

Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2020 (No 1)

Disallowable Instrument DI2020–219

made under the

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

EXPLANATORY STATEMENT

Introduction

This explanatory statement relates to the Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2020 (No1) (the Determination). It has been prepared in order 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. What is written 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

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.

Section 7 (Energy savings target) of the Act is amended by section 6 of the *Energy Efficiency (Cost of Living) Improvement Amendment Act 2019* (the Amendment Act). The Amendment Act was notified on 3 October 2019 and has partially commenced. Section 6 of the Amendment Act is an uncommenced provision that will commence on 1 January 2021. Section 6 of the Amendment Act omits ‘reduction in greenhouse gas emissions’ from the Section 7 of the Act (Energy savings target) and replaces it with ‘energy savings’.

NERL retailers will apply the Energy Savings Target to their electricity sales to determine their obligation under the Energy Efficiency Improvement 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 abatement 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 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 energy sales.

Section 7(2)(b) of the Act provides that if a determination does not increase the Energy Savings Target, the determination must be made at least three months before the start of the compliance period to which the target relates. This target has not increased from the value set for the 2020 compliance period.

The determination does not engage human rights under the *Human Rights Act 2004*. A regulatory impact statement has been prepared for the determination.

Clause Notes

Clause 1 names the instrument.

Clause 2 indicates the time of commencement.

Clause 3 provides that the Energy Savings Target is 8.6 per cent of total electricity sales for the period beginning on 1 January 2021 and ending on 31 December 2021.

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;
- and
- Projections for energy efficiency improvements across the Territory under business as usual conditions.

This target has not increased from the value set for the 2020 compliance period.

The anticipated average and maximum cost per MWh 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 is made under section 7 of the Act as amended by section 6 of the *Energy Efficiency (Cost of Living) Improvement Amendment Act 2019* (Amendment Act).

Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2015 (No 1) remains in effect to permit auditing compliance of the 2016, 2017, 2018, 2019 and 2020 compliance periods.

Clause 4 declares that subsection 81 (6) of the *Legislation Act 2001* applies to the instrument. Section 7 of the Act is amended by section 6 of the Amendment Act. The Amendment Act was notified on 3 October 2019. Section 6 of the Amendment Act is an uncommenced provision that will commence on 1 January 2021. The compliance period to which this determination applies also commences on 1 January 2021.