

Gary James
Manager, Residential Energy Efficiency Branch
Department of Industry, Science, Energy and Resources
Email: EnergyEfficiencySecretariat@industry.gov.au



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Re: Reviews of the GEMS Determinations of Computer Monitors, Set-top Boxes External Power Supplies, Power (Distribution) Transformers

Dear Gary

Thank you for the opportunity to comment on the Public Consultation papers for four determinations under the *Greenhouse and Energy Minimum Standards (GEMS) Act 2012*.

The EEC strongly supports the GEMS program. The GEMS program establishes Minimum Energy Performance Standards (MEPS) and energy efficiency labels for a range of products. The GEMS program saves the average household between \$140 and \$220 each year on their electricity bill, which is about 10 to 15 per cent of the average annual bill.¹ Between 2000 and 2020 the current GEMS determinations will deliver between \$9.4 billion and \$18.8 billion in net benefits to consumers.²

The GEMS program is also arguably Australia's most significant climate change program. GEMS determinations delivered greenhouse gas savings that were equivalent to between 9 and 15 per cent of Australia's 2020 emissions reduction target.³

Determinations for specific types of product sunset after ten years. The EEC makes the following comments on the four determinations that are currently being reviewed:

- **Computer Monitors**

The EEC supports increasing the MEPS and labelling requirements

- **External Power Supplies (EPS)**

The EEC supports increasing the MEPS and labelling requirement

- **Power (Distribution) Transformers**

The EEC supports increasing the MEPS and expanding the determination scope

- **Set-top Boxes (STBs)**

The EEC supports the expiration of the GEMS determination for STBs. The EEC notes that STBs are a bridging technology that assisted the market during the transition from analogue to digital television, and agrees that STBs are largely obsolete.

The EEC understands that there are ten GEMS Determinations that will sunset between 2023 and 2025, specifically the four determinations that are currently being consulted on and determinations for computers, electric water heaters, chillers, ballasts for fluorescent lamps, close control air conditioners and transformers and step-down converters for lamps. The EEC is concerned that there may be insufficient time to undertake the necessary steps required to progress those Determinations which are due to sunset in 2023.

¹ Department of the Environment and Energy 2018, *The Independent Review of the GEMS Act 2012 Draft Report*, Commonwealth of Australia, Canberra, p.29

² *Ibid*, p. 29

³ *Ibid*, p.30

If these ten GEMS Determinations unintentionally expire it could result in very high costs for consumers and businesses. These costs include:

- Consumers facing significantly higher energy bills for many years if they unwittingly purchase an inefficient product; and
- Manufacturers and product retailers facing much higher compliance costs if GEMS Determinations are allowed to expire and then reintroduced a couple of years later. Generally, the cost for a business of maintaining its compliance processes is relatively low, but the cost of removing and then reintroducing a compliance system can be very high.

Therefore, the EEC strongly recommends that energy ministers agree to a principle that these ten GEMS Determinations should be extended for a period of three years after they sunset *if* there has not been a formal decision to let those determinations expire, and there is not sufficient time to undertake the process required to assess the feasibility of more stringent regulations.

The EEC understands that the Office of Best Practice Regulation (OBPR) may have concerns with extending GEMS determinations by three years, but we strongly argue that the costs of failing to extend GEMS determinations are far higher than the costs associated with a short extension of GEMS determinations.

The EEC also strongly urges governments to reduce GEMS compliance costs for both businesses and consumers by harmonizing Australian determinations with major economies, specifically Europe and the US. The EEC notes that harmonization is likely to result in higher MEPS for a range of products, and this will deliver both larger energy savings for consumers and reduced compliance costs for businesses.

For example, in 2016 Canada increased the minimum energy performance standards for 20 products to bring them in line with standards that were already in force, or soon to be in force, in the US. These products included air conditioners, washing machines, refrigerators, chillers and lighting products. Harmonising Canadian standards was estimated to deliver around AUD\$1.6 billion of net benefits to Canadians between 2016 and 2030.⁴

The EEC looks forward to continuing to work on the GEMS program with governments around the country, including the Department of Industry, Science, Energy and Resources. If you have any questions on the points raised on this submission, please contact me via contact me via rob.murray-leach@eec.org.au.

Yours sincerely,



Rob Murray-Leach
Head of Policy
Energy Efficiency Council

⁴ Government of Canada 2016 "Energy Efficiency Regulations," *Canada Gazette*, Government of Canada, Ottawa, Part II, Vol. 150.