



# Kiwi firm powered-up to capitalise from \$310b trend

Referred to as the ‘first fuel’, energy efficiency is a huge business opportunity. Pioneer Generation is making the most of it.

According to The Financial Times the global energy saving market is worth \$310b a year. This global business trend sees waste streams as massive revenue opportunities. Energy inefficiencies are now flashing signposts pointing a new breed of nimble energy specialists in the direction of their next lucrative project. Here in New Zealand innovative companies like Pioneer Generation Ltd are establishing a track record of delivering results for this emerging market. Pioneer is a community owned business delivering local energy solutions, process heating and energy efficiency services to customers right around New Zealand. Pioneer’s recent award as a Deloitte Fast 50 business, saw them recognised as a successful business in a market that is traditionally big business relying upon economies of scale, and making large capital investments to maintain competitiveness. “We believe that our model is on-trend in terms of meeting our customers’ energy and energy management needs. We are not a call centre-centric

operation but are building a business that is more closely connected to our customers and their communities. In essence we look to partner with businesses and suppliers to provide a service that builds value over time,” says Grant Smith, Pioneer’s GM business development. Industry forums are increasingly focussed on potential disruptive changes in the electricity delivery systems with the rapid growth of solar PV, demand side management, and electric vehicles. Pioneer’s view is that these technologies are actually enablers of increased market value, through deferred infrastructure investments, more efficient delivery of customer services and improvements in supply market pricing practices. Smith says: “Smart providers are not likely to be run from large-scale centralised call centres or have products that reflect a complex, tired and over-governed market delivery system. Emerging energy delivery systems will incorporate solar panels or batteries into a customers’ home or business and enable customers to monitor and manage consumption and

costs without the current over-complicated monthly electricity bill.” Pioneer CEO Fraser Jonker has been a strong advocate in regulatory submissions, asking the New Zealand Electricity Authority to apply a lot more pragmatism in order to simplify wholesale electricity markets – making them more accessible to smaller and smarter businesses, servicing New Zealand consumers at a local level. “The New Zealand Government separated the Network and Energy sides of the industry in 1999 to create a more competitive and efficient market for consumers,” comments Jonker. “Fifteen years later we now have five large vertically integrated generator-retailers with something like 90% of market share, we have a wholesale financial market that remains illiquid and we have 29 network businesses that all price ‘road user charges’ slightly differently – and smart meters aren’t going to fix the inefficiencies of the current regulatory system. We are still tinkering with a national wholesale system that after 15 years remains inadequate in meeting current needs.” Pioneer believes New Zealand has future opportunities to grow its economy underpinned by a global advantage in clean energy production resources.

New Zealand’s renewable electricity is now a given, so we must now work to transform the heat/cooling, transport and built environment sector performance, towards also achieving global benchmarks – and to put New Zealand clean energy credentials into our export markets through product and market accreditation and endorsements. Energy Minister Simon Bridges and EECA CEO Mike Underhill have expressed the same sentiments at recent energy sector conferences and forums. EECA estimates that there is significant opportunity for New Zealand to cost-effectively save on energy. Through efficiency measures around 20% (worth around \$2.4b a year) could be cost-effectively saved across the economy, while significantly reducing carbon pollution. Jonker, in announcing the recent acquisition of specialist energy efficiency provider EcoSystems, highlighted that the purchase brings into Pioneer some highly skilled people that complement its existing skill base and enable it to provide customers with further opportunities to make energy savings and reduce their emissions footprint. Customers future energy needs are not seen by Pioneer as finishing at the monthly bill or smart meter, but through developing longer term partnerships with smaller and specialised businesses. Businesses like Pioneer and Ecosystems, which can deliver a more complete package using emerging technologies in data sensing, distributed control systems and on-site solutions that enable the capture of what the International Energy Agency calls its “

