

Energy Efficiency (Cost of Living) Improvement (Priority Household Target) Determination 2019

Disallowable instrument DI2019—75

made under the

Energy Efficiency (Cost of Living) Improvement Act 2012, s 8 (Priority household target)

EXPLANATORY STATEMENT

Introduction

This explanatory statement relates to the *Energy Efficiency (Cost of Living) Improvement (Priority Household Target) Determination 2019* as presented to the Legislative Assembly. It has been prepared in order to assist the reader of the disallowable instrument and to help inform debate on it. It does not form part of the disallowable instrument and has not been endorsed by the Assembly.

The statement must be read in conjunction with the disallowable instrument. It is not, and is not meant to be, a comprehensive description of the disallowable instrument. What is said about a provision is not to be taken as an authoritative guide to the meaning of a provision, this being a task for the courts.

Overview

The purpose of the disallowable instrument is to set a priority household target (PHT) under the *Energy Efficiency (Cost of Living) Improvement Act 2012* (the Act). The Act establishes a retailer efficiency obligation scheme known as the Energy Efficiency Improvement Scheme (EEIS). It includes a range of targets which are based on greenhouse gas emissions associated with electricity sales. EEIS targets include:

- An Energy Savings Target establishing the total reduction in greenhouse gas emissions to be achieved by electricity retailers, expressed as a percentage of their total electricity sales. From 2016 until 2020 the Energy Savings Target is set at 8.6 per cent.

- The PHT for the total reduction in greenhouse gas emissions to be achieved in priority households, expressed as a percentage of the retailer's energy savings obligation.

Energy Savings Targets are achieved by retailers delivering eligible activities under the EEIS. These activities include installing energy efficient light globes, draught seals, efficient space and water heaters and other items that save energy while maintaining quality of life.

Only tier 1 retailers are required to achieve the Energy Savings Target and the PHT. Smaller tier 2 retailers can meet their obligation by paying an Energy Savings Contribution. The Act defines a tier 1 retailer as a national energy retail law retailer that, in the previous compliance period had, at any time during that period, at least 5,000 customers in the ACT, and sold at least 500,000MWh of electricity to customers in the ACT. There is currently only one tier 1 retailer operating in the ACT, ActewAGL Retail.

Priority households are intended to be those lower income households that can benefit most from energy efficiency, but are least able to make improvements without additional assistance. Priority households are defined in the Act's dictionary as a residential premises in which one person who lives at the premises—

- (a) is a recipient of an ACT Government energy concession; or
- (b) holds a Commonwealth pensioner concession card or health care card; or
- (c) holds a Department of Veterans Affairs pensioner concession card, TPI gold repatriation health care card, war widows repatriation health care card or gold repatriation health care card; or
- (d) is within a class of people prescribed by regulation.

An expanded scope of the PHT was implemented through the *Energy Efficiency (Cost of Living) Improvement Regulation 2017* (the regulation) after being tested through stakeholder consultation. The regulation added the following priority household classes:

- (a) Three additional Commonwealth concessions:
 - i. seniors health card holders;
 - ii. low income health care card holders;
 - iii. disability support pension recipients;
- (b) Households accessing a financial hardship program of an energy retailer,
- (c) Households experiencing financial hardship and referred by a specified community organisation or the ACT Civil and Administrative Tribunal; and
- (d) People living in a priority dwelling, which includes:
 - i. Public housing properties managed by Housing ACT;
 - ii. Not-for-profit community housing facilities;
 - iii. Not-for-profit aged care housing facilities; and

iv. Not-for-profit disability housing facilities.

The policy objective to “increase opportunities for priority households to reduce energy use and costs” is established by section 6 (d) of the Act. Section 8 of the Act requires the Minister to determine the PHT. Section 16 of the Act requires tier 1 retailers to achieve the retailer’s priority household obligation for a compliance period. The disallowable instrument determines the PHT to be 30 per cent for the 2020 compliance period. The disallowable instrument meets the policy objective of section 6 (d) by ensuring that a proportion of savings are achieved in priority households.

An independent, post-implementation review¹ of the EEIS was carried out in early 2018 to assess whether the EEIS remains appropriate, and how effective and efficient it has been in tackling the original policy problems and scheme objectives. The review found that the EEIS has fulfilled its four objectives, which include reducing energy use and costs for priority households.

According to the review, which had an extensive stakeholder consultation process, the tier 1 retailer’s PHT is an effective way to ensure that a proportion of the activities and hence benefits flow on to low income households. Priority households have been well served by the EEIS since the scheme started in 2013, delivering over 1M GJ of lifetime energy savings in over 18,000 priority households, or 24% of total scheme residential lifetime energy savings.

Targeted key stakeholder consultation undertaken on the proposed 2020 PHT confirmed that most stakeholders supported an increase in the PHT.

The forecast abatement from priority households for 2019 and 2020 based on the \$7 million ACT Government investment in energy efficient public housing is higher than 25 per cent.

Human Rights

The determination does not affect any human right set out in the *Human Rights Act 2004*.

Outline of provisions

Section 1- Name of instrument

This section names the instrument as the *Energy Efficiency (Cost of Living) Improvement (Priority Household Target) Determination 2019*.

Section 2 - Commencement

This section provides for the commencement of the instrument, which will be the day after its notification day.

¹ Point Advisory (2018) *Review of the Energy Efficiency Improvement Scheme*.
http://www.environment.act.gov.au/energy/smarter-use-of-energy/energy_efficiency_improvement_scheme/publications.

Section 3 – Determination of the priority household target

By this section, the Minister determines the Priority Household Target as 30 per cent for 2020.