

Australian Capital Territory

Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2023

Disallowable instrument DI2023–154

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 2023* (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 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 1 January 2024 to 31 December 2024.

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 compliance period (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 2024.

The *Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2015 (No 1)* (DI2015-268), *Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2020 (No 1)* (DI2020-219), *Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2021* (DI2021-162) and *Energy Efficiency (Cost of Living) Improvement (Energy Savings Target) Determination 2022* (DI2022-150) remain in effect to permit auditing compliance of the 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 compliance periods.

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

A regulatory impact statement has been prepared for the determination.