

# Energy Efficiency (Cost of Living) Improvement (Emissions Multiplier) Determination 2012 (No 1)

## Disallowable Instrument DI2015–270

made under the

**Energy Efficiency (Cost of Living) Improvement Act 2012, s9 (Emissions multiplier)**

## Explanatory Statement

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### Overview

Section 9 of the *Energy Efficiency (Cost of Living) Improvement Act 2012* (the Act) provides that the Minister must determine the number of tonnes of carbon dioxide equivalent (CO<sub>2</sub>-e) greenhouse gas emissions attributed to the consumption in the ACT of 1 MWh of electricity for a compliance period. This is the ‘Emissions Multiplier’.

In the context of the Act, NERL retailers must apply the Emissions Multiplier to their sales in the ACT and a target set for the Energy Efficiency Improvement Scheme (Scheme) as a whole to determine their obligation under the Scheme. Section 13 provides that an individual NERL retailer’s obligation is calculated as follows:

Energy Savings Target (per cent) x Emissions Multiplier x Sales (MWh)

This calculation results in the number of tonnes of CO<sub>2</sub>-e a NERL retailer must save by undertaking eligible measures under the Scheme (with each activity assigned a value of CO<sub>2</sub>-e savings).

In setting the Emissions Multiplier for the Scheme, the following principles have been considered:

- Consistency with modelling: the impact and ambition should be equivalent to that modelled (and not increase the burden on NERL retailers); and
- Consistency with the ACT inventory: including transmission losses (going beyond inclusions in the National Greenhouse Account (NGA) scope 2 factors). This should be included in the Emissions Multiplier applied to NERL retailers, as calculations are based on their energy sales to customers (which don’t take into consideration transmission losses).

The modelling underpinning the development of the Scheme projects reduction in the emissions intensity of the electricity grid over the lifetime of the Scheme as a result of projected changes in the national electricity market, projected energy consumption and the future contribution of the ACT’s 90 per cent renewable energy target and other greenhouse gas policies.

The calculation of the future emissions intensity of electricity in the ACT is consistent with the approach to calculate Scope 2 emissions factors for electricity purchased from a grid, as described in Chapter 7 of the Technical Guidelines for the estimation of greenhouse gas emissions by facilities in Australia, as specified for use in the National Greenhouse and

Energy Reporting System, and are also consistent with the approach for calculating electricity generation emissions as described in the National Inventory Report. This approach aligns with the definitions used in The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard of the World Resources Institute/World Business Council for Sustainable Development (the Greenhouse Gas Protocol).

This instrument therefore provides that over the period 1 January 2016 to 31 December 2020, the projected Emissions Multiplier is 0.4.

The Emissions Multiplier has been decreased to reflect the ACT's 90% renewable energy target and forward projections of electricity sales in the ACT.

It is important to note, however, that the Emissions Multiplier is essentially nominal for the purpose of the Scheme, and that actual reductions in greenhouse gases will be measured in accordance with the ACT inventory.

This instrument is made under section 9 of the Act which is an uncommenced provision inserted by section 6 of the *Energy Efficiency (Cost of Living) Improvement Amendment Act 2015* (Amendment Act). This is done in accordance with section 81 of the Legislation Act. This instrument commences on the day after its notification consistent with section 81 (6) of the Legislation Act.

*Energy Efficiency (Cost of Living) Improvement (Emissions Factor) Determination 2012 (No 1)* (DI2012-91) remains in effect to permit auditing compliance.