



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

**ENERGY EFFICIENCY
OPPORTUNITIES BILL 2005**

Second Reading

SPEECH

Wednesday, 14 September 2005

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date	Wednesday, 14 September 2005	Source	House
Page	17	Proof	No
Questioner		Responder	
Speaker	Entsch, Warren, MP	Question No.	

Mr ENTSCHE (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (9.59 am)—I move:

That this bill be now read a second time.

The purpose of the Energy Efficiency Opportunities Bill 2005 is to establish the mandatory energy efficiency opportunities assessments announced in the government's energy white paper *Securing Australia's energy future* in June 2004.

The bill establishes the Energy Efficiency Opportunities program, outlines the broad obligations imposed on large energy using businesses, and allows for regulation making to provide detailed requirements for assessment, reporting and verification, and other elements of the program.

Energy Efficiency Opportunities will require large energy using businesses to assess the potential to improve their energy efficiency and report publicly on the outcomes.

The energy white paper identified the improvement of Australia's energy efficiency performance as a key part of the government's energy policy in order to achieve greater prosperity, sustainability and energy security.

EEO takes its place alongside a range of measures to pursue the benefits of using energy more efficiently—energy market reform, solar cities, improved appliance and building standards and targets for reduced energy use in government agencies.

The broad range of energy efficiency measures announced in the energy white paper has the potential to increase economic welfare and lower the rate of growth in greenhouse emissions. Improved energy efficiency reduces overall demand for energy and will also delay the need for new energy generation equipment. Energy Efficiency Opportunities could deliver as much as \$975 million even if only half of them were taken up.

The EEO measure is directed at increasing the uptake of commercially attractive energy efficiency opportunities in end-use energy in the industrial, resources, transport and commercial sectors. It will be targeted at Australia's largest energy users—those businesses using more than half a petajoule of energy per year. Half a petajoule would be regarded as a large amount, being equal to the electricity needs of 10,000 Australian households and costing over \$5 million.

The energy white paper estimated that up to 250 companies each use more than half a petajoule of energy per year in Australia. Together, these large energy using companies account for 60 per cent of total business energy use in Australia. Improvements in energy use in the business sector will have significant potential to improve Australia's energy and environmental performance, as well as that of individual firms.

Australia's energy efficiency is not improving as quickly as that of other countries. The energy white paper recognised that lagging energy efficiency in Australia could be for a number of reasons. These include information failures and organisational barriers, which work against businesses being able to properly identify, assess and implement what would otherwise be privately cost-effective energy efficiency opportunities.

To facilitate the uptake of these opportunities, the government announced in the white paper that it will require large energy users to undertake rigorous and comprehensive assessments of energy efficiency opportunities every five years starting in 2006 but that commercial judgments by firms will determine whether investments are pursued.

The white paper announced that businesses would publicly report the outcomes of their assessments. This approach ensures that all large energy users will be able to demonstrate to the community that they are efficiently

managing their energy, without the government becoming involved in commercial decisions. Public reporting will be designed to provide the public with useful information while protecting a firm's reasonable commercial interests.

From 2006, if a business uses over 0.5 petajoules in a year within its corporate group, it will be required to register under the program. Once registered, it will have to prepare an assessment plan that spells out how it is going to assess the various parts of its business over the five-year program cycle.

In line with its plan, the business will have to undertake assessments of the energy use of various operations and to identify cost-effective opportunities to more efficiently use energy. The business may wish to plan to do this in stages, to assess different operations in different years instead of assessing all parts of its operations in a single year. For example, a corporation may wish to focus on its coalmining operations in one year and on transport or commercial retailing parts of its business in other years.

The business will then be required to publicly report on the results of these assessments and to include its responses to the opportunities identified in the assessments. The firm will be free to make decisions on the opportunities identified as part of its normal business decision-making processes.

The government is working closely with industry and state and territory agencies to maximise energy savings for minimal additional regulatory burden. Some state and territory governments already require businesses to monitor energy. Some businesses already have systematic energy management in place, undertake energy assessments and report on energy management as part of sustainability reporting.

We will ensure that this measure is flexible enough to enable activities that already comply with the EEO to be recognised and minimise the burden placed on businesses.

Stakeholders are involved in intensive and continuing consultations to develop the program. This will ensure that businesses are fully informed about their obligations and are confident that the program is practical and designed to fit their business processes.

The government is working with industry and other expertise to build on the best of what works for business in identifying significant energy savings. The government will continue to work closely with industry leaders to develop guidelines, materials, training and support to undertake effective assessments. Recognising and learning from leading companies and their innovative approaches to identifying and implementing energy savings will be an important strategy for achieving a step change in Australian industry's energy efficiency performance. I present the explanatory memorandum to the bill.

Debate (on motion by **Mr Albanese**) adjourned.