

Building (Energy Efficient Hot Water Systems) Legislation Amendment Bill 2009

Explanatory Statement

Overview

The Building (Energy Efficient Hot Water Systems) Legislation Amendment Bill 2009 (the Bill) proposes to amend the *Building Act 2004* and the *Building (General) Regulation 2008* to provide that only efficient, environmentally friendly hot water systems may be installed in new and existing homes and townhouses. Its purpose is to reduce the environmental impacts and financial costs of hot water systems.

The Bill sets an energy saving standard that hot water systems must meet before they can be installed. The standard would allow the installation of low emission hot water systems, such as solar, heat pump, or high efficiency five star gas. The standard would not permit electric storage heaters.

Electric water heaters remain the most inefficient, yet also the most common type of hot water system in the ACT. Electric hot water heaters cause around four times as many greenhouse gas emissions as the more efficient systems. Hot water accounts for around 25% of the energy used in an average home..

The energy saving standard will apply only to class 1 buildings under the Building Code of Australia. It will cover houses and town houses, as well as guest houses such as bed and breakfasts. It will not apply to multi-unit residential apartments.

The standard will apply to hot water systems being installed in new houses and townhouses from 1 July 2009. After 1 July, any person installing a hot water system in a new house or townhouse, would need to install one of the efficient systems. Implementing this standard for new houses brings the ACT in line with a number of other Australian jurisdictions.

The standard will also apply to a person replacing or installing a hot water system in an existing house or townhouse from 1 January 2010. The Bill does not require anyone to replace an existing hot water system that is still working properly. Inefficient hot water systems in the ACT will be gradually replaced. Phase outs of electric hot water systems from existing dwellings are also occurring in other Australian jurisdictions.

Notes on Clauses

Clause 1 Name of Act

This clause is a formal provision setting out the name of the proposed Act.

Clause 2 Commencement

This clause explains that the proposed Act will commence on 1 July 2009. This date has been chosen to allow a lead-in time for new home buyers.

Clause 3 Legislation Amended - pt 2

This clause is a formal provision to identify that this Bill amends the *Building Act 2004*.

Clause 4 Section 136(1) - new definitions

This clause inserts a new definition of “Building Code” into section 136(1) of the *Building Act 2004*. The definition allows the Building Code to be amended so that it can include the energy savings standard for hot water systems.

Section 136(1C) and (1D) have the effect that the energy savings standard for hot water systems will not apply to existing dwellings until 1 January 2010. This lead in time will allow ACT industry and tradespeople to prepare for the expected increase in demand for energy efficient hot water.

Clause 5 Legislation amended – pt3

This clause is a formal provision to identify that this Bill amends the *Building (General) Regulation 2008*.

Clause 6 New section 43A

This clause adds a new section 43A to the *Building (General) Regulation 2008* to prescribe the hot water system standard identified in the new schedule 3A.

Clause 7 New Schedule 3A

This clause inserts a new schedule 3A into the *Building (General) Regulation 2008*. The new schedule prescribes the energy savings standard that hot water systems must meet in certain circumstances.

New section 3A.1 Definitions

This section defines terms used in the bill. It defines compliant hot water systems (electric, gas, heat pump, and solar) and sets the energy saving standards they must meet.

New section 3A.2 Hot water system – installation or replacement

This section requires that only energy efficient hot water systems can be installed in a new class 1 building, or in an existing class 1 building. A gas system will need to be a minimum of 5 star energy rating. A heat pump system and a solar system must achieve a minimum energy saving of 60% for an annual hot water demand level of 38 megajoules per day for Canberra’s climate zone.

3A.2(2)(a) is intended to exempt the small number of rural residents in the ACT who use multi-purpose solid fuel heaters, which they also use to heat water.

3A.2(2)(b) is intended to allow the installation of replacement electric hot water systems only in rare circumstances, such as where a single person who does not have access to gas, wants to replace their system with a small electric hot water system that will use only a small amount of water. In this case the person would have to take additional measures and ensure the system is thermally insulated and therefore more efficient.

New section 3A.3 Hot water system - determination

The section is intended to ensure that the hot water standard set by the bill does not prevent new types hot water systems from being installed if they would otherwise meet the standard.