

# Energy Efficiency (Cost of Living) Improvement (Priority Household Target) Determination 2012 (No 1)

Disallowable Instrument DI2012–94

made under the

**Energy Efficiency (Cost of Living) Improvement Act 2012**

**Section 8 (Priority Household Target)**

## Explanatory Statement

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### Note

At the time this instrument was made the *National Energy Retail Law (Consequential Amendments) Bill 2012* was tabled before the Legislative Assembly and awaiting debate. One of the Acts that the *National Energy Retail Law (Consequential Amendments) Bill 2012* seeks to amend is the *Energy Efficiency (Cost of Living) Act 2012*. The purpose of these proposed amendments is to amend the Act, consequential to the repeal of electricity retail (supply) licensing under the *Utilities Act 2000* (see Part 13 of the Consequential Bill), which removes the definition of *electricity supplier*.

The effect of the proposed amendments are to create a direct statutory obligation for retailers authorised to retail under the *National Energy Retail Law (ACT)* to comply with the *Energy Efficiency (Cost of Living) Improvement Act 2012*. References to *electricity supplier* under this Act will, in the event of the passage of the *National Energy Retail Law (Consequential Amendments) Bill 2012*, be replaced with references to a **NERL retailer** (meaning a person who holds a retailer authorisation under the *National Energy Retail Law (ACT)* to sell electricity to premises in the ACT for consumption).

For the purposes of this Explanatory Statement, the use and mentions of the term *electricity supplier* should be taken to be use and/or mentions of **NERL retailer** as defined in the Act if amended.

### Overview

Section 6 of the *Energy Efficiency (Cost of Living) Improvement Act 2012* provides that one of the key objects of the Act is to increase opportunities for priority households to reduce energy use and costs. This is in line with the Government's commitment to support households particularly vulnerable to rising energy prices.

A key component of the Act that ensures priority households are benefited by the Scheme is the ability of the Minister to set the Priority Household Target (PHT) under Section 8 – determining the level of greenhouse gas emissions reductions that must be achieved by Tier 1 suppliers in priority households.

Households eligible for ‘priority’ status are defined in the Dictionary of the Act and may also be added to by regulation.

For the compliance period of 1 January 2013 to 31 December 2013, the target for the proportion of overall abatement that must be achieved in priority households is set at 25 per cent. This number has been set based on a review of the proportion of households claiming energy concessions in the ACT which at 20 per cent, indicates that at least 20 per cent of ACT households would be eligible for Priority Household status. Further, a PHT set just above the proportion of households claiming energy concessions would achieve the objective of ensuring priority households are effectively targeted under the Scheme, while not otherwise distorting the Scheme in a manner that materially decreases its overall cost-effectiveness.

The potential increased difficulty for suppliers in targeting priority households and achieving this target has been factored into the cost for Tier 1 suppliers and in determining the Energy Savings Contribution payable by Tier 2 suppliers under Section 11 of the Act.

The determination takes effect the day after notification.