

Suite 201 T: + 61 3 9929 4100
18 Kavanagh Street F: + 61 3 9929 4101
Southbank VIC 3006 E: info@cleanenergycouncil.org.au
Australia www.cleanenergycouncil.org.au
ABN: 84 127 102 443



19 December 2011

Energy Saver Incentive

Energy Sector Development Division
Department of Primary Industries
GPO Box 4440
MELBOURNE VIC 3001

By email: energysaverincentive@dpi.vic.gov.au

Dear Sir/ Madam,

CEC Response to Expansion of the Energy Saver Incentive - Standby Power Controllers for business sector Discussion Paper

The Clean Energy Council welcomes the opportunity to provide a response to Expansion of the Energy Saver Incentive - SPC for businesses Discussion Paper

The Clean Energy Council is the peak body representing Australia's renewable energy and energy efficiency industries with around 590 members.

Its priorities are to:

- create the optimal conditions in Australia to stimulate investment in the development and deployment of world's best clean energy technologies;
- develop effective legislation and regulation to reduce energy demand and improve its efficient use; and
- work to reduce costs and remove all other barriers to accessing clean energy.

The Clean Energy Council works with members and the government to identify and address the barriers to efficient industry development in the stationary energy and energy efficiency sector.

The Clean Energy Council commends the Victorian Government on its commitment to expand the Energy Savings Initiative to businesses. With electricity prices forecast to increase substantially over the next decade largely due to network investment and new generation, delivering effective energy efficiency policies is the best way governments can protect

households and businesses from rising costs. With standby power making a significant contribution to the electricity consumed in business, strategies to reduce standby power consumption are important to reduce wasted energy and to assist in providing added protection for the small and medium business (SME) sector from rising electricity prices.

In the expansion of the Energy Savings Initiative, the Clean Energy Council contends that the Department of Primary Industries should prioritise the development of a market that promotes certainty for business, credibility in terms of deemed energy savings and one that places a high value on the integrity of the product installation.

Standby power control (SPC) devices automatically reduce the standby energy consumption of the controlled appliances connected to it. A high value must be placed on the integrity of the product installation to ensure the most effective products are incentivised that will deliver the greatest degree of energy savings to businesses. In line with the principles of the VEET scheme, a technology assessment process should be adopted that rewards innovation to drive energy savings higher.

The Clean Energy Council has the following concerns around the Department of Primary Industries current proposal for SPC's in the SME sector. The setting of the default ceiling at 1 VEEC per IT equipment and Audio Visual SPC irrespective of technology fails to recognise the increased savings of improved technology, thus removing incentives for innovation. The current proposal risks incentivising the least effective projects (i.e. technologies and projects with lowest energy savings per capital cost). It fails to encourage innovation and drive savings higher through improved technology as these savings are not valued with a default ceiling of 1 VEEC. Adopting an assessment process that rewards innovation is in line with the approach taken in the assessment of SPC's for the residential sector which does promote innovation and is already driving technology investment and job growth in the sector.

It is the view of the Clean Energy Council that the foundation work of existing modelling and normalisation models for the residential sector, adjusted for the SME market assessment is both applicable and the preferred approach to SME abatement factor modelling.

The Clean Energy Council recognises that the adaption of residential SPC activity to the business sector presents many issues, particularly in regards to regulation. However, the Clean Energy Council contends that the current suggested minimum device eligibility, set at 3 connected peripherals per PC unit equating to 1 VEEC, is set too high and may result in fewer units being installed in the SME sector. This is particularly true given that the average number of connected peripherals connected to the SPC is likely to be lower in the business sector than in residential. Accordingly, the Clean Energy Council recommends that the minimum be reduced to 2 PC installations per VEEC.

The CEC looks forward to continuing discussions with the Department of Primary Industries with respect to the Energy Saver Incentive expansion and associated amendments over the coming months.

If you have any questions about this submission, please contact Policy Analyst Felicity Sands on (03) 9929 4100.

Yours sincerely

<original signed>

Russell Marsh

Director of Policy