



EECA's Heavy Vehicle Fuel Efficiency Programme

Stu Ross – Programme Manager

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What I will cover

- ① Who we are
- ① The environmental context of our programme
- ① The value of the fuel efficiency
- ① Our strategy to improve fleet fuel efficiency
- ① Critical success factors to achieving fuel savings

About EECA

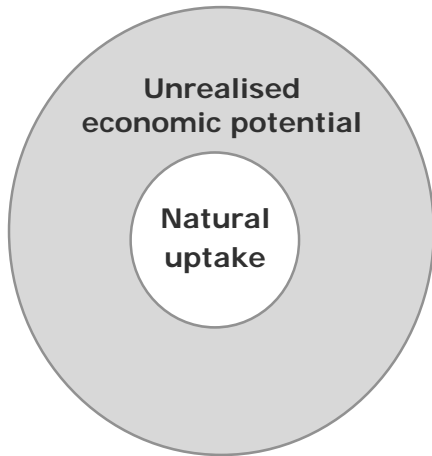
- Energy Efficiency and Conservation Authority (EECA) - implements Government priorities in energy efficiency, energy conservation, renewable energy
- Work to improve energy choices across all sectors of the economy
- Operate using grants, information, research, regulation, and partnerships with industry and the private sector.
- Deliver advice and funding to
 - households through ENERGYWISE brand; and
 - business through EECA Business brand.



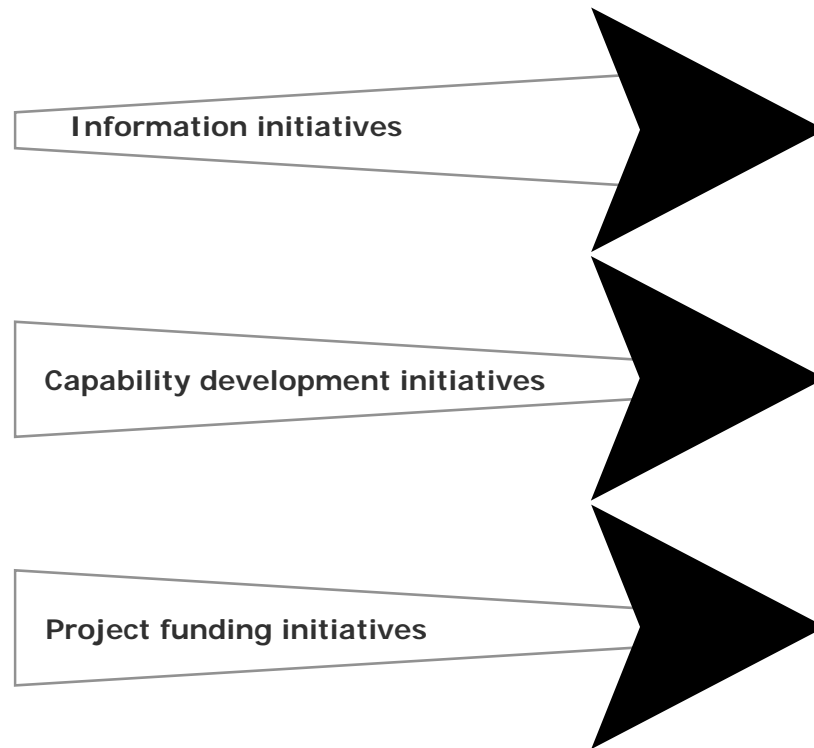
Energy Efficiency and
Conservation Authority
Te Tari Tiaki Pūngao

Over time...

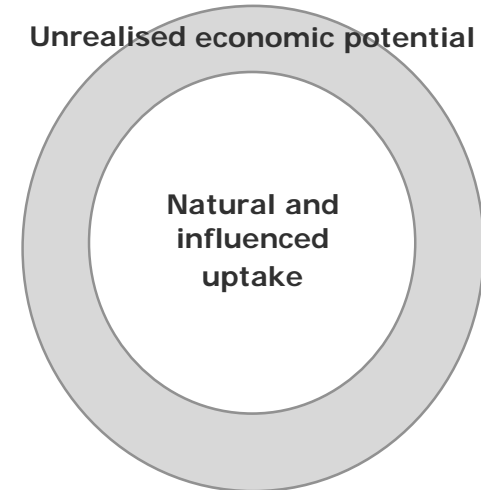
Realisation of economic potential blocked by range of market barriers or failures



over time...



