

# MINISTERIAL COUNCIL ON ENERGY

## Communiqué

**Adelaide, 27 August 2004**

The Ministerial Council on Energy (MCE) held its eighth meeting on Friday 27 August 2004, in Adelaide. The meeting was chaired by the Hon Ian Macfarlane MP, the Australian Government Minister for Industry, Tourism and Resources. Energy Ministers from the State and Territory governments also attended the meeting.

The Ministerial Council on Energy (MCE) is the national policy and governance body for the Australian energy market, including for electricity and gas, as outlined in the Council of Australian Governments (COAG) *Australian Energy Market Agreement (AEMA)* of 30 June 2004. The Council also provides leadership and oversight to meet the broader opportunities and challenges facing the energy sector, including continued development of national energy policy.

This meeting noted significant progress made on implementation of the Council's energy market reform program, with the program on track for completion of the first round of national energy market legislation to enable the Australian Energy Market Commission (AEMC) and the Australian Energy Regulator (AER) to be fully operational by December 2004. Ministers received a progress report on the appointment of Chairs to the AER and AEMC.

MCE Ministers also unanimously agreed voting arrangements for Council decisions relating to the Australian Energy Market. MCE Ministers will be eligible to vote on matters in accordance with their jurisdictional interests, and consistent with relevant provisions of the Australian Energy Market Agreement. In some cases, where the agreement of all eligible MCE Ministers is considered necessary, a requirement of unanimity will apply. These include proposals to amend the national legislative framework applying to the Australian Energy Market (ie the National Electricity Law and the Gas Pipelines Access Law), the MCE's provision of statements of policy principles to the AEMC, and future changes to the MCE's voting arrangements.

The Council's energy market reform program is also supported by a robust program of stakeholder consultations. Ministers agreed to release the following papers (available at [www.mce.gov.au](http://www.mce.gov.au)):

- Distribution and Retail Regulation: issues paper, which will commence the consultation process for development of a national framework for the regulation of distribution and retail (other than retail pricing).
- User Participation: policy statement, reporting the outcomes of industry consultation held earlier in 2004 and announcing the forward work program in this area.
- Gas Market Principles: consultation paper, the outcome of which will be a framework for further policy development on the gas market.

The Council established a new working group, the Renewable and Distributed Generation Working Group, to consider policy directions required for removing impediments to, and promoting the commercial uptake of renewable and distributed generation technologies and practices in the Australian energy market. This includes the wind energy policy working group, which is actively working with NEMMCO to identify any impediments to large scale wind generation in the National Electricity Market. A technical advisory group, with industry sector representation will be formed by NEMMCO, to assist the policy group with the analysis of the technical matters.

Ministers also agreed to participate in a joint working group with the Environment Protection and Heritage Council (EPHC) to examine the streamlining of greenhouse and energy reporting to ensure that there is a nationally consistent framework for greenhouse and energy reporting from Australian industry to meet government and public reporting needs.

Ministers noted the significant benefits that can flow from enhanced energy efficiency in Australia and committed to implement over three years a package of measures as Stage One of the National Framework for Energy Efficiency. These measures consist of nine integrated and inter-linked energy efficiency policy packages, which are detailed in the attachment to this Communiqué. The package will assist improved coordination amongst jurisdictions in delivering energy efficiency programs.

As one step in improving the energy efficiency of government operations, Ministers agreed to develop, by December 2004, a database of low standby power and high efficiency appliances to guide government purchasing decisions.

Ministers also agreed to further work on other possible incentives for energy efficiency, to be considered in the context of the Productivity Commission Inquiry into energy efficiency, due for completion around mid-2005.

Ministers agreed to examine opportunities to use the existing MRET administrative framework as a basis for any future state-based renewable energy schemes. Using the existing MRET structure would reduce the administrative costs associated with such schemes.

At the MCE's request, NEMMCO presented an interim report on the electricity blackouts in the NEM of 13 August 2004. Ministers requested that NEMMCO review the incident and that their final report particularly address the system engineering issues, load-shedding allocations and protocols across the states, and communication and information issues. Ministers agreed to consider ways to improve equity and transparency in the emergency response process.

Ministers agreed that strategies be developed to address skills shortages and training issues in the energy sector, for consideration at their next meeting.

End

## **The National Framework for Energy Efficiency**

In November 2002 the Ministerial Council on Energy (MCE) endorsed a proposal for the development of a National Framework for Energy Efficiency (NFE) to define future directions for energy efficiency policy and programs in Australia. This was in response to the recognised need for a significant improvement in energy efficiency in Australia through coordinated action by federal, state, and territory government agencies.

