

National Energy Productivity Plan

The COAG Energy Council (the Council) agrees to common objectives in improving Australia's energy productivity: to reduce costs for household and business energy users; maintain our competitiveness; grow Australia's economy; reduce carbon emissions; and improve our sustainability.

Energy productivity allows us to get more value from the energy we consume. The Council acknowledges that energy productivity measures can also drive a range of wider economic benefits, such as labour and capital productivity improvements to businesses and jobs in new services.

The Council agreed in December 2014 to develop a new collaborative policy framework for energy productivity to ensure energy consumers can effectively manage and reduce their energy bills and are maximising the value of their energy to support a growing, competitive and sustainable economy.

The Commonwealth Government also announced in its April 2015 Energy White Paper a commitment to lead the development of a National Energy Productivity Plan (the NEPP).

In addition to collaborative measures, the NEPP may be broader, recognising opportunities in wider sectors, such as vehicles, and the roles played by the Commonwealth, all levels of government, industry and wider stakeholders.

Acknowledging the likely complementary nature of these two commitments and the benefit of a comprehensive national approach, the Council welcomes the Commonwealth's commitment and agrees to work together to support the development of the NEPP as a coordinated national plan.

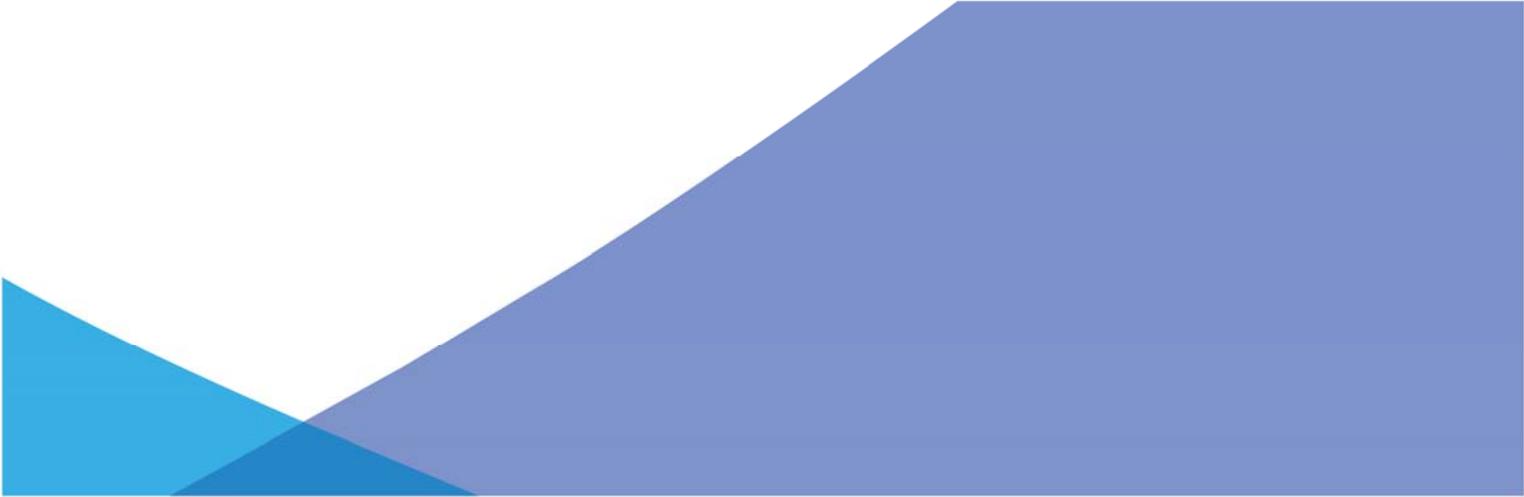
The Council agrees that the NEPP should seek the following outcomes in improving the energy productivity of Australia's businesses, households and the energy system:

- Energy consumers are able to effectively manage their energy costs and are engaged in improving the productivity of their energy use to support a growing, competitive, and sustainable economy; and
- The energy system (including electricity, gas and transport fuels) delivers least cost energy in the long term interests of consumers to drive a competitive and sustainable economy.

The Council also acknowledges the Commonwealth's commitment to an aspirational National Energy Productivity Target to improve Australia's energy productivity by up to 40 per cent between 2015 and 2030. The Council will consider this target in its wider analysis.

To allow for ongoing benchmarking of Australia's energy productivity performance with that of other countries, Australia's economy wide energy productivity will be measured as national Gross Domestic Product divided by primary energy (\$GDP/PJ).

Recent studies have identified opportunities for energy productivity improvements across many sectors including: industrial, commercial and residential sectors, passenger and freight transport, and within the energy system itself. There are further opportunities for energy productivity improvements to be gained through ongoing reform to



Australia's energy markets and supporting mechanisms to allow energy users to effectively participate in these markets.

With the growing complexity of new services in the energy market and more active consumers, the Council recognises that an important part of the NEPP will be ensuring that energy efficiency measures and energy market reforms are coordinated and complementary.

The Council agrees to undertake an initial review of the opportunities across the economy for improving energy productivity and consider a gap analysis of existing relevant work streams and potential areas for further work, working with stakeholders. The Council will seek to agree collaborative measures to support an initial NEPP work plan by the end of 2015.

The Council has a well-established work program across both energy efficiency and energy market reform. Collaboration on the NEPP will operate within the context of existing agreements. The NEPP will reference existing work, but not duplicate it, proposing new measures which are complementary and build on current energy market frameworks. Individual measures will be subject to robust decision criteria including policy rationale, appropriate cost-benefit analysis, regulatory impact assessments and stakeholder consultation. Measures may be prioritised based on their expected impact.

The Council agrees that the NEPP will be a coordinated approach in order to create a comprehensive national plan. Beyond Council agreed collaborative measures, the Council acknowledges that the NEPP may also include Commonwealth measures, measures undertaken by one or more jurisdictions, and voluntary industry action.

The NEPP will not be static and its work plan will be reviewed periodically by the Council, to reprioritise Council efforts and achieve agreed objectives.

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