



Australian Government



A National Energy Savings Initiative – A potential way forward for Australia

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Australia's Clean Energy Future



Australia's Carbon Price Mechanism



- Commences in July 2012, with a fixed price of \$23/tCO₂e. Will change to a cap-and-trade scheme in July 2015
- **Covers around 500 of the biggest polluters.**
 - Mainly electricity generators and large industrial facilities
- **Revenue to be recycled** towards:
 - Tax cuts (weighted towards low incomes)
 - A Clean Energy Finance Corporation
 - Adjustment and energy security measures
 - A range of renewable energy, land sector and energy efficiency programs

The final piece in the puzzle?

???

20% Renewable
Energy Target



Carbon price
mechanism

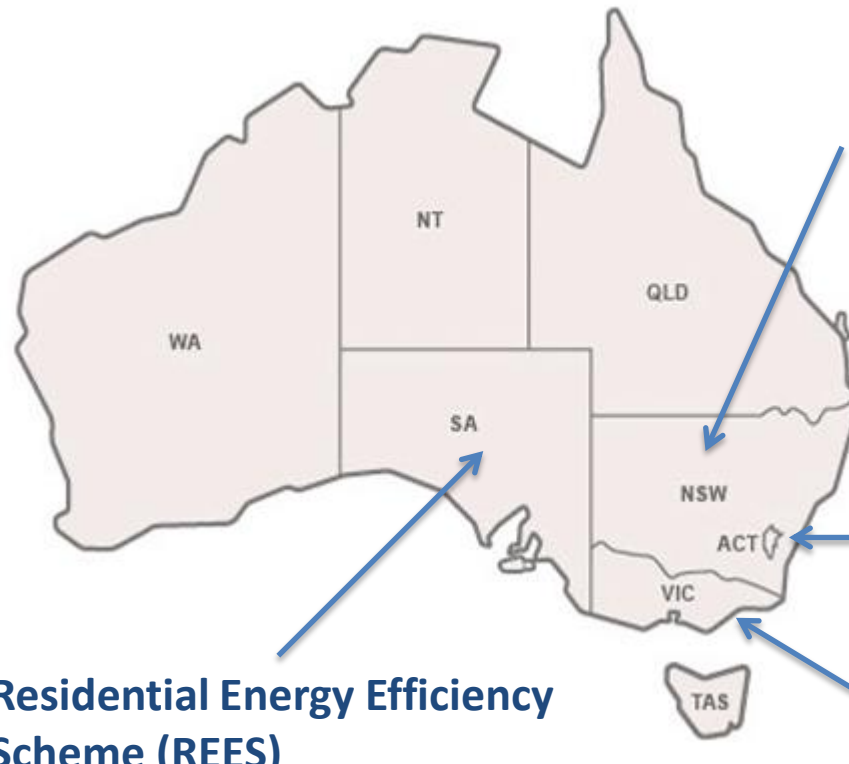
Carbon Farming
Initiative

A National Energy Savings Initiative (NESI)



- A market-based mechanism for driving energy efficiency – a **White Certificate Scheme**
- **Energy retailer delivered**
- **Broad sectoral coverage** (ie, residential, commercial and industrial sectors)
- Incentives or requirements to undertake activities:
 - in **low-income homes**
 - in ways which reduce **peak electricity demand**.
- Build on strengths of existing state-based schemes (NSW, Victoria and South Australia)

Existing state-based schemes



Energy Savings Scheme (EES)

Households, commercial, industry. Mix of meas't approaches. Target to 2020.

Energy Efficiency Improvements Scheme (start 2013)

Households (and maybe SMEs), with a focus on low income homes.