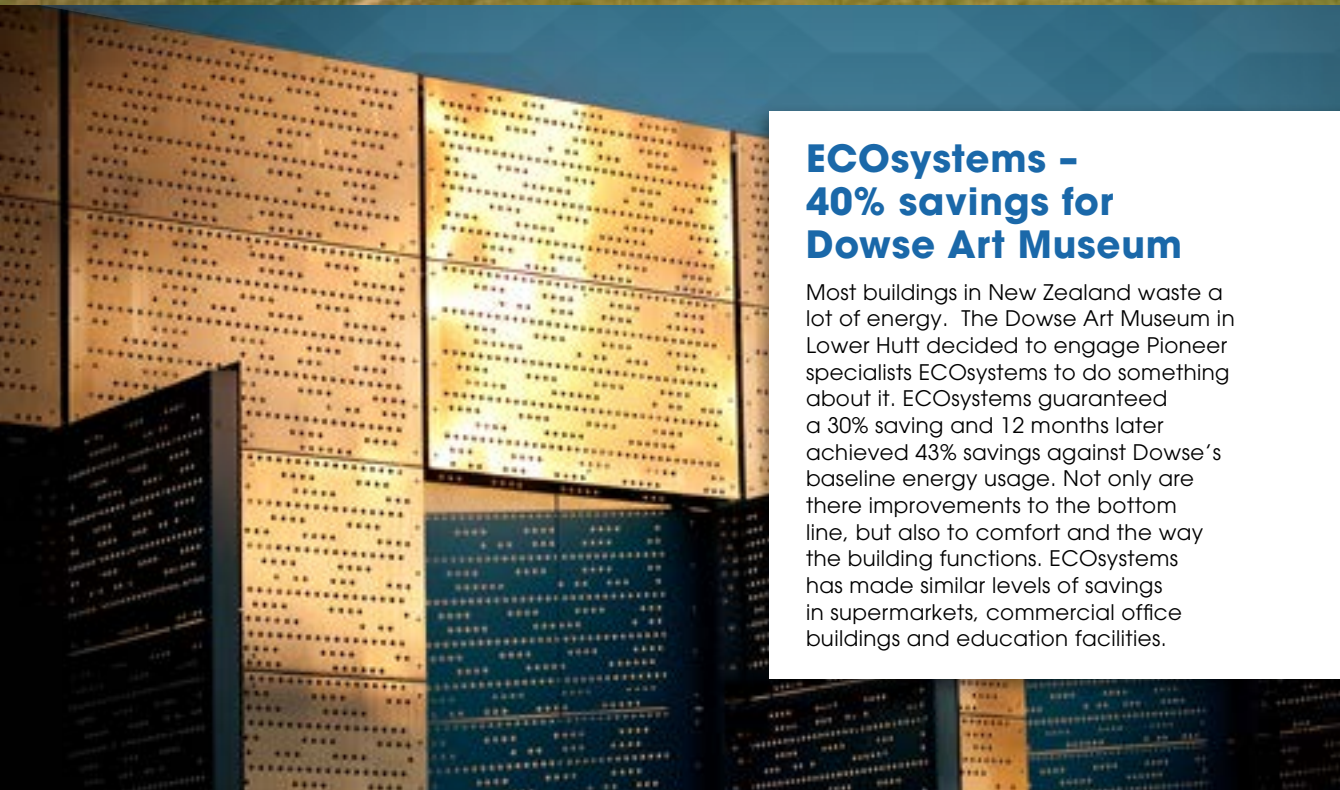
*“Smart providers are not likely to be run from large-scale centralised call centres or have products that reflect a complex, tired and over-governed market delivery system”*

first fuel” – energy efficiency and cost savings. Pioneer believes in the general adage that “what’s measured is managed” and has adopted the Enviro-Mark Solutions internationally recognised CEMARS® programme measuring carbon emissions and reductions for both its generation and process heating businesses. Smith says New Zealand generally lacks for adequate benchmarking and it’s an area Australia has moved ahead in with their Climate Change policy implementation and management. Some leading business brands in New Zealand are aligning with CEMARS, or other international accreditation systems. “We see international producers, setting up in New Zealand, being more proactive about climate change measures than many of our locally owned producers – another global trend that we seem to be slow in picking up,” says Smith. Having also recently added two electric vehicles to its fleet, to better understand the day-to-day infrastructure and power demands that will increase electricity market share growth, Pioneer can see an exciting future in New Zealand for further renewable generation developments. Jonker concludes: “We think the New Zealand industry has a bit of work to do over the next five years in preparation for a global future where electricity becomes the primary energy source – then we really will be a clean and green energy exporter.”



## Local renewable wind generation – Southern Generation Limited partnership

The benefits of building smaller wind farms and connecting to local networks were attractive to Southland-Otago utility provider Powernet, and resulted in a partnership with Pioneer to jointly own Mt Stewart and Flat Hill wind farms, and to build further wind farms in their southern networks. It’s utilising a local renewable resource and reducing future transmissions costs of the national grid – it’s a great community outcome.



## ECOsystems – 40% savings for Dowse Art Museum

Most buildings in New Zealand waste a lot of energy. The Dowse Art Museum in Lower Hutt decided to engage Pioneer specialists ECOsystems to do something about it. ECOsystems guaranteed a 30% saving and 12 months later achieved 43% savings against Dowse’s baseline energy usage. Not only are there improvements to the bottom line, but also to comfort and the way the building functions. ECOsystems has made similar levels of savings in supermarkets, commercial office buildings and education facilities.



## Waste to energy

Pioneer and Hastings District Council have built an electricity generator that converts landfill emissions to renewable electricity. By joining forces they enhanced the security of electricity supply to Hawke’s Bay and ensured that the gas is utilised rather than flared with no environmental benefits. The project is an excellent example of public/private partnership delivering sustainable environmental and commercial outcomes which have benefits for all parties, including the community.