

Productivity Commission Inquiry into Energy Efficiency

Department of the Environment and Heritage followup to Public Hearings on draft report

Following the Productivity Commission's public hearings in Canberra on 3 June, attached are responses from the Department of the Environment and Heritage to questions on notice as well as suggested amendments to the transcript, in particular where clarifications are required.

Suggested amendments to the transcript

- There are multiple references to "NEFI" that should be "NFEE" and to "metres" that should be "meters".
- On page 648 the transcript gives a number of references to greenhouse gas abatement figures from Dr Wright. The correct figures, reworded slightly for clarity, are:
“The projected abatement in 2010 from Australian Government energy efficiency measures, including those announced in the last budget and Energy White Paper, have increased the projected abatement in 2010 from 15.2 to 20.2 megatonnes of CO₂ equivalent. The total projected abatement in 2010 from measures is 94 megatonnes going to our Kyoto target.”
- And in the next paragraph it should read "... – for example, the Greenhouse Gas Abatement Programme will deliver 6.3 megatonnes in 2010."

Questions on notice

1) Provide some comment on the Master Builders Association (MBA) greenhouse gas abatement figures of 0.029% from residential buildings 4-5 star.

The Master Builders Association (MBA) have taken the greenhouse gas abatement estimate for 2012 (~0.169 Mt CO₂-e) from the Australian Building Codes Board (ABCB) Draft Regulation Impact Statement (RIS 2005-02) for 4-5 star Class 1 housing (single detached houses) and divided it by the Australia's projected total emissions annual average for 2008-12 (586 Mt CO₂-e).

It would have been more correct to use the ABCB average annual estimate for 2008-12 of ~0.103 Mt CO₂-e to give an impact of 0.018% against Australia's total projected emissions for 2008-12.

To put this figure into perspective, this represents:

- 12% of the abatement expected from residential buildings in 2010 (projected to be 0.8 Mt CO₂-e), this includes Classes 2-4 (multi-residential housing – units and flats);
- 3% of the abatement from buildings programmes in 2010 (projected to be 3.5 Mt CO₂-e);
- 0.5% of the abatement from Australian Government energy efficiency measures in 2010 (projected to be 20.2 Mt CO₂-e); and
- 0.1% of the total abatement from measures (projected to be 94 Mt CO₂-e).

2) Provide some further information on green leases

The Australian Government, through the Department of the Environment and Heritage's Australian Greenhouse Office with the Australian Government Solicitor, are developing a suite of Green Lease Schedules that can be attached to the Australian Government lease documents for leased and owned office property.

The Green Lease Schedule has various features that take the duties of the tenant and building owner from the traditional static position of agreeing an energy intensity level in office building design, to a dynamic management process of monitoring, reporting and being accountable for energy and environmental issues annually.

Features of the Green Lease Schedule:

- Establishes mutually agreed management mechanisms to implement energy efficiency and environmental obligations through the development of an Energy Management Plan.
- Requires the establishment of a Building Management Committee to develop and manage the Energy Management Plan.
- Tenant and building owners are accountable for the annual assessment of the Australian Building Greenhouse Rating Scheme (ABGR) rating for the building and tenancy.
- Provides for the tenant and landlord's respective obligations in relation to occupational health and safety and other relevant statutory requirements if energy efficiency measures are implemented.
- Requires separate energy metering for tenant light and power and base building services.
- Provides for monitoring and reporting of mutually agreed outcomes in relation to energy efficiency and sustainable obligations (eg agreeing environmental initiatives such as a water and waste strategy and/or green power).
- Requires the building owner to provide quarterly energy consumption and maintenance reports.

Different green lease schedules are being developed for different sizes of tenancies and for both gross and net leases, although gross leases are preferred.

3) Why did MEPS go from privately cost effective to world's best practice?

The Ministerial Council of Energy (MCE) and its forebears sets energy efficiency policy. The policy for appliance and equipment Minimum Energy Performance Standards (MEPS) between 2000 and 2004 was to match world's best **regulatory** policy. In December 2004, MCE extended the mandate to also lead the world if that option was cost-effective for the Australian community and had widespread stakeholder support. This policy can be explained in the context of:

1. Using international test methods where possible, or if not, regional methods of test (eg AS/NZS standards).
2. Matching the most stringent energy performance **minimum** regulatory requirements of major economies or exploring whether Australian minimum energy performance requirements might lead the world in terms of regulatory stringency.

3. In circumstances where this outcome complies with the Council of Australian Governments' competition policy (the process of conducting a regulatory impact statement (RIS)) and where MCE accepts that RIS recommendation after public consultation on the economic benefit arguments.

The first element conforms to our international free trade policies and World Trade Organisation membership. The second qualified by the third means that products made in Australia can be sold in any market in the world – they at least meet the minimum regulatory requirements. This policy is also measured in terms of the net public benefit (recognising that some individuals or groups may not benefit) but that overall the community will be better off over time when regulating the efficiency of products.