

# **NFEE Stage Two Consultation Paper**

Comments Energy Efficiency and Conservation Authority

## **Contents**

1. Overall
  - 1.1 TTRMA
  - 1.2 Emissions Trading Schemes
  - 1.3 Reporting, Monitoring and Evaluation
  - 1.4 Detail about proposed new measures
2. Continuing measures – no comment
3. New measures
  - 3.1 Strengthened and expanded MEPS
  - 3.2 Incandescent lighting phase out strategy
  - 3.3 Government leadership through green leases – no comment
  - 3.4 HVAC high efficiency systems strategy
  - 3.5 National water heating strategy

## **1 Overall**

### **1.1 TTRMA**

The NFEE Stage Two should have clear wording in the document about New Zealand's involvement in the Strategy. This involvement is formally recognized by the policy framework and funding agreement for the E3 programme and possibly the joint funding of development of the rating tool for residential buildings.

New Zealand is clearly referenced in sections relating to MEPS and Labelling, although no mention is made of the formal E3 agreement, but there are other parts of the strategy that could have TTRMA implications.

### **1.2 Emissions Trading Schemes**

The NFEE Stage Two Consultation paper indicates Australia's intention to introduce a cap-and-trade emissions trading scheme no later than 2010 (or 2012 - not entirely clear as page 5 quotes the Prime Minister's Task Force Group recommendation of no later than 2012 and page 6 quotes the Council for the

Australian Federation commitment to an emissions trading scheme commencing no later than 2010). The importance of complementary energy efficiency measures is emphasised and these include:

- Consumer information on energy and emissions implications of use of products
- Continued development of MEPS and building standards
- Industrial assessment and audit programmes
- Mandatory uptake by energy intensive industries of any energy efficiency measure with less than a three year payback
- An accelerated NFEE **with clear actions and timetables** (see notes below) - to improve the energy efficiency of appliances and buildings

The Consultation paper does not specify what sectors an emissions trading scheme would cover, how credits would be allocated and to what levels, or how the scheme would be phased in.

Implementation of New Zealand's own Emissions Trading Scheme will commence in 2008, phasing in forestry, transport energy, stationary energy, heavy emitting industrial processes (mining, smelters, etc.), and lastly agriculture in 2013.

Clearly, it is important for Australia and NZ to work through the implications of emissions trading, and how their respective schemes will and will not align - and the implications of this for the TTRMA.

With respect to energy efficiency measures, the NZEECS has been developed to complement the Emissions Trading Scheme, as is the intention with the NFEE Stage Two.

### Implications for E3 Programme

New Zealand's Emissions Trading Scheme does not appear to have major upfront implications for the E3 work programme.

Manufacturers and importers of electrical products and appliances are not covered. They would be affected by costs passed on by energy companies to the extent that they rely on transport energy for distribution, and/or are members of energy intensive industries, and/or incur the extra costs of energy generation passed down from energy generators and retailers. However, New Zealand is by far an importer of electrical products and appliances - manufacture is small in scale.

There would be implications to consider if an Australian scheme was introduced that applied to a number of major Australian manufacturers of energy using products and appliances *and* added substantially to their production costs. Clearly though the NFEE is being designed to put measures in place to mitigate

such costs in advance (through EEO, the EEX website and the proposed mandatory adoption of measures with a less than three year payback).

### **1.3 Reporting, Monitoring and Evaluation**

For the NFEE Stage Two, a data collection, reporting and evaluation framework is being developed to better coordinate the monitoring, reporting and evaluation of energy efficiency measures. This is called the D-REF. It is intended to report on progress of existing measures and potential of proposed measures.

For the NZEECS, the New Zealand Energy Domain Plan is being developed to assist cost-benefit analysis of proposed energy efficiency measures. The Plan will identify areas lacking statistical information, what existing information there is in these areas, and challenges and solutions in obtaining information.

While these two initiatives have a different focus, it would be constructive for Australia and New Zealand to compare the D-REF and the Domain Plan, as well as other tools and strategies used to measure, monitor, report on, and evaluate existing and proposed energy efficiency measures (including various energy rating tools and methodologies used to assess and audit buildings and energy in industry – see also section 3.5 National water heater strategy).

#### Achievements

Page 9, the Appliance and Equipment section should include New Zealand's formal participation in the E3 programme.

