

Department of **Environment & Climate Change** NSW

NSW Energy Efficiency Trading Scheme Forum

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Forum Agenda

- Simon Smith, DECC: policy context
- Leisl Baumgartner, DWE: overview of NEET
- Walter Gerardi, MMA: opportunities for energy efficiency
- Break
- David Hemming, DWE: Scheme design
- Panel: comment and questions

Context and Objectives

- NSW Energy Efficiency Strategy
- NSW Energy Efficiency Trading Scheme (NEET)
- Relationship of NEET to Emissions Trading
- Towards a National Energy Efficiency Scheme
- Other harmonisation issues

Why have a strategy?

- Historical low cost electricity, but prices are rising
- Existence of negative-cost energy savings opportunities implies market failures that a carbon price won't reach
- Cost-effective energy saving actions
 - Save money, capital and labour
 - Reduce impacts of electricity price rises
 - Reduce greenhouse gases



NSW Energy Efficiency Strategy



- Announced 18 June 2008
 - NSW economy-wide savings target
 - Revitalise energy efficiency component of GGAS
 - \$150m Business, household and govt agency programs

NSW Energy Efficiency Strategy

- Objectives
 - reduce impact of national ETS on energy customers' bills
 - delay need for new energy supply infrastructure
 - reduce greenhouse gas emissions
 - improve energy productivity, reduce costs to economy

How to find out more...

- Seminar on NSW Energy Efficiency Strategy in July
 - information on the implementation
 - opportunity to input on design with the DECC team
- Register interest by email to:
info@environment.nsw.gov.au.

NSW Energy Efficiency Trading Scheme (NEET)

- A key initiative in the energy efficiency strategy
- Revitalise energy efficiency component of Greenhouse Gas Reduction Scheme (GGAS)
 - Enhance market-based incentive for energy efficiency
 - Incentivise private sector innovation

The Context

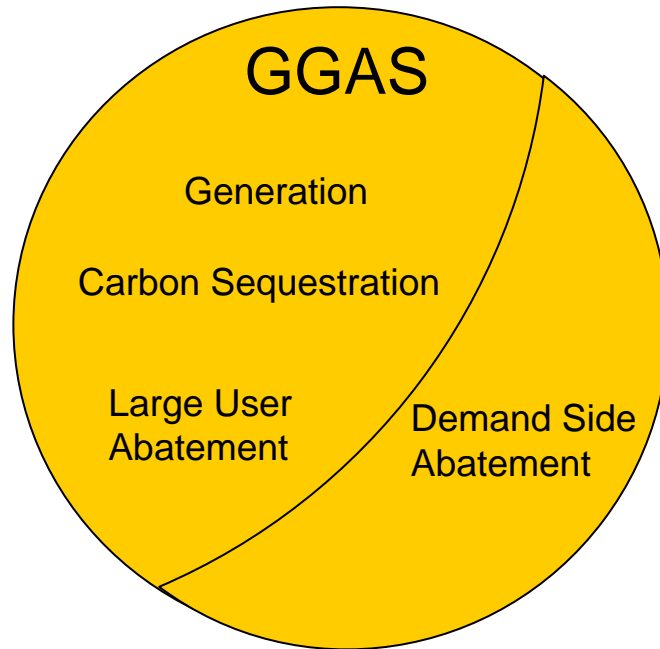
- Primacy of Emissions Trading Scheme
- Cost-effective energy savings not delivered by emissions trading schemes alone
- Energy efficiency as a complement
 - Access abatement at low cost, improve economic efficiency
 - Overcome market failures and barriers

Why price alone is insufficient

- Market failures and barriers
 - energy efficiency opportunities not taken up - despite price signal (Owen Report)
 - examples: transaction costs; split incentives
- Energy efficiency schemes complement emissions trading in EU countries - UK, Italy, France, Belgium.
- Major programs also in USA esp California

