



Report 10.77
Date 19 February 2010
File CFO/24/05/01

Committee Council
Author Chris Gray, Manager, Finance and Support

Proposed insulation and clean heating retrofit scheme

1. Purpose

To approve Greater Wellington entering into contracts to enable participation in the Energy Efficiency and Conservation Authority's (EECA) "Warm up New Zealand: Heat Smart" programme.

2. Significance of the decision

The matters for decision in this report have been assessed using the Council's Policy on Significance and are considered to be of low significance. The decision(s) detailed in this report are provided for in the Council's 10-Year Plan 2009-19. This report complies with the decision-making procedure set out in the Local Government Act 2002.

3. Background

Participation in the EECA scheme was considered and approved by the Council at its meeting on 18 August 2009 (refer **Attachment 1**).

In reviewing our participation, a number of contractual issues and risk mitigation measures needed resolving before recommending the final structure of this scheme. These have now been completed and are detailed below.

4. Contracts

Greater Wellington will enter into contracts with EECA, the approved service providers and ratepayers who elect to participate in the scheme. There will also be a contract between EECA and the approved service providers.

4.1 EECA contracts

The contract between Greater Wellington and EECA will acknowledge that Greater Wellington is relying on EECA's processes and procedures in selecting approved products, service providers and EECA's quality assurance programme. EECA will also keep us fully informed in respect of key aspects of the programme. EECA also has separate contracts with each of the approved service providers.

4.2 Service provider contract

Greater Wellington will have a contract with each approved service provider in the region. Only service providers that sign the contract will be part of the Greater Wellington programme.

The contract will establish that Greater Wellington is the contracting party for any “Warm Greater Wellington” installation. The ratepayers will request (as part of their contract with Greater Wellington) that Greater Wellington contracts with the approved service provider (selected by the ratepayer) for the provision of insulation services and or clean heating.

Under the contract, the service provider must comply fully with the EECA Heat Smart programme requirements. This includes utilising approved products and being subject to any audit requirements that EECA wish to undertake. In addition, the contract will require the service provider to maintain a minimum level of public liability insurance for six years following the end of the scheme. These requirements are also included in the EECA - Service Provider contract.

4.3 Ratepayer contract

The ratepayer application and agreement form states that Greater Wellington will contract with the service provider to install the agreed insulation and/or clean heating on behalf of the ratepayer. The contract will also note that Greater Wellington is not liable for defective works or products. Ratepayers will be asked to acknowledge that in utilising the “Warm Greater Wellington” service they will be subject to a targeted rate on their property.

Ratepayers will only be eligible to apply for this assistance if they meet all of the following requirements. They must:

- Be receiving an EECA Heat Smart grant through an EECA-approved service provider
- Be a ratepayer in the Greater Wellington Region
- Be up to date with their rate payments.

If they meet these criteria the ratepayer is able to apply to Greater Wellington for up to \$2,600 towards a Heat Smart installation.

5. Risk mitigation

In order to manage any potential risks to Greater Wellington of this scheme a number of measures have been put in place including:

- Legal and other advice supporting the contractual framework for Greater Wellington's involvement
- EECA product selection, approval of service providers and quality assurance programme
- Greater Wellington insurance cover
- Public liability insurance held by the service providers.

6. The targeted rate

As noted in the attached report (refer **Attachment 1**) the costs of providing this service will be recovered by way of a targeted rate over a ten year period. The rate will commence in the year following the provision of the insulation and/or clean heating.

Based on an interest rate of 7.00% the proposed rate will be set at 15.349%. This amount includes both interest and repaying the cost of the installation. For example, a ratepayer who is funded \$2,000 (including any interest accruing in the first year) by Greater Wellington for this service, would pay \$306.98 per annum for the next nine years.

7. Communication

A media release announcing the launch of the "Warm Greater Wellington" scheme has been prepared.

Opportunities for a joint promotion of this scheme with EECA are being investigated, as are profiles of ratepayers who decide to take up the assistance offered by the scheme.

Greater Wellington's web site home page will have a feature and links to information about the scheme, including application forms.

An item highlighting the scheme will appear on the cover of the March issue of "Our Region".

8. Recommendations

That the Council:

1. ***Receives*** the report.
2. ***Notes*** the content of the report.
3. ***Approves*** Greater Wellington entering into the contracts with EECA, ratepayers and approved service providers for its Warm Greater Wellington scheme as outlined in this report
4. ***Authorises*** the Chief Financial Officer or the Chief Executive Officer to sign the contracts with EECA and approved service providers.
5. ***Authorises*** the Chief Financial Officer or Manager, Finance and Support to sign the ratepayers' contracts.

Report prepared by:

Report approved by:

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Barry Turfrey
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Attachment 1: Report 09.489