Residential Energy Efficiency Scheme (REES)

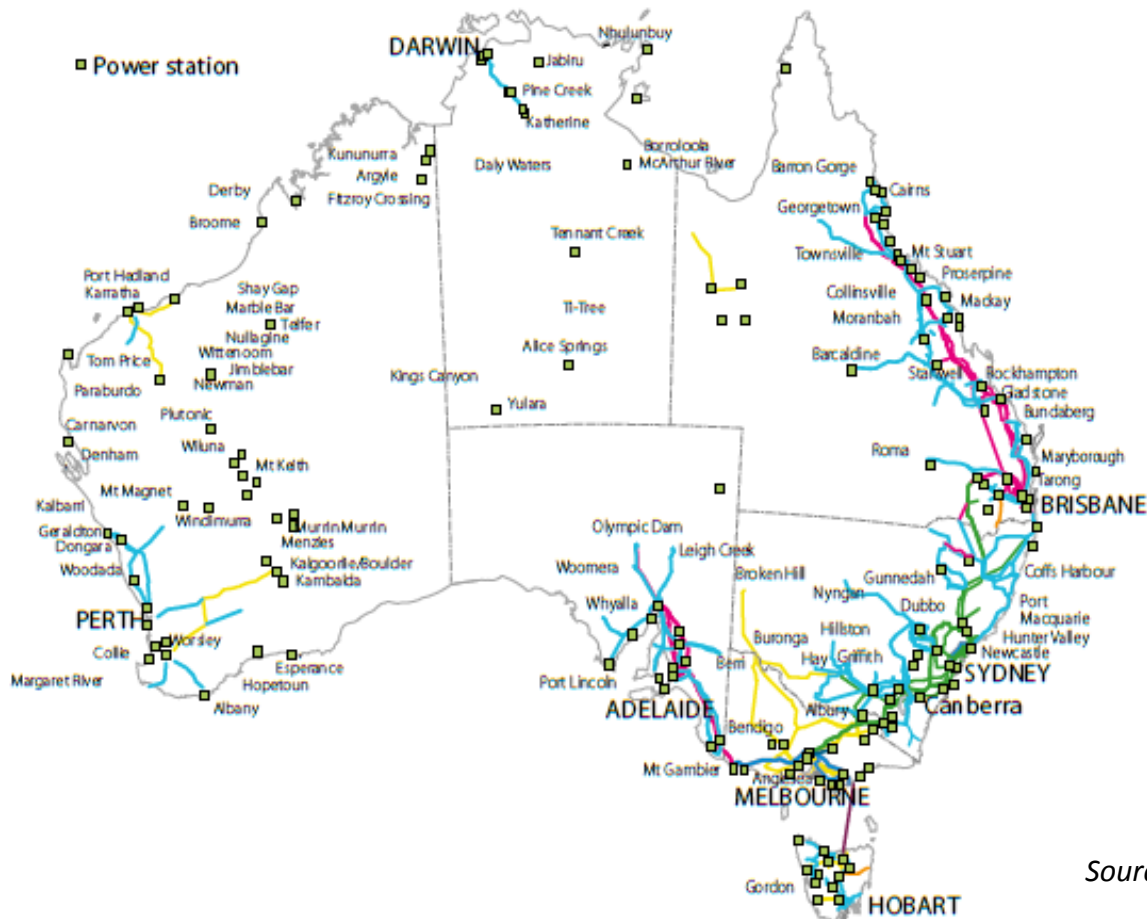
Households only, with a focus on low income homes.

Victorian Energy Efficiency Target (VEET)

Households and SMEs. Deemed savings only approaches. 3 year targets.

