

# Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2015 (No 1)

## Disallowable Instrument DI2015–268

made under the

**Energy Efficiency (Cost of Living) Improvement Act 2012, s7 (Energy savings target)**

## EXPLANATORY STATEMENT

---

### 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 reduction in greenhouse gas emissions to be achieved by NERL retailers in a compliance period, expressed as a percentage of total electricity sales in the ACT.

NERL retailers will apply the target to their electricity sales to determine their obligation under the Energy Efficiency Improvement Scheme. Section 13 of the Act provides that a NERL retailer's obligation, expressed in greenhouse gas emissions savings, is calculated as follows:

$$\text{Energy Savings Target (per cent)} \times \text{Emissions Multiplier} \times \text{Sales (MWh)}$$

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 abatement factor for the number of greenhouse gas emissions 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 Targets 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 emissions (emissions associated with their own electricity sales).

The instrument provides that the Energy Savings Target is:

- a) 8.6 per cent of total electricity sales for the period 1 January 2016 to 31 December 2016;
- b) 8.6 per cent of total electricity sales for the period 1 January 2017 to 31 December 2017;
- c) 8.6 per cent of total electricity sales for the period 1 January 2018 to 31 December 2018;
- d) 8.6 per cent of total electricity sales for the period 1 January 2019 to 31 December 2019; and
- e) 8.6 per cent of total electricity sales for the period 1 January 2020 to 31 December 2020.

These targets have been determined based on detailed modelling of the energy savings opportunities that exist in the ACT, considering:

- Stocks of energy using equipment in the ACT;
- Changes in the emission intensity of grid electricity; and
- Projections for energy efficiency improvements across the Territory under business as usual conditions.

The anticipated average and maximum cost per tonne of abatement has also been considered in setting the target – as reflected in the shortfall penalty price provided for in Section 22 and the Energy Saving Contribution provided for by Section 11.

This instrument commences on the day after notification.

This instrument is made under section 7 of the Act as amended by section 4 of the *Energy Efficiency (Cost of Living) Improvement Amendment Act 2015* (Amendment Act). Section 4 of the Amendment Act is an uncommenced provision. The making of this instrument is done in accordance with section 81 of the Legislation Act. This instrument commences on the day after notification consistent with section 81 (6) of the Legislation Act.

*Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2012 (No 1)* remains in effect to permit auditing compliance of the 2013, 2014 and 2015 compliance periods.