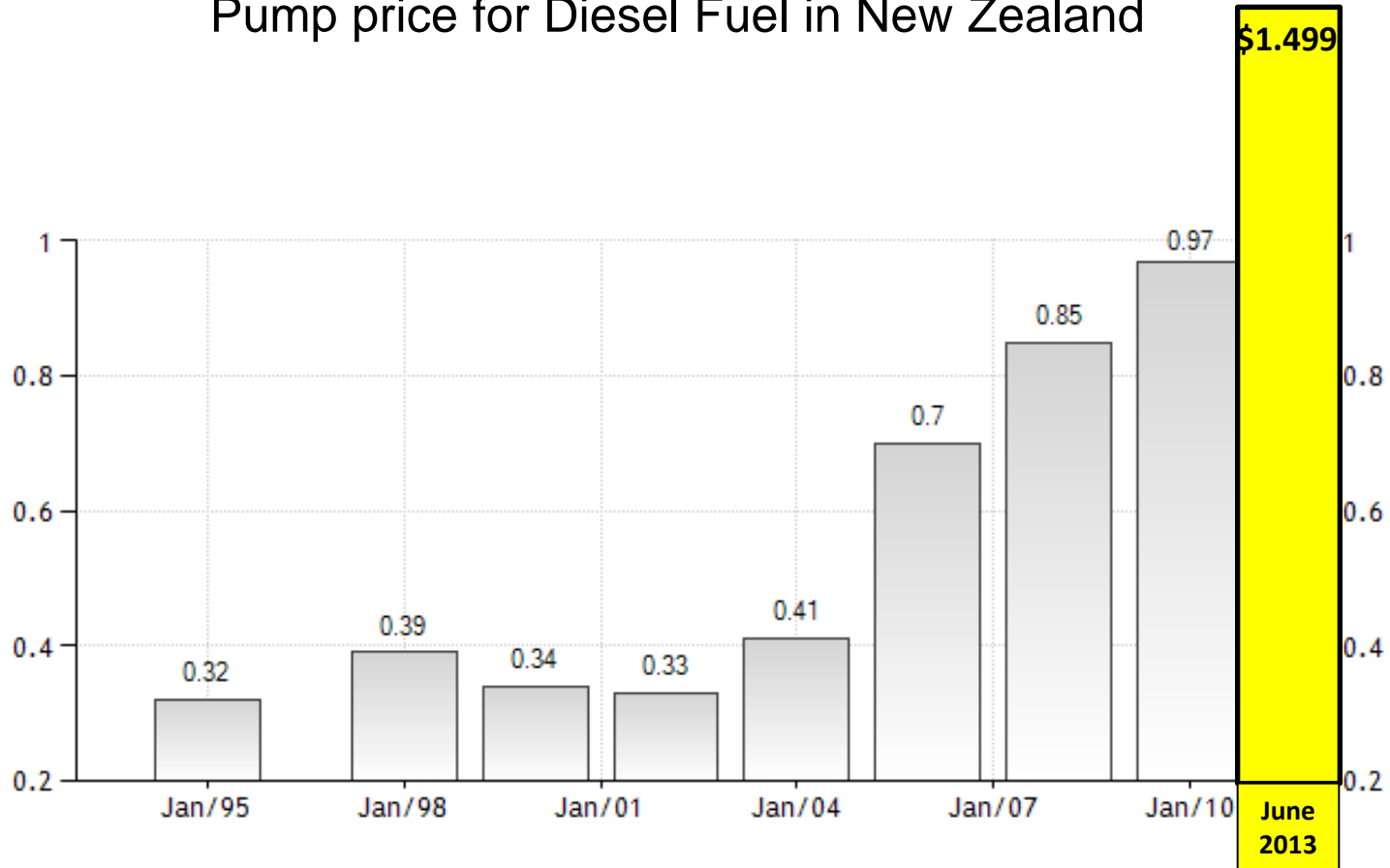
Realisation of economic potential improved by interventions removing market barriers



