoring and enforcement - Rulings Panel Quantity and timeliness Board agrees a Memorandum of Understanding with the Rulings Panel by 30 June each year	On-going
Quality Rulings panel complies with the Memorandum of Understanding	In all case
Market Operations Quantity Service provider contracts required under the EGRS are maintained and monitored New Market Administrator contract in place by 31 December 2004	Ongoing Target met

Performance Measures	2004/05 Performance Standards
Quality Service providers meet quality requirements that are set out in their contracts	In all cases
Timeliness Service providers meet timeframe requirements that are set out in their contracts	In all cases
Development of Model Agreements Quantity, Quality and timeliness One agreement developed in consultation with Ministry of Consumer Affairs and interested stakeholders by 30 June 2005	100%

Cost

2004/05	Total output class to be provided within (GST inclusive)	\$49,880,000
2003/04	Total output class to be provided within (GST inclusive)	\$20,850,000

Provider

Electricity Commission.

Maintenance, Operating and Generating Reserve Electricity

Description

The Minister of Energy will purchase services associated with the maintenance of the Whirinaki Reserve generating plant to ensure that it is available to generate electricity when called upon.

Quantity, quality, timeliness and cost

Performance will be provided in accordance with the Operations and Maintenance Agreements established with providers.

Cost

2004/05	Total output class to be provided within (GST inclusive)	\$20,023,000
2003/04	Total output class to be provided within (GST inclusive)	\$16,505,000

Provider

Contact Energy and other providers.

Part E - Explanation of Appropriations for Capital Flows

Part E1 - Capital Contributions

The capital contribution provides funding for the Establishment of the Electricity Commission.

Net Worth of Entities Owned

Statement of Estimated and Forecast Net Worth

	Balance Date	Estimated Net Worth 2004 \$ million	Forecast Net Worth 2005 \$ million
Crown Entities:			
Electricity Commission	30 June	0.869	1.399

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Receipts

	2003/04		2004/05	Description of 2004/05 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Current Revenue				
Tax Revenue				
Energy Resource Levies - Coal	9,000	9,000	7,400	Levy payable on opencast coal.
Energy Resource Levies - Gas	73,000	73,000	70,000	Levy payable on natural gas produced on discoveries made prior to 1 January 1986.
Total Tax Revenue	82,000	82,000	77,400	
Non-Tax Revenue				
Levy on Electricity Line Businesses	2,667	2,095	2,667	Levy payable associated with the Commerce Commission regulation activities.
Ironsands Royalties	55	55	52	Royalties obtained from ironsand operations licensed by the Crown.
Residual Ministry of Energy Commitments	80	80	80	Proceeds from property rentals previously owned by State Coal.
Royalties - Coal	2,000	2,000	2,000	Royalties obtained from coal mining operations licensed by the Crown.
Royalties - Minerals	1,600	1,600	1,800	Royalties obtained from mineral mining operations licensed by the Crown.
Royalties - Petroleum	35,000	35,000	28,750	Royalties obtained from petroleum mining operations licensed by the Crown.
Levy on Electricity Industry Participants	18,982	18,982	47,914	Recovery of the costs of the Electricity Commission through a levy on electricity industry participants under section 172ZC of the Electricity Act 1992.
Total Non-Tax Revenue	60,384	59,812	83,263	
Total Current Revenue	142,384	141,812	160,663	

Capital Receipts				
Sale of Crown's Interest in Kupe	8,300	8,300	-	Proceeds from the sale of the Crown's interest in Kupe.
Total Capital Receipts	8,300	8,300	-	
Total Crown Revenue and Receipts	150,684	150,112	160,663	