At its meeting of 27 August 2004, MCE agreed to the implementation of nine policy packages constituting the first stage of NFE within three years, and to the investigation of broad-based incentive measures that could be considered for inclusion in the second stage of NFE in the context of the Productivity Commission inquiry into energy efficiency in 2005.

The purpose of the National Framework is to unlock the significant but un-tapped economic potential associated with the increased implementation of energy efficient technologies and processes across the Australian economy to achieve a major enhancement of Australia's energy efficiency performance. It will also deliver the associated benefits of reduced energy demand and lower greenhouse gas emissions.

The National Framework is a comprehensive package of measures covering the residential, commercial and industrial sectors, designed to overcome the barriers and challenges that prevent the market delivering the actual economic potential of energy efficiency.

The "foundation" measures of Stage One establish the building blocks of the National Framework and have been informed by an extensive stakeholder consultation process. Stage One comprises nine *integrated* and *inter-linked* policy packages which extend, or further develop, a range of energy efficiency measures that are currently being implemented at the national or jurisdictional level. It will build on the existing capacity and capabilities developed by jurisdictions with an increased focus on national coordination. Stage One measures have the potential to result in an increase in GDP of around \$400 million per year. The implementation of the measures will be overseen by the Ministerial Council.

The nine energy efficiency policy packages included in Stage One of the National Framework are:

### ***Residential buildings***

To improve the energy performance of the residential building stock over time and to inform consumer decision making, the package encompasses:

- nationally consistent minimum energy efficiency design standards for new homes, units and apartments;
- minimum energy efficiency design standards for major renovations; and
- mandatory disclosure of the energy performance of homes, units and apartments at the time of sale or lease.

### ***Commercial buildings***

To improve the energy performance of the commercial building stock over time and to inform owner and tenant decision making, the package will introduce:

- nationally consistent minimum energy efficiency design standards for new and refurbished buildings; and
- mandatory disclosure of building energy performance at time of sale or lease.

### ***Commercial/industrial energy efficiency***

To raise the awareness of senior management and motivate action, and to improve the skill base to identify energy efficiency opportunities, this package includes:

- the requirement for large energy consumers to undertake mandatory energy assessments and report on the energy efficiency opportunities that these identify, as announced in the Australian Government's Energy White paper; and
- nationally coordinated training and accreditation for energy auditors and energy performance contractors in conjunction with programs and protocols already in place.

### ***Government energy efficiency***

To demonstrate leadership to the business sector and wider community, Governments will:

- develop nationally consistent standards for measuring and reporting on government energy efficiency programs;
- introduce public annual reporting by all jurisdictions on energy use and progress towards achieving the targets set for government agencies;
- establish minimum energy performance standards for government buildings; and
- develop best practice models for government departments to implement energy efficiency programs.

### ***Appliance & equipment energy efficiency***

To improve the energy efficiency of major energy using appliances and equipment, the National Appliance & Equipment Energy Efficiency Program (NAEEEP) for electrical products will be:

- broadened in scope to include mandatory minimum energy performance standards (MEPS) and labelling for gas products; and
- expanded through the introduction of new or more stringent MEPS for residential, commercial and industrial products, with a key focus on increasing the number of commercial and industrial products regulated.

### ***Trade and professional training & accreditation***

To develop the capacity of the relevant professions and trades to identify opportunities and implement energy efficient solutions, the package will:

- undertake a nationally coordinated effort to integrate energy efficiency concepts into the courses for the key trades and professions that influence energy efficiency outcomes; and
- develop training and accreditation courses for practicing tradespersons.

### ***Commercial / industrial sector capacity building***

To demonstrate the benefits of energy efficiency, build industry capacity to deliver energy efficient solutions, and reduce energy efficiency investment risks, the package will:

- develop a nationally coordinated program to generate highly visible examples of energy efficient equipment or processes in key industrial sectors and new or refurbished commercial buildings;
- link industry and government to key centres for leading edge energy efficiency research and development; and
- establish nationally coordinated energy efficiency best practice networks.

### ***General consumer awareness***

To raise the awareness of general consumers (householders and small business) and motivate energy saving actions, the package comprises:

- the requirement for energy retailers to provide benchmark data on energy bills;
- development of a nationally coordinated network to facilitate easy and timely access to high quality and relevant information;
- targeted promotional campaigns for specific energy efficiency issues; and
- the integration of energy efficiency concepts into the school curriculum.

### ***Finance sector awareness***

To increase the type and availability of finance products for energy efficiency, government agencies will work with the finance sector to:

- raise awareness of the opportunities for, and benefits of, energy efficiency investments; and
- provide tools for the valuation and risk assessment of proposals.