



Report raises concerns about State Government's energy-efficiency modelling

A new report commissioned by the Energy Efficiency Council, Brotherhood of St Laurence and Energy Efficiency Certificate Creators Association raises concerns about Victorian Government modelling on the Victorian Energy Efficiency Target (VEET).

The VEET was introduced in 2009 to help homes and businesses save energy by making it cheaper to install energy-efficient lights, showerheads and appliances. After the 2010 election, the Victorian Coalition didn't just keep the program - they decided it was so effective that they doubled its size.

However, in May 2014 the Napthine Government released a 'Business Impact Assessment', which suggested that the benefits from the VEET were limited and recommended closing the scheme in 2015. This finding is in contrast to all other recent assessments of the VEET and similar schemes, which found that they deliver significant economic benefits.

The Energy Efficiency Council, Brotherhood of St Laurence and Energy Efficiency Certificate Creators Association commissioned Jacobs, a respected energy modeller, to find out why the Government's Business Impact Assessment came to a different conclusion to these other conservative studies. Jacobs found that the Government's assessment:

- Potentially underestimated savings from avoided electricity generation costs;
- Excluded operating and maintenance cost savings from energy efficiency appliances;
- Assumed that energy savings would last for only a fraction of their full life; and
- Ignored the substantial financial benefits of reducing greenhouse gas emissions.

"The Victorian Government failed to release the cost-benefit analysis for consultation before it made a decision on the VEET, and now we've found out that their cost-benefit analysis was full of dodgy assumptions. We call on the Napthine Government to halt their proposal to scale back the VEET until this modelling has been re-done," said Ric Brazzale from the Energy Efficiency Certificate Creators Association.

Despite the apparent bias in the Government's assessment, it still found that:

- Households would benefit if VEET was continued with a modest target. Participants would benefit from major reductions in their energy bills, and non-participants would effectively face no extra costs (50 cents per annum).
- The scheme has delivered disproportionately greater benefits to low-income suburbs.
- VEET supports over 2,000 jobs in Victoria, which will be lost if the scheme is closed.

Jacobs' analysis also established that, if the Government changed some basic assumptions in its Business Impact Assessment, the benefits of the scheme would be much higher.

"The Napthine Government appears to be putting big energy companies' interests ahead of jobs and families. Even their own modelling found that the scheme lowered household's energy bills. When we re-did their modelling we found that VEET would deliver significant benefits to the whole State," said Rob Murray-Leach, CEO of the Energy Efficiency Council.

"As energy prices soar it's critical that we help low-income households deal with rising bills and energy efficiency is one way to help households lower their costs. Based on the findings in the report by Jacobs we believe the Victorian Government should take another look at its modelling before it makes a premature decision that could really affect households which are already doing it tough," said Damian Sullivan, Senior Manager Equity in Response to climate change at the Brotherhood of St Laurence.

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