

Mr Stan Krpan, Reviewer  
Sustainability Victoria  
Level 28, 50 Lonsdale Street  
Melbourne 3000

Dear Mr Krpan

The Energy Efficiency Council thanks you for the opportunity to provide input into the Sustainability Victoria (SV) Strategic Review. The Council strongly urges that SV retain and strengthen its focus on energy efficiency. In particular, we recommend that SV should focus its activities around its core strengths – its expertise and its ability to engage with businesses and households to carry out collaborative research, build skills and encourage action.

The Energy Efficiency Council is the peak body for companies that provide energy efficiency services and products to business and governments. The Council's members include global and Australian-owned companies like Philips, Siemens, Honeywell, Schneider, Dalkia, AGL and Origin. For more on the Council information visit [www.eec.org.au](http://www.eec.org.au).

Energy efficiency is becoming increasingly critical for Victoria's economic wellbeing. Australian electricity prices have risen 30 per cent over the past four years, and are expected to rise even further in the next five years. Global prices for coal, gas and oil are rising rapidly, driven by burgeoning demand for energy in Asia. Electricity prices in Australia will be driven even higher due to local electricity network companies' plans to spend over \$39 billion in the next five years on electricity network infrastructure (poles and wires).

These increases in energy prices will dampen economic growth in Victoria unless the State can dramatically improve its energy efficiency. The State has tremendous opportunities to improve its efficiency, with many companies able to cost-effectively reduce their energy use by at least 20 per cent. However, the State will not be able to seize these opportunities unless it addresses a number of barriers that prevent households and businesses finding their optimal level of energy efficiency.

This means that the Victorian Government will need to undertake local action, and cooperate with other governments on national action, to drive energy efficiency. Actions include:

- Improving the regulation of the energy market
- Developing standards and regulations for products like fridges and industrial motors
- Developing programs to increase the skills of trades and professions
- Working closely with businesses and households to help them improve their efficiency

Energy efficiency is a substantive issue in its own right, but it makes sense for energy efficiency programs to be delivered by an agency that has a broader sustainability agenda, given the significant linkages between improvements in energy efficiency, water efficiency and waste management. The Council and its members have worked on several projects where SV's broad expertise in sustainability has improved the effectiveness of energy efficiency programs.

When I first moved to Victoria in 2008 to work on the Garnaut Climate Change Review, I was initially surprised that Victoria had three sustainability agencies: the Environment Protection Authority (EPA), the Department of Sustainability and Environment (DSE) and SV. However, having engaged with all three agencies over the years I have realised that the separation of roles is an extremely sensible structure.

- DSE sets policy, which means that it shouldn't be in a regulatory or implementation role. DSE shouldn't have a close relationship with industry, in order to stay impartial.
- The EPA regulates, which means that it can't have a close relationship with industry.
- SV focuses on cooperative projects with businesses and households, which means that it needs to develop good relationships with stakeholders. SV is particularly well suited to:

- Engage with businesses and households to encourage them to take up more sustainable practices.
- Engage with businesses to develop training, accreditation and facilitation programs. To be successful, these types of program require expertise from industry, but also the independence of a trusted partner like SV.
- Engage with businesses to undertake research. Businesses have the best knowledge of the commercial and technical realities of implementing energy efficiency. SV has the ability to collate and analyse this advice and present it in a neutral way to DSE, allowing DSE to remain independent but still receive the input that it needs to develop effective policy.

SV has developed considerable expertise in both energy efficiency and education, and it would be a great loss to Victoria and Australia if this expertise was lost through a decreased focus on energy efficiency or an administrative reshuffle of staff between agencies.

SV's expertise has made it the national leader in energy efficiency and sustainability skills, allowing SV to leverage considerable funds from both industry and other Australian governments. The SV Annual Report shows that SV received over \$1 million in funding from the National Framework on Energy Efficiency (NFEF) in just the last three years:

<b>2008</b>	\$532,938
<b>2009</b>	\$229,929
<b>2010</b>	\$328,950

The Energy Efficiency Council is currently working with SV to develop a national accreditation scheme for Energy Service Companies. This project illustrates many of the points raised in this letter. The accreditation scheme will deliver significant value to Victoria, in particular supporting the Department of Treasury and Finance's *'Greener Government Buildings Program'*, which will save the State over \$1 billion over the next 25 years.

The project was only possible because SV staff has the expertise and flexibility to identify a project that would be highly effective and only require small amounts of seed funding. SV allocated \$49,000 to the project, which we understand is largely national funding through NFEF. This seed funding is leveraging considerable funding and in-kind support from the private sector, in particular the energy efficiency industry.

Similarly, in 2007 SV invested \$40,000 to encourage Ford to undertake a detailed energy audit at one of its Victorian manufacturing facilities. As a result of the audit, Ford invested \$1.5 million to upgrade its facility, saving it over \$750,000 a year and cutting the State's greenhouse emissions by 15,000 tonnes a year. SV's expertise meant that it was able to identify a project that would boost the competitiveness of a major industry and protect jobs, and then structure the project in a way that SV leveraged funding that was 38 times the size of its initial investment.

Any threat to the skill base at SV, which has been developed over many years, would be a great loss to Victoria. We hope the Review strengthens SV's considerable role in energy efficiency, and look forward to providing further feedback directly to the review team. If you require further information please contact me on [ceo@eec.org.au](mailto:ceo@eec.org.au) or on 0414 065 556.

Yours sincerely,



Rob Murray-Leach  
Chief Executive Officer