

# Energy Efficiency (Cost of Living) Improvement (Penalties for Noncompliance) Determination 2015 (No 1)

Disallowable Instrument DI2015–272

made under the

**Energy Efficiency (Cost of Living) Improvement Act 2012, s22 (Penalties for noncompliance)**

## **Explanatory Statement**

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### **Overview**

Section 22 of the *Energy Efficiency (Cost of Living) Improvement Act 2012* (the Act) outlines the penalty payable by a NERL retailer who is determined to have a shortfall in sections 20 and/or 21. This instrument determines the shortfall penalty to be \$300 per tonne of carbon dioxide equivalent greenhouse gas emissions for each compliance period between 1 January 2016 to 31 December 2020.

The purpose of this section, coupled with sections 13, 15, 20, 20A, 20B, 20C and 21, is to encourage NERL retailers to achieve their energy savings obligation and priority household obligation. The shortfall penalty has therefore been determined at a level that will provide a strong incentive for NERL retailers to meet their obligations under the Energy Efficiency Improvement Scheme (in relation to meeting their retailer's energy savings obligation by undertaking energy and emissions saving activities) whilst also setting a cap on the costs to participating NERL retailers. Should the cost of achieving obligations through the delivery of eligible activities exceed the shortfall penalty amount, NERL retailers may have an incentive to pay the penalty price so as to minimise their costs of compliance with the Act.

Accordingly, the shortfall penalty has been developed on the basis of the specific outcomes sought by the Act, that is to: encourage the efficient use of energy; reduce greenhouse gas emissions associated with stationary energy use in the Territory; reduce household and business energy use and costs; and increase opportunities for priority households to reduce energy use and costs.

This instrument commences on the day after notification.