Design challenges for a NESI – 1

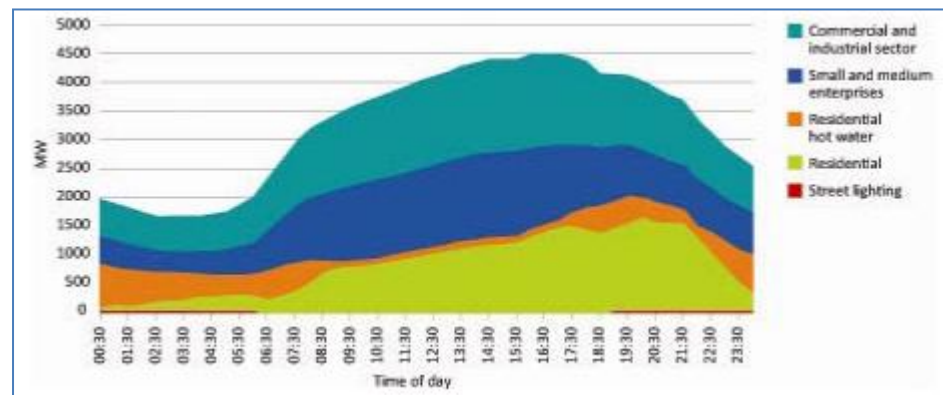
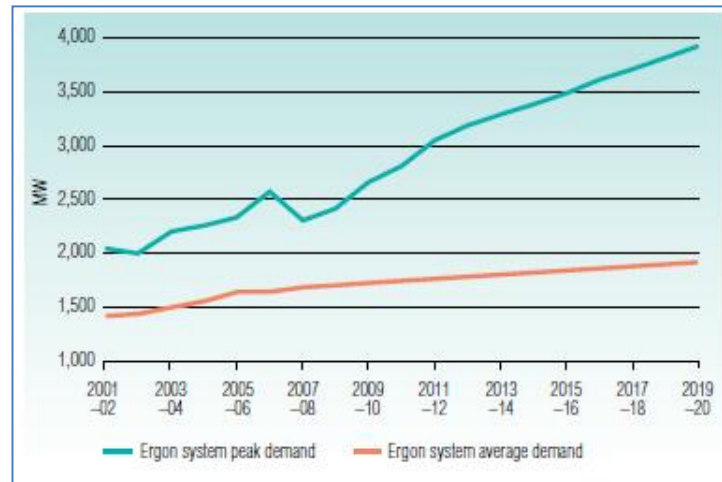
Australia is big and sparsely populated, with physically separated energy networks



Source: ABARES (2011)

Design challenges for a NESI – 2

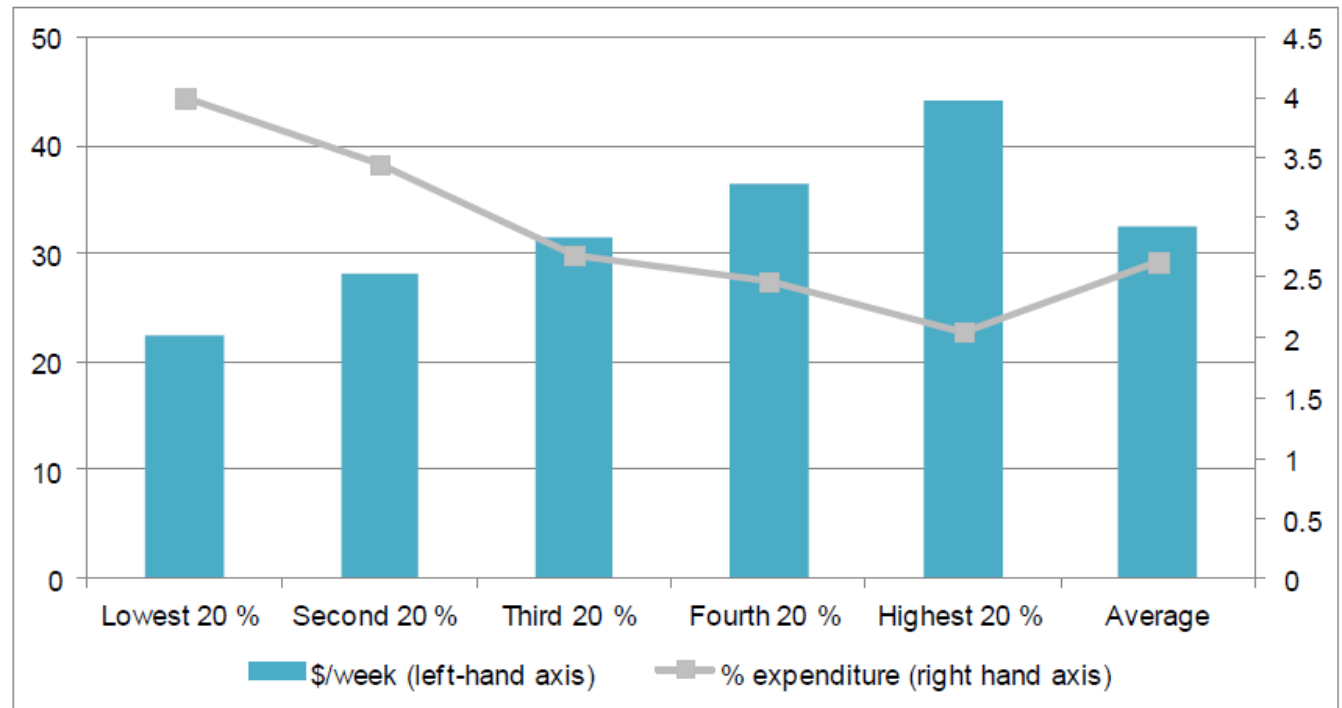
To have a significant impact on electricity prices, NESI should tackle peak demand



Source:
DRET (2011)

Design challenges for a NESI – 3

Low income households are the most vulnerable to rising energy prices, but reaching them can be hard.



