



Australian Government

**Department of Climate Change, Energy,
the Environment and Water**

Greenhouse and Energy Minimum Standards Amendment (Administrative Changes) Bill 2023

Department of Climate Change, Energy, the
Environment and Water submission

06 July 2023

Contents

Department of Climate Change, Energy, the Environment and Water submission	1
Introduction.....	3
<i>Greenhouse and Energy Minimum Standards Act 2012</i>	3
Independent Review of the GEMS Act.....	3
GEMS Amendment (Administrative Changes) Bill 2023.....	4
<i>Proposed amendments to GEMS Act</i>	4
<i>Stakeholder engagement and consultations</i>	5

Introduction

The Department of Climate Change, Energy, the Environment and Water (the Department) welcomes the opportunity to provide a submission to the Senate Environment and Communications Legislation Committee's inquiry into the Greenhouse and Energy Minimum Standards Amendment (Administrative Changes) Bill 2023 (the Bill).

The Bill seeks to make administrative and minor amendments to the *Greenhouse and Energy Minimum Standards Act 2012* (the GEMS Act). In doing so, the Bill proposes to implement several recommendations of the Independent Review of the GEMS Act (the Review), through improving regulator performance and reducing administrative burden. The Review identified opportunities to add flexibility to the scheme, reduce impacts on the regulated community, and allow it to adapt to changing market conditions and technology improvements.

Greenhouse and Energy Minimum Standards Act 2012

The GEMS Act creates a national framework that regulates the energy efficiency of appliances and equipment supplied in Australia. It aims to promote the development and adoption of appliance and equipment that use less energy and produce less greenhouse gas emissions. The GEMS Act does this through setting Minimum Energy Performance Standards (MEPS) for energy use or greenhouse gas production, Energy Rating Label requirements for particular products which help consumers make informed purchasing choices, or a combination of both. Currently, there are 24 products regulated under the GEMS Act with other products under review as part of the Equipment Energy Efficiency (E3) Program.

Regulation of appliance energy efficiency under the GEMS Act has delivered significant savings and abatement. In the first 10 years of its operation, the GEMS Act has saved Australian households and businesses between \$12-18 billion.¹ Between 2012 and 2021, GEMS initiatives have reduced emissions by an estimate of between 40 and 60 mega tonnes of CO₂.² Further to this, in 2021-22 labelling and standards are estimated to have saved Australian households and businesses between \$1.3 and \$2 billion in avoided energy costs.³

Ensuring products supplied, or offered to be supplied, in Australia are energy efficient through MEPS and providing consumers with the necessary information through an Energy Rating Label, is important to reducing greenhouse gas emissions and meeting Australia's net zero emissions target. It is therefore essential to ensure the GEMS Act remains appropriate and effective.

Independent Review of the GEMS Act

An independent review of the GEMS Act (the Review) was undertaken in 2018-2019, to ensure the GEMS Act remains appropriate and effective in reducing Australia's energy consumption and greenhouse gas emissions. The Review found the GEMS Act is achieving its purpose of providing a streamlined nationally consistent approach to product energy efficiency,

¹ Energy Consult (unpublished), 2022, GEMS Data Modelling Project 2022 Final Report, report to the Australian Government Department of Climate Change, Energy, the Environment and Water.

² Ibid.

³ Ibid.

while effectively reducing energy use, power bills and greenhouse gas emissions with an average annual saving of between \$140 and \$220 on Australian households' electricity bills.⁴

As well as acknowledging the GEMS Act is achieving its purpose, the Review highlighted opportunities to improve and modernise the GEMS Act to reflect changes in the energy operating environment and, in turn, build on the already significant outcomes of a successful program. Initial amendments to the GEMS Act were made through the *Climate Change (Consequential Amendments) Act 2022* relating to the inclusion of reference to the Paris Agreement and broaden the constitutional basis of the GEMS Act.