ENVIRONMENTAL CONTEXT

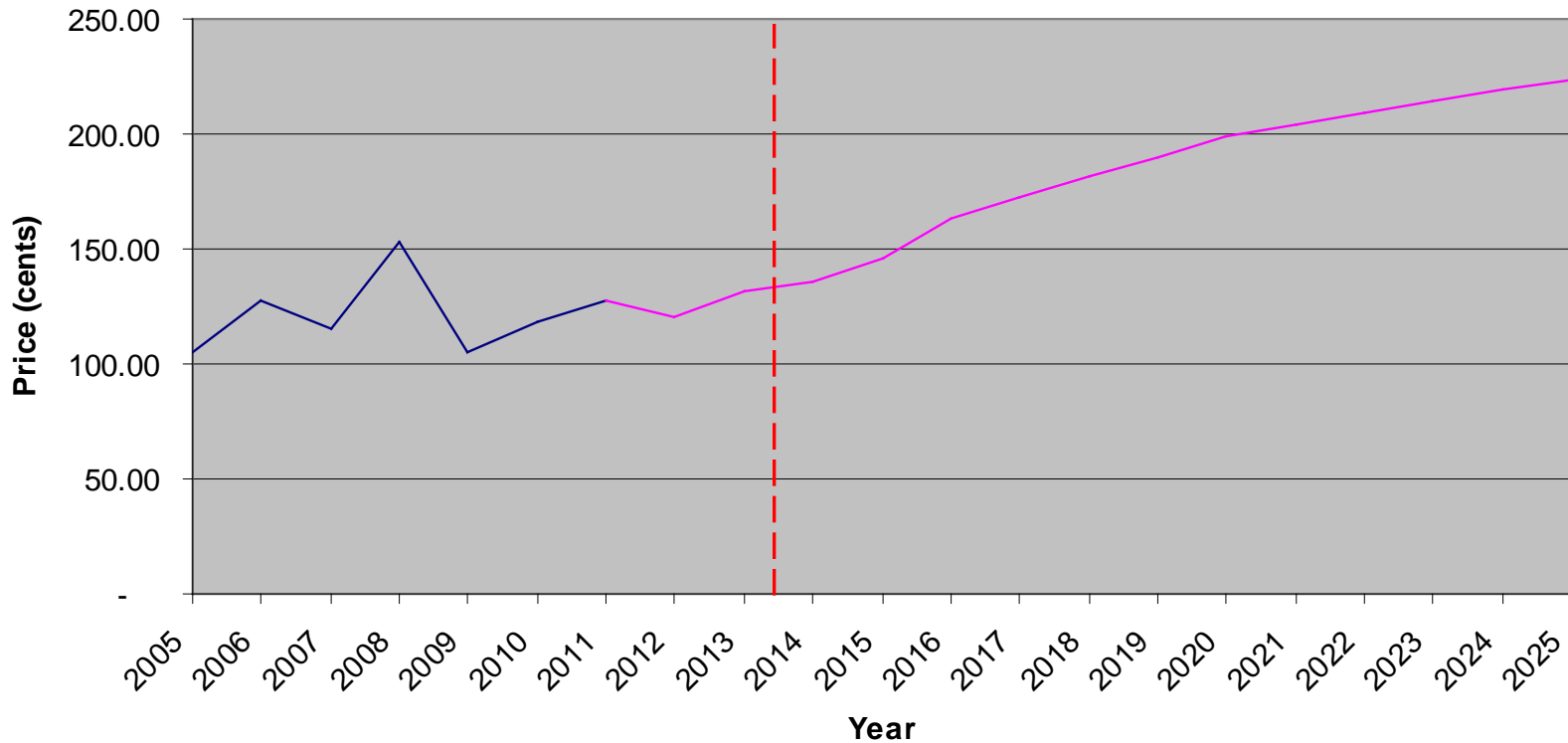
Fuel price

Pump price for Diesel Fuel in New Zealand



Where it may go

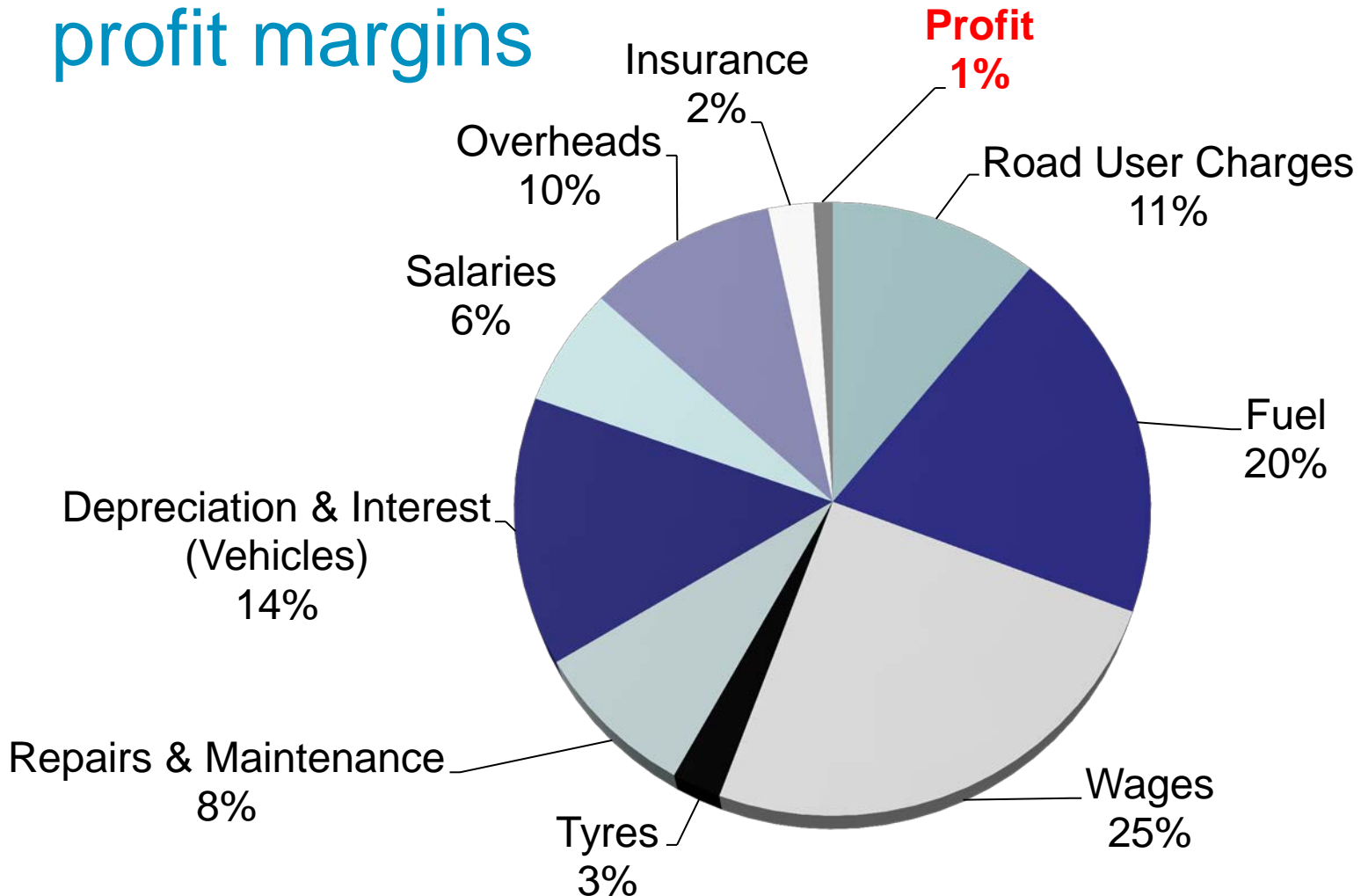
Predicted Diesel Price



Increased focus on supply chain sustainability

- Fairfax and Sustainable Business Council 2012 Research:
 - 21% of organisation are said to currently have social/environmental procurement criteria.
 - 17% were said to purchase solely or mostly on a whole of life cost basis.
 - Telecom: We place a 10% weighting on sustainability and increasingly, because price and quality are similar, sustainability becomes the difference between getting the business and not.
- “I focus on reducing our carbon footprint because that is where our costs are” Robb Donze Managing Director INZIDE
- Urgent Couriers:
 - 10% it wins them the client
 - 40% its one of the factors that wins them the business
 - 80% it gets them through the door

Highly competitive market with low profit margins



Value of fuel efficiency – one benefit

Expenses	Percentage	Cost
Road User Charges	11%	\$ 544,394
Fuel	20%	\$ 994,815
Wages	25%	\$ 1,243,403
Tyres	2%	\$ 122,211
R&M	8%	\$ 413,388
Depreciation & Interest (Vehicles)	14%	\$ 706,879
Salaries	6%	\$ 312,934
Overheads	10%	\$ 495,325
Insurance	2%	\$ 116,656
Profit	1%	\$ 49,995
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	100%	\$ 5,000,000		Profit increase

OUR STRATEGY

Strategic Principles

Strategic alignment	Interventions aligned to EECA's Transport Strategy
High value test	Any intervention must deliver savings with a payback of less than two years.
Reducing input costs over time	Interventions should be designed to transform the market and therefore become self-sustaining.
Partnerships	Programmes should work with market participants and co-commitment is a prerequisite.
Measurability	Intervention must have a demonstrable effect with quantifiable results.
Legacy	Results must be enduring.
Market exit	Pre-determined exit strategy must be included in any programme.
Explicit and robust assumptions	In the absence of hard data, hard data will be sought or any assumptions must be peer reviewed and clearly identified.
Capacity	We will ensure we have the capability and capacity to implement. This may require doing fewer things and doing them well or securing additional resource if this can be justified by the savings potential.

