

8 March 2018

Dr Kerry Schott
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Energy Security Board
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Dear Dr Schott

ENERGY SECURITY BOARD NATIONAL ENERGY GUARANTEE - CONSULTATION PAPER

The Australian Sustainable Built Environment Council (ASBEC) welcomes the release of the National Energy Guarantee (NEG) – Consultation Paper. We commend the aims of the NEG, to depoliticise and integrate climate and energy policy, in an effort to reduce emissions while supporting reliability of the grid.

ASBEC is a body of peak organisations committed to a sustainable built environment in Australia, with membership consisting of industry and professional associations, non-government organisations and government observers who are involved in the planning, design, delivery and operation of our built environment. Collectively, ASBEC's membership has direct reach to more 350,000 professionals in the built environment sector and represents an industry worth more than \$700 billion in value.

Balanced policy framework

A secure and sustainable supply of electricity at the lowest cost is dependent on an appropriate balance of supply and demand policy. The *NEG Consultation Paper* focuses principally on the supply-side of the energy equation. Demand-based strategies offer the fastest and cheapest ways to cut energy bills and reduce emissions, as well as reduce the burden on Australia's energy infrastructure. To ensure a sustained downward pressure on energy bills, it is essential that the NEG drives energy efficiency directly, or is explicitly linked to other energy efficiency policies.

The COAG Energy Council's National Energy Productivity Plan (NEPP) sets out measures to improve energy efficiency by 40 per cent by 2030. However, the NEPP lacks targets, milestones and resourcing; and a more ambitious target will be required to transition Australia's energy sector at lowest cost.

The Energy Security Board should recommend that the COAG Energy Council commit funding and set up an effective governance model to deliver an enhanced NEPP.

Built environment energy efficiency

Buildings contribute to over half of Australia's electricity consumption and almost a quarter of our country's emissions. The building sector presents a profound and cost-effective opportunity for energy productivity and emissions reductions. *Low Carbon, High Performance*, authored for ASBEC by ClimateWorks shows how Australia's built environment sector is uniquely placed to become a global market leader in energy and sustainability, with buildings presenting low cost opportunities to deliver almost \$20 billion in energy savings as well as significant emissions reduction and other benefits.

The built environment could also meet over half of the current NEPP target, and more than one quarter of the national emissions target. *Low Carbon, High Performance* outlines a roadmap to address existing barriers and accelerate actions:

- **Establish a national plan towards zero carbon buildings by 2050** - This includes supporting policy frameworks, governance arrangements with interim and long-term targets, clear responsibility at Ministerial level, co-ordination across different spheres of government and public reporting requirements.
- **Set strong mandatory minimum standards** - Creation of strong minimum standards for buildings, equipment and appliances, and establishment of a forward trajectory for future standards.



- **Create targeted incentives and programs** - Support higher performance in the short-to-medium term through incentives and programs including the use of government market power and a range of financial incentives for building owners and tenants.
- **Reform the energy market** - Support the implementation of cost-effective energy efficiency and distributed energy improvements by removing energy market barriers and distortions.
- **Resource appropriate energy data, information, research and education measures** - Enable informed consumer choice and support the innovation, commercialisation and deployment of new technologies and business models for delivery of energy efficiency and distributed energy solutions.

Our recently released report, [*The Bottom Line - The household impacts of delaying improved energy requirements in the Building Code*](#), shows there are immediate and cost-effective opportunities to improve energy efficiency requirements in the Code, which will result in individual bill savings and avoided network costs. Reducing air leakage is a major opportunity for many building types assessed, along with ceiling fans and roof insulation in some cases.

- Across a range of climate zones and building types, **these measures could individually deliver bill savings of up to \$150 per household per year**, with savings more than offsetting additional capital costs.
- Combined, cost-effective measures could reduce energy consumption for heating and cooling by an estimated 28 to 51 per cent across a range of housing types and climates.
- Implementing these opportunities across projected new buildings and renovations could save an estimated **\$1.2 billion to 2050 through avoided and deferred network investments**, and deliver an estimated **10.8 million tonnes of cumulative emissions reductions to 2050**, more than the annual emissions of Victoria's Loy Yang B coal-fired power station.

We strongly encourage the COAG Energy Council and Energy Security Board to ensure that effective measures are put in place to ensure that the NEG is integrally supported by energy efficiency measures.

Yours Sincerely



Suzanne Toumbourou
Executive Director