AUSTRALIAN SUSTAINABLE BUILT ENVIRONMENT COUNCIL

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Energy White Paper Taskforce
Department of Industry
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To Whom It May Concern

ENERGY GREEN PAPER 2014

The Australian Sustainable Built Environment Council (ASBEC) welcomes the opportunity to comment on the Energy Green Paper 2014, to inform the preparation of a White Paper.

ASBEC is the peak body of key organisations committed to an efficient, productive and sustainable built environment in Australia. Membership consists 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 than 300,000 professionals in the built environment sector and represents an industry worth more than $700 billion in value.

The built environment is a major user of energy, a major investor in end-use equipment and energy management, and is increasingly involved in energy supply through distributed generation. Data presented on page V of the Green Paper highlights that around 20 per cent of Australia's final energy consumption occurs in the built environment (residential and commerce and services sectors) and a further 40 per cent is used in transport, which is heavily influenced by the built environment.

ASBEC members support a renewable energy target, and believe that policy settings will need to change in order to maximise the potential to improve energy productivity and reduce emissions in the built environment.

Distributed generation offers significant opportunities to make energy more affordable, improve energy productivity, increase system diversity and resilience, and reduce greenhouse gas emissions. However, reforms to energy market regulations and other policies are essential to both unlock the potential of distributed generation and ensure that its installation occurs in a way that delivers both short- and long-term benefits to generators and consumers.

The Energy White Paper should consider the role of the built environment and distributed generation in energy demand and supply.

Removing the Barriers to Distributed Generation

The penetration of photovoltaic and other forms of distributed generation has increased significantly in recent years and this is likely to continue. However, technical, skill-based and regulatory barriers have prevented the installation of some of the most cost-effective forms, and the absence of a suitable economic framework means that distributed generation is not always installed in a way that delivers maximum benefits to the grid.

The National Electricity Market (NEM) was designed around an electricity system predominantly made up of large generators in a small number of regions, backed by extensive transmission and distribution networks. As such, existing rules, regulations, and technology have created many anticipated and unanticipated barriers to the uptake of distributed generation, such as:

- generators being unable to capture the full value created by distributed generation for energy users, networks and other parties;
- problems with connecting distributed generation to the network, with substantial delays, ad hoc processes, and inequitable mechanisms for apportioning any costs for augmenting the grid; and
- disadvantages to innovators and first-movers.

In order to maximise investment in distributed generation, ASBEC recommends the following:

- Maintain the Renewable Energy Target
- Appoint a Commissioner to support the rollout of distributed generation. The Commissioner would focus on removing regulatory barriers and inconsistent standards, and creating a viable market for renewable and distributed energy resources.
- Simplify the process for connecting distributed generation to the grid by:
  - Expediting the rule change proposed by ClimateWorks and the Property Council to improve the connection process for distributed generation;
  - Developing protocols for a standard connection process
  - Having the distributed generation Commissioner to act as an ombudsman for the connection process.
- Commence a long-term process to deliver fair returns from distributed generation installations, including both energy and network values. This would include:
  - Reviewing the way that energy consumers and generators are charged for connecting to, and using the grid, and ensuring that distributed generation owners are rewarded for any benefits they deliver to networks.
  - Recognising and commodifying the low-carbon value of cogeneration and trigeneration, so that consumers that place a high value on avoided emissions can pay a premium for these forms of generation.
- Immediately start interim measures to deliver fairer returns from distributed generation installations:
  - Allow distributed generators to use parts of the public network as virtual private-wire systems;
  - Relax requirements for consumers to be able to access offers from multiple electricity retailers where access to distributed generation is combined with additional consumer protection; and
  - Support the next 3,000 MW of cogeneration installed in Australia through the NSW Energy Savings Scheme and Victorian Energy Saver Incentive, in recognition of the multiple barriers facing these technologies and their multiple benefits.
- Deliver targeted financial support for innovative applications of distributed generation.

Enhancing Workforce Productivity

The Green Paper states that the Australian Government “needs to work with industry to provide a skilled and productive workforce, and help local businesses to compete with international suppliers.”

The tangible benefits of investing in energy use equipment, energy efficiency, and distributed generation are already being experienced in parts of Australia's built environment sector. However skills gaps limit the capacity of the sector to realise these opportunities more broadly.

Addressing skills gaps requires a two pronged approach. Firstly, initiatives that are already taking place must be better co-ordinated. Government agencies, industry bodies, professional associations

and education providers need to work together to ensure that current efforts are well targeted and informed by industry. ASBEC's Jobs and Skills Task group has developed a 'Skills Collaboration Framework' that sets out a range of actions that, if implemented, would facilitate such collaboration.

Secondly, new initiatives are required that target critical skills gap that are not currently being addressed. Critical skills gaps vary greatly between sub-sectors within the built environment sector. ASBEC encourages the White Paper Task Force to engage with ASBEC's Jobs and Skills Task Group for more detail on the critical skills gaps in these sub-sectors, and how they are best addressed.

Driving Energy Productivity

ASBEC believes that there is substantial potential for further improvements in the energy productivity of Australia's built environment, which could in turn ease cost-of-living pressures on homes and business productivity.

ASBEC's Second Plank Update Report (2010) identified the potential for energy efficiency policies to reduce energy use in the building sector in 2029-30 by over 15 per cent (167 PJ) below the baseline projected by the former Australian Bureau of Agricultural and Resource Economics in 2010.

The technologies to deliver these savings are often highly cost effective, but market failures prevent the optimum level of investment. To unlock the full potential for a more efficient, productive building sector, ASBEC recommends:

- Tax incentives for green building retrofits
- A national white certificate scheme
- Public investment in retrofits
- Modernisations and higher standards in the Building Code of Australia
- Enhancing Minimum Energy Performance standards (currently termed 'Greenhouse and Energy Minimum Standards')

We strongly encourage the Australian Government to consider these proposals in its Energy White Paper.

Conclusion

ASBEC and its members look forward to contributing to the Government's development of the Energy White Paper. Please do not hesitate to contact ASBEC's Acting Executive Officer Suzanne Toumbourou on 02 8006 0828 and email eo@asbec.asn.au if you have any queries about this submission.

Yours Sincerely

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President

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CEO, Australian Institute of Architects
Chair, ASBEC Sustainable Built Environment Framework Task Group

Encl. *ASBEC Platform on Distributed Generation*
2013: A sustainable and resilient built environment – ASBEC policy platform
Briefing Paper: The Built Environment Skills Collaboration Framework
The Second Plank Update: A review of the contribution that energy efficiency in the buildings sector can make to greenhouse gas emissions abatement