More profitable,
productive businesses
that can compete in the
global market

Self sustaining market –
EECA grant funding not
needed

RATIONALE

OUTCOMES

STRATEGY

ACTIONS

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RATIONALE

Customers demand
suppliers are safe & fuel
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OUTCOMES

Fleet operators know:
- value of fuel saving,
- where to save fuel,
- how to achieve it, or
- who can help them

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Change
programme
design over time

STRATEGY

Build Capability,
Focus on quality

Brand for
safety & fuel
efficiency

Partnering:
- Alignment
- Value
- Channels

ACTIONS

Brand for fuel efficient fleets

- Supports Outcome: Customers demand suppliers are safe and fuel efficient
- Approach:
 - Create an identifier for safe and fuel efficient fleets
 - Work with Sustainable Business Council (division of Business New Zealand)
 - Look at US EPA SmartWay programme
 - Develop benchmarking tool

Partnerships

- Supports Outcomes:
 - value of fuel savings known
 - knowledge, skills and capability to save fuel
- Alignment:
 - Other parties playing in this space (NZTA, ACC, MoT, MBIE)
- Value:
 - More reasons to do it
- Delivery channels:
 - delivery of the programme through those with customer relationships
 - Industry associations (eg. NZ Trucking, RTA's), fuel, insurance and finance companies.

Building capability

- ④ Supports outcome: value of fuel savings known; knowledge, skills and capability to save fuel

- ④ Building capability in the identification and implementation of fuel savings initiatives
- ④ Heavy Vehicle Performance Advisor (HVPA) programme
 - Large Fleets (20+ vehicles or greater than 500,000 litres pa)
 - Independent advisors
 - 4 day course

- ④ Workshop Programme
 - Smaller fleets (5-20 vehicles or up to 1m litres pa)
 - 4 separate workshops
 - Delivered through third party channels

- ④ Focus on quality
 - Peer review – HVPA's and workshop delivery

What programme covers

- Onsite review of approach to fuel management
- Covers 8 key areas:
 - Management commitment and culture
 - Fuel data management
 - Driver development
 - Maintenance and tyres
 - Routing and scheduling
 - Aerodynamics
 - Vehicle specification
 - Communication
- Outcome of the review including:
 - Observations and findings
 - Recommended actions
 - Cost / benefit from recommended initiatives
 - Next steps

Change programme design over time

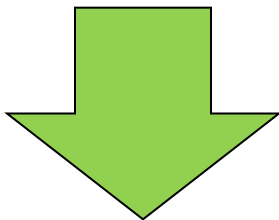
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Project Funding



Funding for:

- *opportunities review*
- *Implementation of initiatives*
- *Fuel management support*



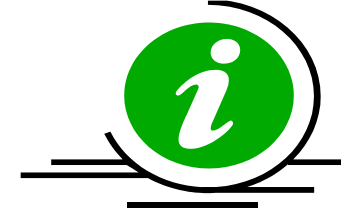
Capability



Building capability with people in the sector

- *Independent advisors*
- *In fleet capability*
- *Focus on quality*

Information



Providing information on benefits, and how to achieve them

- *Advertising*
- *media*
- *Events*



Progress so far

- Over 30 reviews approved
- 25 completed (4 inhouse)
- 12 started implementing actions
- Over 80m litres combined fuel consumption
- Over \$100m fuel spend
- fuel savings identified
 - Over 7m litres
 - Over \$9m

- Over 2000 trucks
- Over 2200 drivers

8% of the annual
fuel consumption by
heavy vehicle fleets

CRITICAL SUCCESS FACTORS

A tale of two fleets

Fleet A	Fleet B
Monitoring in place	Monitoring in place
SAFED NZ Driver training	SAFED NZ Driver training
0% savings	10% savings

Why the difference?

Critical success factors

- Management commitment – need a sponsor
 - Giving a manager the time and support required to make it happen
 - Developing a plan
 - Investing in monitoring and measurement – robust accurate data
 - Staff involvement – higher level of buy-in if its their ideas
 - Communication
 - Incentives – what's in it for me
 - Start with the big wins - SAFED
-
- Don't try to do it all at once

One happy customer.....

“The program has been going excellently for us, the early results of the drivers going through the program has been about a 6% efficiency gain and we now have drivers beating down the door to be next up!! But just having the drivers talking about it has been really positive and for the first 4 months this year we are running at, about 4% better than the first 4 months last year.

Our fuel efficiency working group is established and we are getting some great ideas coming back to management particularly around reporting results and motivational tools. The first thing the group wanted was a reward for the fleet to get to 1.8 l/km (our average last year was,), they thought this was achievable and they set the target. So if we get there we will give each driver a \$50 grocery voucher.

*All in all we believe SAFED is a really worthwhile program and we are busy telling everyone who will listen that it actually does work **and it's not snake oil!!***

Phil, South Island Fleet