Energy expenditure by household quintile 2009-10 (weekly expenditure, \$A2003-04)²

Source: ABS (2011)

Complement, not replace other energy efficiency measures



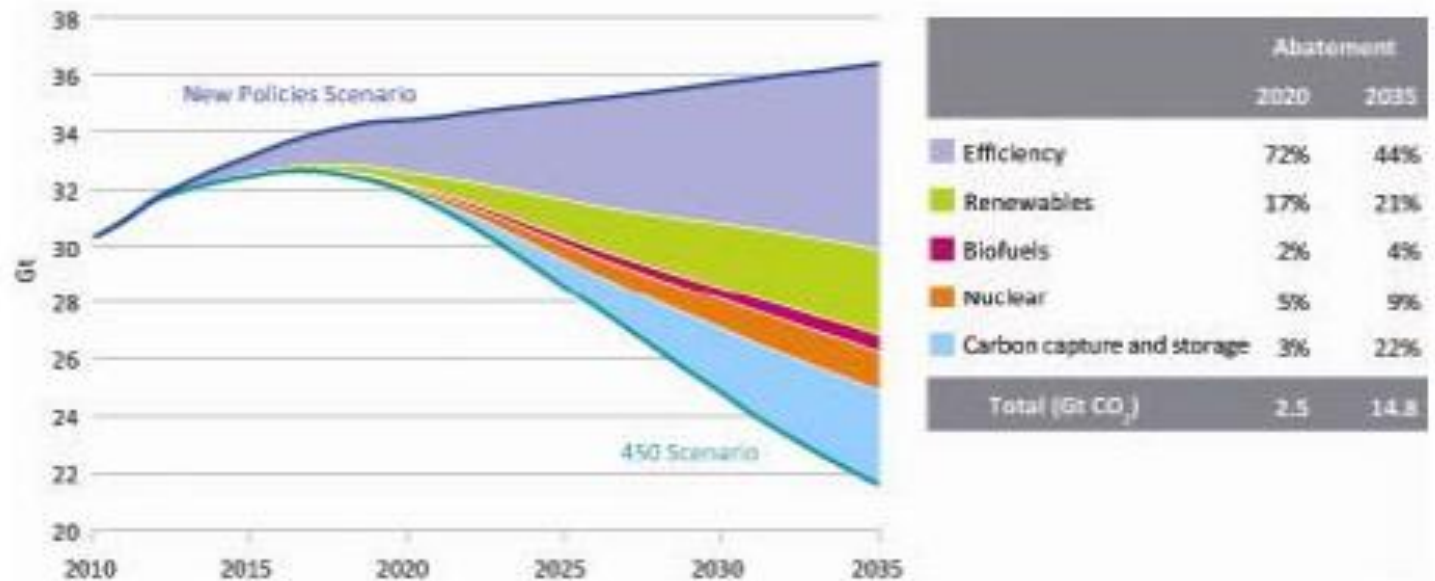
- Appliance / equipment standards and labelling requirements
- Residential / commercial building codes
- Energy Efficiency Opportunities program (mandated reporting of EE by large energy users)
- Commercial Building Disclosure Scheme
- Mandatory emissions standards for light vehicles
- Low income household measures
- Other grants/rebates, information, skills and R&D measures delivered by the Commonwealth and states

Way forward



- Consultation and evidence gathering (including through PEPDEE)
- Economic / energy market modelling and a Regulatory Impact Analysis
- Seek agreement with state and territory governments

World energy-related CO₂ emissions abatement in the 450 Scenario, by policy measure, to 2035



Source: International Energy Agency, *World energy outlook 2011*, IEA, Paris, 2011.