

Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2025

Disallowable instrument DI2025–258

made under the

Energy Efficiency (Cost of Living) Improvement Act 2012, s 7 (Energy savings target)

EXPLANATORY STATEMENT

Introduction

This explanatory statement relates to the *Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2025* (the **Determination**). It has been prepared to assist the reader of the Determination. It does not form part of the Determination and has not been endorsed by the Assembly.

This explanatory statement clarifies the intent of the Determination and must be read in conjunction with the Determination. It is not, and is not intended to be, a comprehensive description of the Determination.

Overview

Section 7 of the *Energy Efficiency (Cost of Living) Improvement Act 2012* (the **Act**) provides that the Minister must determine a target for the total energy savings to be achieved by National Energy Retail Law (**NERL**) retailers in a compliance period, expressed as a percentage of their total electricity sales in the ACT.

NERL retailers will apply the energy savings target to their electricity sales to determine their obligation under the Energy Efficiency Improvement Scheme (the **Scheme**).

Section 10 of the Act provides that the Minister may determine eligible activities that NERL retailers may undertake to meet this obligation. This determination by the Minister includes a specific energy savings factor the activity is deemed to save over its lifetime, as counting towards a NERL retailer's obligation.

It is important to note that the energy savings target determined for each compliance period reflects the total life-cycle energy savings of activities undertaken in a given year (rather than actual reductions in a year) as a percentage of a NERL retailer's own energy sales.

The Determination sets the energy savings target at 14.6 per cent, for the period starting on 1 January 2026 and continuing to 31 December 2026.

The target has been determined based on detailed modelling of the energy savings opportunities that exist in the ACT, considering:

- costs to electricity retailers to deliver the Scheme;
- expected passthrough costs to consumers;
- lifetime achievements of the Scheme;
- complementary ACT programs and policies;
- available activities; and
- the benefit-to-cost ratio.

The anticipated cost per megawatt hour of energy savings has also been considered in setting the target, as reflected in the energy savings contribution provided for by section 11 of the Act, and the shortfall penalty price provided for in section 22 of the Act.

The energy savings target has remained constant with the value set for the 2023, 2024 and 2025 compliance periods (14.6 per cent). As required by section 7 (2) (b) of the Act, the Determination is being made at least 3 months before the start of the compliance period on 1 January 2026.

Previous year's Energy Savings Target Determinations remain in effect to permit auditing compliance of past compliance periods.

Human Rights

The Determination does not engage human rights under the *Human Rights Act 2004*.

Regulatory Impact Statement (RIS)

Section 34 of the *Legislation Act 2001* provides that if a proposed subordinate law or disallowable instrument (the proposed law) is likely to impose appreciable costs on the community, or a part of the community, then, before the proposed law is made, the Minister administering the authorising law must arrange for a RIS to be prepared for the proposed law. A RIS has been prepared for the Determination.

Scrutiny of Bills Committee Terms of Reference

The Determination is consistent with the Legislative Assembly's Scrutiny of Bills Committee Terms of Reference. In particular, the Determination:

1. is in accordance with the general objects of the Act.
2. Does not unduly trespass on rights previously established by law.
3. Does not make rights, liberties and/or obligations unduly depended upon non-reviewable decisions.