

Eric Crampton

eric.crampton@nzinitiative.org.nz

30 May 2022

Dear Eric

Re: Official Information Act request – Government Investment in Decarbonising Industry (GIDI) Fund Additionality

Thank you for your email on 2 May 2022, in which you requested details of the advice related to the GIDI Fund administered by the Energy Efficiency and Conservation Authority (EECA). Please see below EECA's response to your request.

You have requested:

Copies of all external advice EECA has received since 1 January 2022 on the additionality of projects funded through the GIDI fund.

As a separate request, which should not hold up delivery of the first request, I would also like copies of all correspondence to and from EECA relating to any external advice received on the additionality of projects funded through the GIDI fund.

EECA has determined that there are no pieces of advice within the scope of your request, as we have not commissioned or received any external advice on the additionality of projects funded through the GIDI Fund. By way of responding to your request, we have provided some information about the additionality assessment of applications to the fund:

- A key criteria for GIDI fund applications is additionality. This means that projects will only be funded if they are unlikely to be implemented, or unlikely to be implemented until a much later date, without government support. Evidence of additionality is scrutinised by the decision-making panel.
- The Project must demonstrate its additionality in terms of both carbon reduction and investment. The funding requested must be only for the partial funding of the additional part or incremental cost of the Project relative to the base case scenario (the base case scenario may be the current operational case, or represent an existing Project base case that would be implemented without support from the GIDI Fund).
- The cost of abatement for a project is a useful first test of additionality. It gives a snapshot of whether a project is generally sensible to pursue given a current and forecast cost of carbon.

- Most firms have many competing demands on their resources (including capital, expertise and attention). The projects funded under GIDI have helped ensure the projects supported have made it to the top of the firms' capital investment priority list. Other resourcing and financial constraints (e.g. the cost of the renewable fuels being used) can also prevent firms from undertaking significant decarbonisation projects.
- The GIDI assessment process took a number of factors into consideration, including additionality as a requirement. **Attached** is a copy of the most recent RFP for Round 3 of GIDI.

You have the right, by way of complaint to the Ombudsman, to seek an investigation and review of the Energy Efficiency and Conservation Authority's response to your information request. You can do this by email to info@ombudsman.parliament.nz or by writing to the Office of the Ombudsman, PO Box 10152, Wellington 6143.

Yours sincerely



Andrew Caseley
Chief Executive