

Ms Sarah Clough  
General Manager, Industrial Energy Efficiency Branch  
Department of Resources, Energy and Tourism  
Email: energyefficiencyopportunities@ret.gov.au

7 June 2013

**Re: Energy Efficiency Opportunities New Developments Regulations Discussion Paper**

Dear Ms Clough

The Energy Efficiency Council welcomes the opportunity to provide input on the discussion paper *'Energy Efficiency Opportunities New Developments Regulations'* (the 'Discussion Paper'). The Energy Efficiency Council is the peak body on energy efficiency, cogeneration and demand-management, and represents experts in energy efficiency from industry, academia and the public sector.

The Energy Efficiency Opportunities (EEO) Program has helped large energy users find substantial savings from existing operations, estimated to be well in excess of \$323 million of benefits per annum. The Energy Efficiency Council strongly endorses the EEO Program and recommends that the second cycle (2012-2017) is completed. The Council also supports the proposal to extend the EEO program to 'new developments', as this would deliver further cost savings for businesses.

Many of the decisions that are made during the design and construction of a site 'lock in' a certain amount of energy use for the life of a site. For example, decisions such as the distance between a mine and the ore crushing facilities, or the type of ore crushing equipment that is selected, cannot be retrospectively changed. Once these decisions have been made, it reduces the potential for significant energy savings on that site.

Understanding of good energy management processes is still rare in Australia. Businesses' energy managers, or external energy experts, are often not involved in the design of new developments until the very end, if they are involved at all. As a result, the ongoing energy costs of a new development are often given limited consideration until it's too late. The EEO Program provides guidance and resources to help companies to find significant energy savings. Trials that applied the EEO protocol to 'new developments' helped participants to identify substantial energy savings of 22 to 50 per cent. This is more than double the volume of savings companies found on existing sites.

The Council recommends a number of adjustments to the proposed design of the EEO's 'new developments' program that should improve its effectiveness and reduce compliance costs.

**Participation**

The Council believes that the way to determine if a potential project fits under the framework should be simplified. The Council recommends that new developments and expansion projects should be subject to an EEO Program assessment where:

- The developer is either already an existing EEO participant (using over 0.5 PJ per annum) or will become an EEO participant after the project is completed (i.e. use more than 0.5PJ in total after the project is completed).

AND

- The new development or expansion will utilise 0.1 PJ per financial year or greater, noting that several linked projects (e.g. a mine expansion and a related ore crushing expansion) should be bundled together.

This process will ensure that smaller energy users don't get caught up in the process and ensure that companies that are already over 0.5 PJ don't have to consider many small project. The Council does not recommend mandating that projects lower than 0.1 PJ should undertake EEO assessments, and does not recommend 'totalling' unrelated projects (e.g. a manufacturing plant in one state and a mine in another) when it comes to triggering the 'new development' threshold. We also believe that the threshold should be designed in a way that does not create a disincentive for companies to consider gas-fired co-generation.

### Limited participation (exemptions)

The Council does not recommend exempting Corporations from the second round of the EEO Program when it comes to new developments.

### Assessment Plans and Reporting

The Energy Efficiency Council broadly supports the proposals around assessment plans and reporting, with a number of specific recommendations.

- The Department should develop a comprehensive 'new development EEO compliance guide' that provides three clear and comprehensive case studies of how people met their obligations under the rule. This would reduce uncertainty and compliance costs.
- The Council recommends that during the design of a new development, EEO participants should look at any available industry benchmarks for that type of development. For clarity, a set of benchmarks that are considered acceptable should be put onto the EEO website.
- On page 5 of the Discussion paper, it suggests that companies could use qualitative assessment indicators for how a project is tracking from an energy productivity perspective such as '*number of people trained up in energy efficient design, number of design meetings, time allocated in the design schedule for energy efficiency assessments, etc.*'. These would not always be effective indicators, and this guidance could confuse energy users. We believe that this issue should be clarified in the 'new development compliance guide' mentioned above.
- On page 6 of the Discussion paper, it suggest that companies should report '*A description, in the form of a graph, of how anticipated and actual energy use has trended, as identified by the indicator measuring energy use, from the first design stage to when commercial operation commences.*' While we support the concept, in practice this may be complicated, as many companies first concept plans are often very rough and energy use estimates aren't produced. Similarly, it would be time-consuming to determine a BAU estimate of energy use at a site if a 'BAU' option was never considered. We recommend that the department look into this issue in more depth and, if it continues with this proposal, provides practical guidance on how companies could meet this requirement.

### Summary

The Energy Efficiency Council recommends:

- Introducing an EEO Program requirement for new developments
- The trigger for participation for new developments should be:
  - o The developer is either already an existing EEO participant (using over 0.5 PJ of energy per annum) or will use more than 0.5 PJ of energy after the project is complete;
- AND
- o The new development or expansion will utilise 0.1 PJ per financial year or greater, noting that several linked projects (e.g. a mine expansion and a related ore crushing expansion) should be bundled together.
- Not exempting parties from this part of the EEO program until it is bedded down
- A number of changes to the assessment plans and reporting requirements, and the development of a comprehensive 'new development EEO compliance guide'

Yours sincerely



Rob Murray-Leach  
Chief Executive Officer