#### Stage 1 benefits

Page 11, the economic benefits appear to be from earlier estimates and I suspect they need updating. The NZEECS is claiming cumulative economic benefits of \$4 billion to New Zealand, by 2025 from the E3 programme.

### **1.4 Detail about proposed new measures**

Proposals in the final published NFEE Stage Two could more clearly state:

- Actions
  - These could be more specific in places and be linked more with objectives and outcomes for each proposal
- Timelines
  - To the extent that they can be pinned down - even very high-level dates to initiate/complete projects
- Accountabilities

- Indicate where responsibilities will extend beyond the various Committee members.
- Outcomes:
  - Very broad projections are given for improvement in energy efficiency (%), reduction in greenhouse gas emissions (CO2 Mt p.a.), and energy costs saved per annum.
  - Will detailed outcomes be stated in final NFEE Stage Two? For example, “unit standards finalised by 2011 for HVAC installation training”. Or will these be stated in sub-strategies for each proposal?
- Targets
  - Will targets be set for all the proposals in NFEE Stage Two?
  - If so, will they be broad, e.g. “20% improvement in energy efficiency of lighting” or specific, e.g. recruit 4,000 new installers into HVAC industry?
- Subordinate Strategies - the final NFEE Stage Two document should:
  - Identify strategies published to guide implementation of new initiatives - those for standby energy, water heaters, etc. - and direct readers to them
  - Make sure those subordinate strategies already in place - e.g. Greenlight Australia - are up to date and reflect the broad aims of the NFEE Stage Two
  - Indicate when and where as yet unpublished/not yet updated strategies will be available.

## **2 Continuing measures**

No comment

## **3 New measures**

### **3.1 Strengthened and expanded MEPS and E3 Programme**

The E3 Programme, featuring MEPS, will be expanded and strengthened. Not much detail is contained in the consultation paper, the work programme already with the E3 Committee members should be included or referenced in the document.

#### **Key implementation dates**

It could help if planned measures and key implementation dates are tabled in the final NFEE Stage Two – particularly as timelines have shifted somewhat recently

and definitive new timelines have not been confirmed. Or an updated timetable could be published on the E3/Energy Rating websites.

### Endorsement schemes

The NFEE does not discuss endorsement schemes for energy efficient products.

The Australian Government has indicated that it intends to discontinue both Energy Allstars and TESAW and – along with New Zealand – commit to the EnergyStar scheme to endorse top-performing products. (As stated in the CBA released for Energy Labelling Algorithms for refrigerators.)

The Energy Allstars website was established in Australia to assist with procurement of energy efficient products and appliances. It was to be a database that covered products across all endorsement schemes (TESAW, EnergyStar) and top-rating energy rating labelled products. However, little information has been uploaded on the site and no recent updates on the project are available. A clear indication on the future direction of endorsement labeling should be articulated in the final document.

### Procurement

The Consultation Paper does not provide detail of Australian Government Procurement Policy or information provision/campaigns for non-government bulk purchasers.

### Product Stewardship

The Consultation Paper does not refer to product retirement measures under this section, nor under the water heating strategy or the incandescent lighting phase out strategy (aside from information on disposal).

### Compliance and Checktesting

The compliance and checktesting programme for energy efficiency regulations plays an important part in consolidating the E3 work programme, and is being developed further. However, it is not discussed in the consultation paper.

### Consumer information

A key recommendation by emissions trading proponents was information campaigns to consumers on how their use of products impacts energy and emissions. There is no mention in this section about whether the E3 Programme could help coordinate such campaigns.

### **3.2 Incandescent lighting phase out strategy**

#### NFEE Stage One achievements - Greenlight Australia

The publication of the Greenlight Australia strategy for 2005-2015 is listed as one of the NFEE Stage One achievements.

The Strategy adopted the Lighting Council Australia's target of a 20% reduction in energy by 2015.

The Strategy proposed achieving the target through MEPS and labelling, information, a database of high efficiency products, education and training, demonstration projects and bulk procurement/product development projects. It did not explicitly propose MEPS that would cover incandescent lights. Updates on the strategy since its publication in 2005 do not seem to be available (see below).

#### NFEE Stage Two - Incandescent lighting phase out strategy

This section proposes measures to phase out inefficient lighting as part of delivery of the Greenlight Strategy. It does not mention the contribution of bulk procurement or building standards to lighting efficiency outcomes.