GEMS Amendment (Administrative Changes) Bill 2023

The amendments in the Bill would support the achievement of the objects of the GEMS Act, by giving flexibility to help more energy efficient products be available in the Australian market. The proposed changes will address known administrative issues and implement some findings of the Review, including reducing unnecessary regulatory burden on industry and suppliers, by streamlining the application of exemption provisions and how determinations may apply to them.

Proposed amendments to GEMS Act

Some of the proposed amendments in the Bill include:

- **Making it easier for suppliers and businesses selling customised or bespoke products.** Currently, businesses need to register customised or bespoke products before offering them for sale or supply. This change would mean businesses will only need to register a customised GEMS-related product when the product has been produced and ready to supply to the buyer.
- **Extending 'grandfathering' provisions to compliant stock.** Currently, only stock that cannot meet the GEMS requirements and was manufactured in or imported into Australia prior to the new or updated determination taking effect, can continue to be sold without registration. This change would mean all existing stock of products that have already been imported or manufactured in Australia that would be compliant under new or updated determinations, can be supplied without the need to test or register.
- **Enabling timely and targeted exemptions.** This change means the GEMS Regulator will be able to make a product exempt from a specific part of a requirement in a determination, rather than only being able to make them exempt from the whole requirement. For example, if a particular dishwasher detergent specified in a testing standard is unavailable, the GEMS Regulator can only exempt the product from the overall energy labelling requirement therefore the product cannot have an Energy Rating Label. This change would mean an exemption can be made to use an alternative dishwashing detergent, so the product may be assessed under the energy labelling requirements.
- **Enabling new testing methods to be recognised.** Currently, GEMS determinations state that products must comply with specified testing methods to be registered. However, international testing methods are often updated and this can result in businesses needing to test products multiple times. These changes will provide the GEMS Regulator the flexibility to recognise new and updated testing methods that are at least equivalent to

⁴ Ibid.

Australian standards and remove the need to conduct testing specifically for the Australian market.

Overall, the proposed changes will improve and modernise the GEMS Act by making it easier for businesses and industry to comply with, and provide flexibility to introduce more energy efficient products in the Australian market. These updates also support the National Energy Transformation Partnership (the Partnership) by helping Australia meet its international commitments to climate change and reach Net Zero by 2050. The Partnership is a framework for national alignment and cooperative action by Commonwealth, state and territory governments to support the smooth transformation of Australia's energy sector.

If passed, this Bill will improve the GEMS Act, enabling changes that are needed for today's energy operating environment, reducing the burden on business and industry, and paving the way to get more energy efficient products into the Australian market.

Stakeholder engagement and consultations

The proposed amendments in the Bill addresses administrative issues that have been raised by industry stakeholders and highlighted in the Review for consideration. The majority of the amendments were proposed under the Regulator Performance Omnibus Bill 2022. Public consultation on the draft GEMS amendments was open from 16 December 2021 to 14 January 2022 on the Energy.gov.au website. No submissions relating to the GEMS amendments were received therefore no changes were required to the amendments as a result of the public consultation. However, the Regulator Performance Omnibus Bill 2022 lapsed when Parliament was prorogued on 11 April 2022.

Under the Intergovernmental Agreement for the GEMS scheme, the Energy and Climate Change Ministerial Council is responsible for approving proposed legislative amendments to the GEMS Act. The proposed amendments to the GEMS Act have been reviewed and approved by the Energy Ministers Sub-Group under the Ministerial Council. State and territory government officials supported these amendments, as they are seen as necessary to address administrative issues raised by the industry.

If this Bill is passed, grandfathering provisions will address some concerns raised by the lighting sector during consultation of potential regulations to cover Light Emitting Diode (LED) lamps and the phase out of incandescent and halogen lamps. Any products that are onshore and meet the GEMS requirements at the time the related Determinations come into effect, will be able to be sold until out of stock, without the need to register.

State and territory governments, and industry stakeholders, have been seeking these changes for some time and support the revitalisation and modernisation of GEMS through implementation of the Review recommendations. These amendments in the Bill are seen as administrative in nature and necessary to support the effective operation of GEMS .