

## NEWSFLASH: ENERGY EFFICIENCY OPPORTUNITIES UNDER SECURING A CLEAN ENERGY FUTURE JULY 2011

By Dermot Duncan

The Federal Government Climate Plan: Securing a Clean Energy Future ("Climate Plan") was released on Sunday the 10th of July 2011. The Climate Plan is an easy to read document and clearly explains the challenges; opportunities; and solutions that the Federal Government seeks to implement through legislation by October 2011.

The Climate Plan estimates that the price increases due to introducing a carbon price will increase the CPI by 0.7 per cent in 2012/13: a third of the CPI increase when the GST was introduced.

The Climate Plan is a "four pillar" strategy focusing on:

- putting a price on Greenhouse Gas ("GHG") pollution;
- innovation in Renewable Energy;
- improving Energy Efficiency ("EE"); and
- creating opportunities for GHG abatement on the land.

This newsflash is the first of a series of briefing notes on each of the four pillars starting with EE in the building sector.

## 2. ENERGY EFFICIENCY IN THE BUILDING SECTOR

Chapter 8 of the Climate Plan is dedicated to the Federal Government's initiatives for improving EE in both the domestic and commercial sectors. EE is the "least cost" option that parties can implement to assist

them mitigating rising electricity prices often resulting in positive financial returns.

The Climate Plan proposes numerous EE measures be adopted including:

- As projected and discussed in our earlier Newsflashes, a national energy saving initiative (i.e. white certificate scheme) placing an obligation on energy retailers to help their household and business customers find and implement energy savings. This would work in tandem with householders receiving tax cuts/compensation under the Climate Plan (Chapter 4) as well as businesses taking advantage of the various assistance packages in the Climate Plan (Chapter 5).

The national energy saving initiative would replace the existing NSW, Victorian and South Australian energy saving schemes. The Government will undertake further consultation work shortly with the decision to proceed being subject to economic modeling and regulatory impact analysis by the Council of Australian Governments. Similar schemes have been introduced in: the UK (i.e. the Carbon Reduction Commitment Energy Savings Scheme (2010)); Italy (2005) and France (2006); and numerous US States pursuant to Energy Efficiency Portfolio Standards (i.e. Connecticut; Pennsylvania and Nevada));

- As discussed in our 2010 & 2011 Newsflashes, from 1 July 2012, eligible businesses that invest and improve in the EE of their existing buildings will be able to apply for a tax break through the \$1 billion Tax Break Green Building Program. This is viewed as the last piece of the puzzle necessary for commercial/industrial building owners to introduce EE in their buildings overcoming the split-incentive due to tenants paying the building's outgoings in many cases;

- The extension and expansion of the Government's Energy Efficiency Opportunities Program requiring Australia's biggest energy using corporations to identify EE opportunities and report on their implementation;
- The Energy Efficiency in Government Operations Program to progressively improve all Australian government energy performance including energy efficiency targets from government agency office buildings and a commitment to the development of similar targets for other government building types;
- Expanding the government's Low Carbon Communities Program to provide funding through competitive grants to local councils and communities to improve energy efficiency in council and community used buildings and facilities and to assist low income households;
- The \$40 million Remote Indigenous Energy Program to help indigenous communities access clean, affordable and reliable 24 hour power supply, manage their EE and use it to contribute to improvements in health, education and long term economic liability (built on the success of the former Renewable Remote Power Generation Program);
- The Government will establish a \$40 million program for small businesses and the community sector to help reduce their energy costs. It will provide grants over four years to industry associations and non government organisations that work with small businesses and community organisations;
- The Clean Technology Investment Program will provide grants to manufacturers taking up to \$800 million of seven years enabling firms to invest in energy efficient capital equipment and low pollution technologies, processes and products; and

- EE initiatives in food manufacturing plants and metal foundries will also be supported by new \$200 million government grants program.

In keeping with our commitment to the EE sector, we are looking forward to our Second Environmental Leaders' Forum on Friday 29 July 2011. We are hosting Pat Dale (Head of Environmental Finance at NAB) who is presenting on the new funding mechanism for commercial and industrial buildings called Environmental Upgrade Agreements. We are also delighted that the Honorable Catherine Cusack will be able to join us for the event.

Our next Newsflash will look at the opportunities for farmers on the land.

**If you would like any further information in relation to how we can help you take advantage of the new EE opportunities available under the Climate Plan, please contact Dermot Duncan or Glenn Crisp on their details below. For a complete list of our EE Newsflashes from 2009-2011, please visit our website.**