The section refers variously to phasing out "incandescent lighting" and "inefficient lighting" (which implies the worst performers among all lighting types).

The plans mentioned are to:

- phase in MEPS to effectively eliminate incandescent light bulbs
- provide information:
  - on efficient replacements for incandescent light bulbs
  - on safe disposal of lights (will schemes be in place too?)
  - to retailers and lighting system designers
  - a website database of high efficiency products
- Educate building industry members
- Conduct demonstration projects
- Increase testing capabilities
- Conduct research on community/industry concerns (unspecified)

It would be helpful to have more information on MEPS for GLS - timeline for implementing and how various lighting types will be covered (discrete MEPS for different lighting types vs. one MEPS for all).

#### Alignment of NZEECS with the incandescent lighting phase-out strategy and with Project Greenlight

The NZEECS “better products” section contains the action “*implement the New Zealand Lighting Strategy with a target to reduce lighting energy consumption by 20% by 2015 compared to business as usual*” through MEPS for lighting, information and financial incentives to accelerate uptake, and Building Code improvements. A Lighting Efficiency Stakeholder Group has been established to provide input towards the Lighting Strategy.

#### Updates to Greenlight Australia

Reports don’t seem to be available on progress against the strategy and ongoing changes to the strategy, including to timelines (which are out of date). There is a Project Report Template for the Greenlight Australia Strategy on the E3 website that could be used to do this simply and on a regular basis.

Among Greenlight Australia’s Guiding Principles to revisit, are:

- Governance - a high level Steering Committee (including NZ representation) - it is not clear whether this has been/will be established
- Measurability - monitoring and assessing projects in relation to the reduction target; developing an evaluation regime with the help of the Australian Lighting Council
- Reporting - annual reports by the NAEEEC/E3 Committee starting 2005

### **3.3 Government Leadership through green leases**

No comment

### **3.4 HVAC high efficiency systems strategy**

#### NFEE Stage One achievements - Trade and Professional Training and Accreditation

Page ten of the consultation paper states “Training courses and accreditation systems are at various stages of development...for electricians, HVAC installers, facility managers and engineers...under consideration with respect to plumbers.”

#### NFEE Stage Two - HVAC HESS

This is described as a strategy to complement chiller MEPS, grouped under four broad strategic initiatives:

- Practices - cradle to grave information collection to maintain systems
- Systems - information to industry on best practice

- People - nationally standardised qualifications built on multi-disciplinary training to understand HVAC systems and improve climate control skills
- Standards - introduced for chillers and close control units

Key issues for NZ:

New Zealand and Australia should discuss the implications of the HVAC HESS for the TTRMA. A provision of the TTRMA is that a person registered to practice a profession in one country is entitled to register to practice an equivalent profession in the other, therefore the training and accreditation for installers of HVAC systems in both countries needs to be aligned/mutually recognisable.

This issue extends to other trades for which Australia and NZ are updating training and accreditation systems - e.g. those trades mentioned above and SWH installer training in NZ.

With specific regard to the HVAC HESS, key questions include:

Will NZ have an opportunity to consult about the training and accreditation systems in development in Australia? (And has it been involved in earlier scoping exercises for the HVAC HESS?)

Will NZ have representation on an Expert Reference Group if one is established?

### **3.5 National water heater strategy**

The objective is to reposition the market towards low emission water heating systems such as solar, heat pump and gas powered. This objective is described in the consultation paper primarily in terms of lowering greenhouse gas emissions – energy efficiency gains could be emphasised more as a benefit.

Achieving the objective will involve:

- A national greenhouse rating methodology for water heaters
- Performance requirements for new water heater installations

The possible contributions of procurement and industry training - mentioned broadly elsewhere in the paper - are not mentioned in this section.

This section does not mention existing or proposed incentive schemes (to retire/trade-in water heaters) that contribute to achieving this objective.

Key issues for Australia and NZ – Rating Methodology:

How would the rating methodology fit with methodology used to establish MEPS/labelling requirements for electric and gas water heaters?

How would the methodology align with other nationwide rating methodologies and tools in Australia and NZ, such as the AccuRate for HERS, NZ Building Code compliance and hot water rating tools, NZ WELS, the MfE-funded Greenstar sustainability tool, and any tools to be scoped by NABERS in Australia?