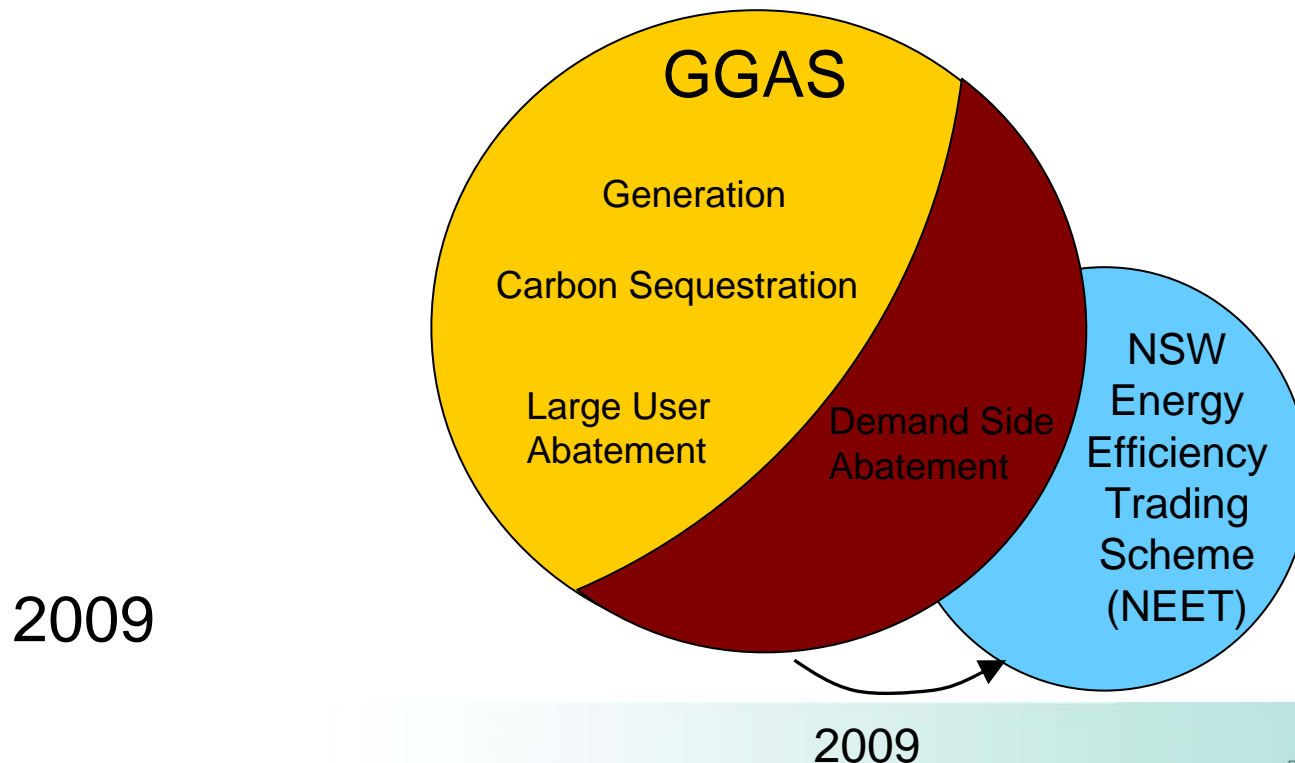


Transition from GGAS to NEET and AETS

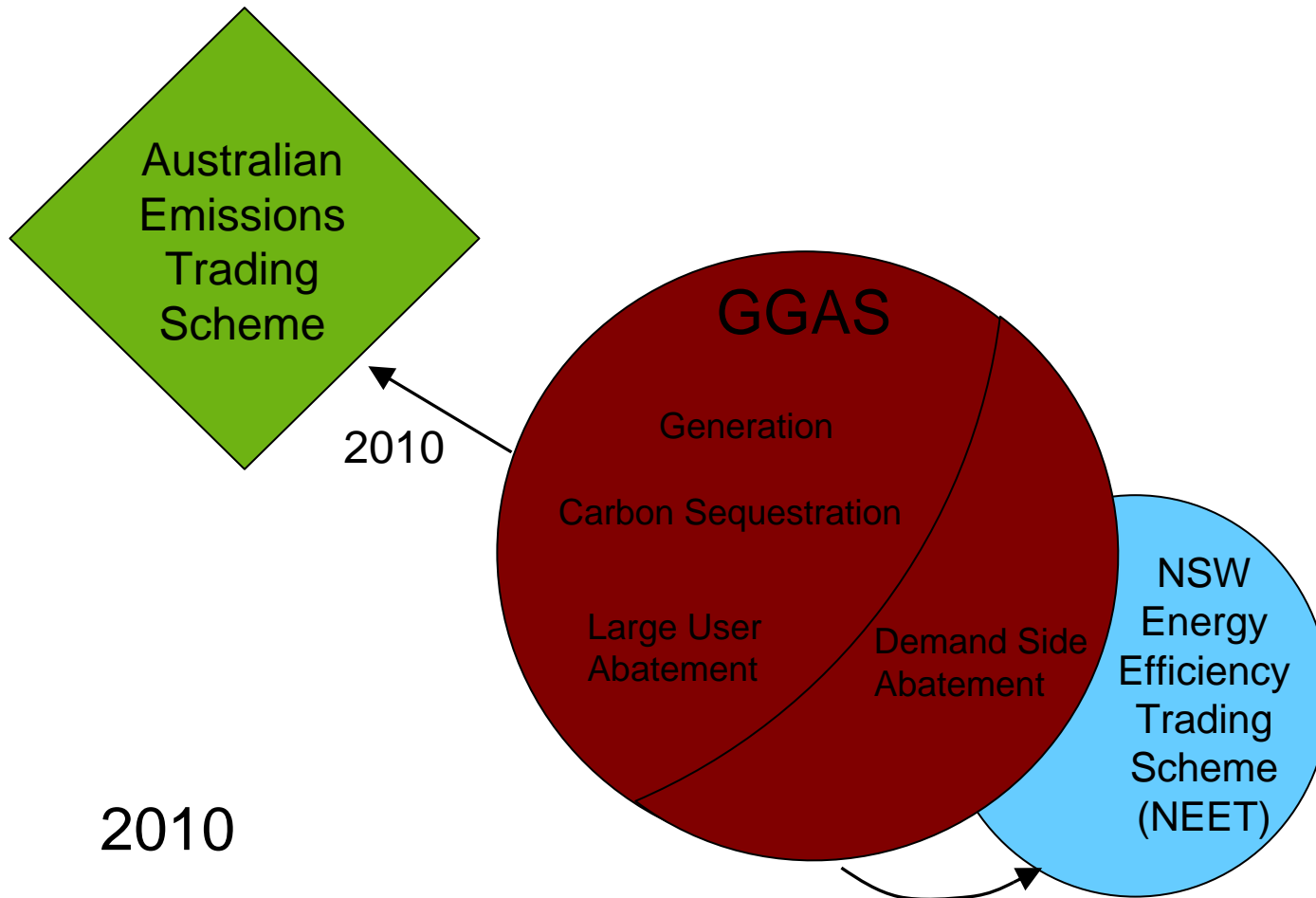


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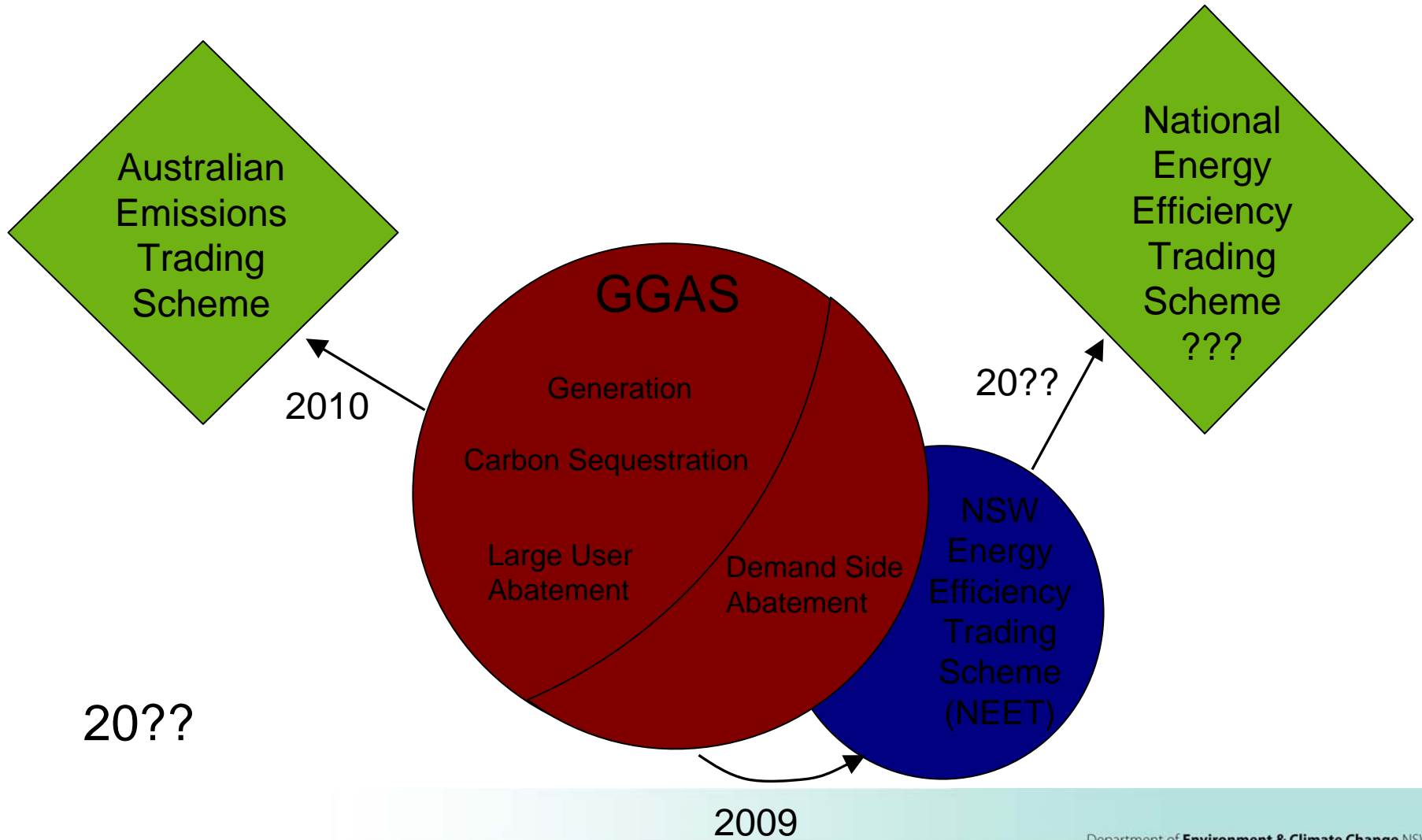
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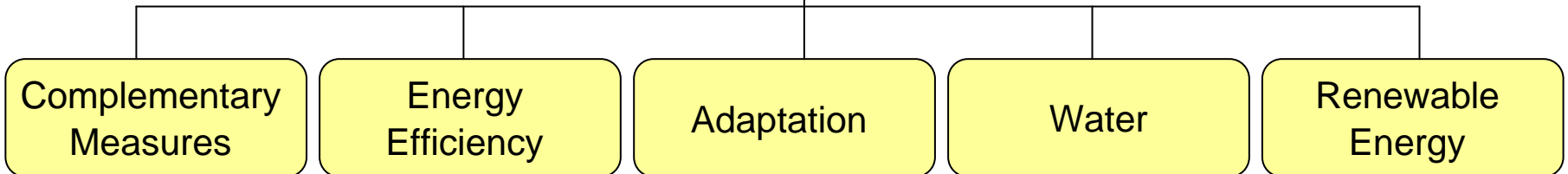
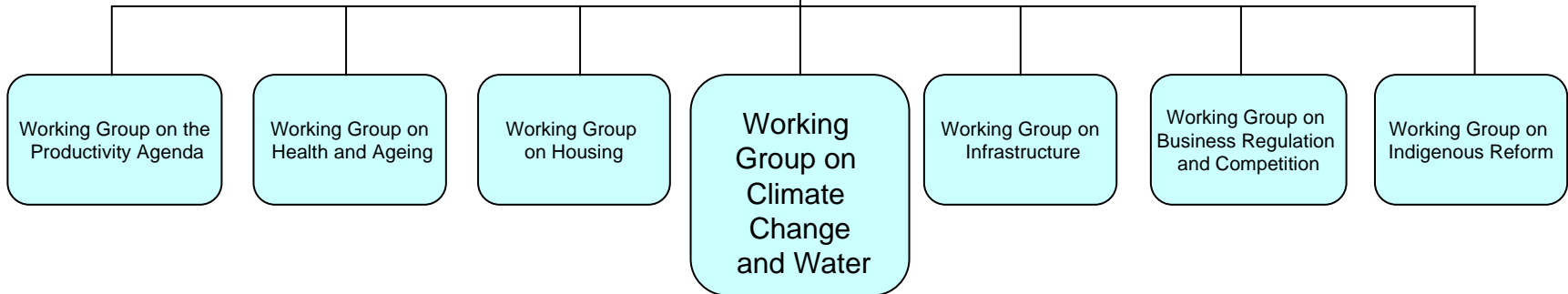
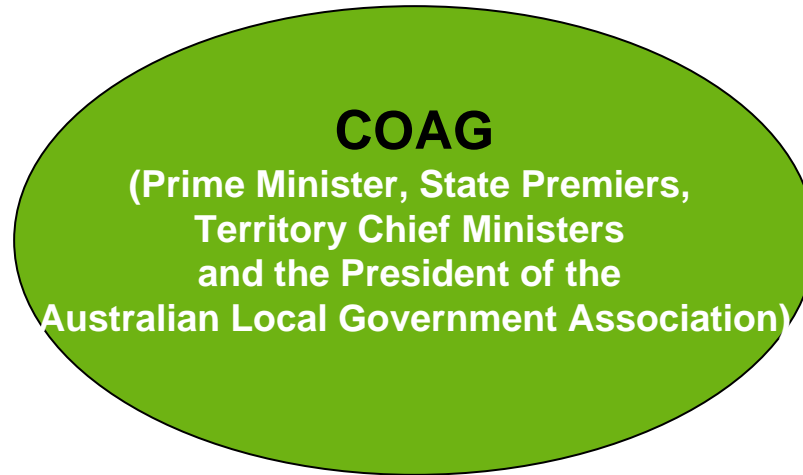
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Transition from GGAS to NEET and AETS



COAG Structure



Towards a National Energy Efficiency Scheme

- NSW Preference for a national energy efficiency scheme
 - unlikely by 2010
 - NEET bridges gap in incentive for energy efficiency – maintains activity
- NEET to continue until national energy efficiency scheme established
 - otherwise, until 2020
- Evaluate NEET in early years of emissions trading

Towards a National Energy Efficiency Scheme

- Victoria and South Australia also establishing energy efficiency schemes (VEET and REES)
 - parallels between NEET, VEET and REES
- Harmonise schemes and minimise compliance costs
 - reporting requirements for liable parties
 - processes e.g. Rules and Registry interface
- Objective: harmonised multi-state scheme leads to a national scheme

Other harmonisation issues

- Other complementary measures – NGERS, MRET
- Some overlap of liable parties and participants with NEET
- Recognise need to harmonise administration of NEET with other schemes
- Welcome feedback - how best to harmonise with both State and national schemes

Next Steps

- Foundation input by 11 July to neetforum@dwe.nsw.gov.au
- Platform legislation in Spring session
- Detail consultation NEET Regulation & Rule, any consequential changes to GGAS: Spring
- Scheme commences: 1 January 2009.