

Energy Efficiency Opportunities (Repeal) Bill 2014

1 Introduction

Senvion Australia is a leading developer and turnkey constructor, operator and maintenance service provider of grid-connected wind farms in Australia. We have delivered approximately 30% of the Australian wind energy market, and we are also a significant employer with over 160 staff in Australia.

Senvion is an international company, and is part of the Suzlon Group. We are the 5th largest wind energy supplier in the world with operations in 33 countries.

Although we are a renewable energy company, we are very concerned about the repeal of the Energy Efficiency Opportunities (EEO) legislation. The EEO is a sound policy that has delivered significant benefits, and has the potential to deliver additional energy efficiency improvements. It is a cost-effective, light-touch policy that supports the transition to a low carbon economy. Repealing the legislation risks creating further policy instability in the clean energy space, particularly while the outcomes of the RET review are not known.

We welcome the opportunity to make a submission to the Senate Economics Legislation Committee outlining our position.

2 Key points

Importance of energy efficiency

A move to a sustainable energy economy requires a multi-pronged approach that includes:

- Investment in renewable energy;
- Reducing emissions from fossil-fuel generators; and
- Increasing energy productivity across the economy.

Energy efficiency improvements in particular will help mitigate the costs associated with investment in new clean energy infrastructure.

The EEO is an effective policy

A 2013 ACIL Tasman review¹ found that in the first 5 years of the program the EEO delivered 88.8 PJ of energy savings with a net financial benefit of \$808 million per year.

The EEO was expected to continue to deliver energy savings in its second cycle.

A rationale for stopping the EEO is that, with rising energy prices, businesses will be motivated to identify and realise cost-effective energy efficiency improvements.

However, the ACIL Tasman review took rising energy prices into account and found that the EEO could be expected to still deliver an additional 15 PJ of savings. Importantly this analysis assumed the introduction of a carbon price, and given that this is not going ahead then further savings could be expected.

The policy has a healthy financial return ratio of 3.67, indicating a strong return to Australian businesses that implemented savings identified through the EEO.

Importance of policy stability

The main driver for investment in renewable energy, the Renewable Energy Target (RET), is currently being reviewed. Like the EEO, the RET is a well-designed policy that has delivered significant benefits. The current review has created uncertainty, and as a result investment in new renewable energy projects has stalled.

Of particular concern to our sector is that repealing the EEO has the potential to negatively impact on investor confidence in the sustainable energy sector more broadly.

Investors in renewable energy are looking for a clear, stable and long-term policy framework. Stopping effective clean energy policies risks sending a signal that this Government does not support a sustainable energy future.

3 Conclusion

The EEO is an effective policy that has delivered improvements to the energy productivity of the Australian economy. The EEO can continue to deliver energy efficiency improvements in a cost-effective manner. Stopping the EEO risks sending a wider signal to investors in renewable energy projects that this Government may not maintain existing clean energy policies.

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¹ <http://eeo.govspace.gov.au/files/2013/05/EEO-Program-Review-Final-Report.pdf>