



26 September 2007

By email: E2WGSecretariat@industry.gov.au

Manager, E2WG Secretariat,
Department of Industry, Tourism and Resources,
GPO Box 9839
Canberra ACT 2601

Dear Sir/Madam

National Framework for Energy Efficiency

Consumer Action Law Centre (**Consumer Action**) welcomes the opportunity to comment on the National Framework for Energy Efficiency (**NFEE**) Stage 2 Consultation paper, released by the Energy Efficiency Working Group (**E2WG**).

We are generally supportive of the initiatives proposed as part of NFEE Stage 2. However, the glaring omission is the assurance that energy efficiency measures are being delivered to private tenants. It is our view that private tenanted households (together with low-income homeowners) need to be assisted directly with energy efficiency measures. Targeting private tenants as part of NFEE Stage 2 will assist in overcoming the current poor incentives for landlords to implement energy efficiency measures.

We also believe that NFEE Stage 2 should prioritise low-income consumers generally, many of whom are tenants, with the net effects passing to consumers generally. With a range of policies to mitigate climate change impacts being established (including the possibility of a direct carbon price), it is inevitable that the cost of energy will rise. Such price rises will inevitably impact disproportionately on low-income households. While low-income households use less energy than average households, as a proportion of their weekly expenditure, they expend almost double the amount compared to the average household.

About Consumer Action

Consumer Action is an independent, not-for-profit, campaign focused, casework and policy organisation. It is formed by the merger of the Consumer Law Centre Victoria and the Consumer Credit Legal Service, and builds on the significant strengths of these two centres.

Consumer Action Law Centre

Level 7, 459 Little Collins Street
Melbourne Victoria 3000

Telephone 03 9670 5088
Facsimile 03 9629 6898

info@consumeraction.org.au
www.consumeraction.org.au

Consumer Action provides free legal advice and representation to vulnerable and disadvantaged consumers across Victoria, and is the largest specialist consumer legal practice in Australia. Consumer Action is also a nationally-recognised and influential policy and research body, pursuing a law reform agenda across a range of important consumer issues at a governmental level, in the media, and throughout the community directly.

Objectives of NFEE Stage 2

We strongly support the Government's broad objectives in pursuing energy efficiency through measures to be rolled out on a national basis. We agree with the E2WG that consistent delivery of energy efficiency measures has 'the capacity to delivery large scale energy and greenhouse savings'.

Recognising that it is appropriate for Governments to initiate a broad range of policy responses to climate change, it is our view that energy efficiency is one of the policy options that is of most benefit to consumers. Not only should energy efficiency measures help prepare Australians for a carbon-constrained future, but, if managed appropriately, it can also reduce the overall cost of living as well as contribute to more comfortable living.

We support the policy considerations of NFEE Stage 2, including:

- the delivery of a net public benefit;
- the delivery of least cost greenhouse gas abatement that does not exceed the cost alternate measures being undertaken across the economy; and
- ongoing national co-ordination of energy efficiency action.

In addition, we broadly support continuing the energy efficiency measures as commenced under NFEE Stage 1.

However, we believe that it is essential to the success of NFEE Stage 2 for a definitive time frame to be established with ongoing monitoring and feedback of achievements. Further, we believe that the proposed measures for inclusion in NFEE 2 should be introductory only, and that they should evolve into a stronger level of commitment through greater mandated schemes and initiatives.

As a representative of consumers, we believe that more stringent efforts are necessary to ensure consumers receive the benefits of energy efficiency across all spectrums, and we are concerned that the benefits from an energy efficiency program such as those proposed in NFEE Stage 2, may not accrue to all consumers equitably.

We urge the Government to ensure that the distribution of actual benefits to consumers is shared among all consumers, including low-income and tenanted households. The overarching framework of the policy aims to ensure that it delivers 'net public benefit'. Considering this, we believe that where broad policies are introduced, the Government should ensure that all classes of consumers are given the opportunity to participate, and equitably share the benefits and bear the costs of the policy.

Every effort should be made to ensure that the net benefits delivered by the measures are able to be shared across different classes of consumers. This position is advocated not only to ensure that all classes of consumers share equally from benefits, but so that some consumers, who may be more expensive or difficult to service, are not unfairly bearing the costs of energy efficiency measures delivered to others classes of consumers.

Consumer bill benchmarking

We strongly support the Consumer Bill Benchmarking measure which is to be continued from NFREE Stage 1. We understand that the inclusion of consumption graphs on bills is being considered as part of this work. It is our view that consumption graphs are not only relevant in promoting energy efficiency, but more importantly provide customer information and ensure consumers are able to compare their usage over time. We have made such representations to the MCE's Retail Policy Working Group which is developing the national framework for energy consumer protections.

Information on carbon disclosure that reflects true energy use and emissions, including accurate representation of Green energy programs, is also essential. This initiative needs to be mandated to all retailers nationally and is key to all consumers engaging in any energy efficiency program so that they have ready access to information regarding their energy use, energy emissions and related energy costs.

Minimum Energy Performance Standards

We broadly support the initiatives including Minimum Energy Performance Standards (**MEPs**), the incandescent lighting phase-out strategy and the national water heater strategy as initiatives that can assist consumers become more energy efficient, albeit over a long term timeframe.

As these measures comprise the majority of new initiatives for NFREE Stage 2, it is important to consider the consumers who are unable to participate in the benefits of these programs. Low income households and tenancies represent a large percentage of the housing market and may be unable to engage in these energy efficiency measures for the following reasons:

- Low income consumers are unable to voluntarily replace appliances based upon energy efficiency without financial assistance. We note that energy auditing (outlined further below) is often the only opportunity low income consumers have of identifying energy efficiencies and updating energy efficiency appliances.
- The phase out of incandescent lighting is a long term project that will unlikely have any immediate or obvious impact on consumers. In particular, low-income consumers will not actively pursue compact fluorescent lamps (**CFLs**) to replace incandescent globes due to the increased cost involved.
- As an initiative designed to replace electric resistive water heaters with low emission alternatives it is important to consider the large rental market, including the low income consumers, and their inability to participate in this measure. Low income

consumers and tenants are not in a position to replace hot water systems (or achieve rebates from solar systems) and there is no incentive for landlords to replace hot water systems.

Energy Audits

In addition to the measures outlined above, Consumer Action supports free or subsidised energy auditing for low income consumers or those experiencing financial hardship to be included as part of NFEE Stage 2. Energy auditing can alleviate financial pressure through education and replacement of inefficient appliances, as well as reduce overall energy usage and emissions. We recommend audits be offered with consumers having the option of low cost appliance replacement on payment plans.

It is our view that prioritising low-income consumers in this way is a vital means of redressing the otherwise regressive nature of NFEE and recognising the low carbon footprint of low-income households.

Should you have any questions about this submission, please contact Janine Rayner on 03 9670 5088.

Yours sincerely

CONSUMER ACTION LAW CENTRE



Gerard Brody
Director – Policy & Campaigns



Janine Rayner
Senior Policy Officer