

## **COAG signs up to national energy efficiency strategy**

The Council of Australian Governments has committed to a national 10-year energy efficiency strategy focusing on measures complementary to an emissions trading scheme.

The plan includes an \$88 million commitment to build on the work of state and territory governments to drive energy efficiency in their own jurisdictions, however full details of the 10-year plan are still to be announced.

While the energy efficiency plan concentrates on electricity usage, there is no indication that harmonisation of existing state-based schemes is being promoted.

According to the COAG communiqué, the National Strategy on Energy Efficiency will “help Australian households and businesses cut their energy and fuel bills while reducing their carbon footprint”.

“For example, measures to improve the energy efficiency of appliances, such as refrigerators and air conditioners, are expected to reduce carbon pollution by 19.5 million tonnes per year by 2020,” it says.

COAG says the national strategy will turn around the legacy of “fragmented and ad hoc” energy efficiency policy, putting in place a nationally consistent approach to reduce red tape and help households and businesses invest in the latest cost-cutting technologies.

The agreement locks in a comprehensive ten-year work plan to coordinate action nationally and maximise cost-effective energy efficiency gains, including a concentrated national effort to phase out inefficient electric hot water systems beginning in 2010, national legislation for appliance energy ratings and labels, mandating all new homes achieve ambitious new energy rating standards from 2011 and commercial buildings from 2010 while setting in place a process for continuous improvement, and accelerating the phase-out of inefficient lighting with a ban on incandescent light globes from November 2009.

A regulatory assessment will consider both voluntary and mandatory options and the complementarity of measures against the Carbon Pollution Reduction Scheme, and involve industry and consumer consultation.

“Energy efficiency is the low-hanging fruit of greenhouse gas abatement, with analysis from the International Energy Agency indicating cost-effective energy efficiency improvements could provide savings equivalent to one-fifth of projected global energy-related emissions in 2030,” says COAG.

“Through the combination of incentives, consumer and business education and carefully targeted regulation, the National Strategy on Energy Efficiency will fundamentally change the policy settings for energy efficiency across Australia.”

The agreement is supported by the investment of \$88 million for energy efficiency measures across jurisdictions.

The COAG meeting also signed a revised Australian Energy Market Agreement, which has been amended to specify that where retail prices are regulated, energy costs associated with the CPRS and the Renewable Energy Target shall be passed through to end-use consumers. These price increases, together with more cost-effective retail prices – including the phase-out of retail price caps where competition is found to be effective – will help drive more efficient use of energy and assist in managing peak energy demand growth.

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