



Ethnic Communities' Council of NSW Inc.

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4/11/2014

Submission to the Australian Government's *Green Paper* to inform the development of an Energy White Paper

The Ethnic Communities' Council of NSW (ECC) welcomes the opportunity to provide input into the Australian Government's *Energy Green Paper* presented to inform the development of an *Energy White Paper*.

Since its formation 39 years ago the ECC has been the peak body for culturally and linguistically diverse (CALD) community members and representative organisations in NSW. The ECC's main activities are advocacy, education and community development. It is a member of the Federation of Ethnic Communities Councils of Australia (FECCA) and the energy advocacy role represents FECCA in the NEM.

The ECC thanks the Department of Industry for the opportunity to contribute to the discussion on its *Energy Green Paper* in the lead-up to the preparation of the *Energy White Paper*. The ECC would like to provide comments focusing on some potential impacts for CALD energy consumers of aspects of the *Green Paper*, including observations and recommendations relating to these areas:

- CALD communities' engagement with the concepts of climate change, global warming and renewable energy technology.
- Redirection of some current industry subsidies.
- The position of the ECC on the Greenhouse and Energy Minimum Standards program (GEMS) and the Renewable Energy Target (RET).
- The potential for CALD communities' uptake of renewable energy technology, including distributed energy storage and stand-alone energy systems.

CALD communities' engagement with climate change, global warming and renewable energy technology.

Given the wide scientific and political consensus¹ about the reality and effects of human-initiated climate change the absence of a wide-ranging discussion of the effects of climate change in the *Green Paper* is a glaring omission, particularly when juxtaposed with the emphasis in the *Green Paper* on extractive industry methods for energy production and export

¹ Most recently, the Intergovernmental Panel on Climate Change, and a plethora of others.

such as coal, gas (including coal-seam gas) and uranium,² methods which are some of the major contributors to Australia's carbon footprint. In addition, there is little positive discussion of renewable energy technology (including distributed energy storage and stand-alone systems) use and potential, generally accepted as a major part of any 21st century energy policy.³ An Australian energy policy cannot be separated from an Australian climate change policy and they need to be discussed in the same document.

As in wider Australian society, members of CALD communities have a variety of experience and familiarity with climate change, global warming and the use of renewable energy technology. Considerable sections of the wider CALD community come from, or have close links with, countries⁴ which recognise the profound changes that will arise with continued global warming. Largely, those countries have policies recognising the imperatives of addressing climate change; a number have aggressive policies and programs in place to decarbonise their energy production. Some CALD communities find it hard to understand an energy policy which limits the discussion of the potential of renewable energy technology, particularly given Australia's considerable natural advantages for technologies such as wind, solar and geothermal generation and the depth and breadth of its research and innovation in these areas.

Recommendation:

1. *The ECC recommends that the White Paper present recommendations which recognise the importance of on-going climate change and prioritise the reduction of Australia's domestic and exported carbon emissions.*

Redirection of subsidies

The ECC notes that the *Green Paper* suggests that that 'providing subsidies distorts energy markets and does not allow the market to follow its natural course'⁵, instead suggesting 'privatisation and greater competition are needed to drive the innovation and productivity that leads to better products and services for consumers'⁶.

The ECC is concerned that very large subsidies, in the order of \$7 billion annually⁷ are provided to the mining industry by State and Federal governments. Given the massive profitability of the Australian mining and resources sector⁸, the ECC feels that these subsidies may be more efficiently directed to areas such as:

- Strengthening and extending the Renewable Energy Target (RET). Research on several fronts points to the value of the RET in its current or extended form in reducing electricity prices for consumers.
- Improving energy productivity across generation, distribution and consumption of energy through targeted programs to address energy productivity in each sector.

² *Energy Green Paper* 2014 extractive industries (mostly positive) references too frequent to note.

³ *Ibid.* positive references on page 3, 22, and 58-9, less than positive references on pages viii, 25,, 29, 33, 35

⁴ For example China, the European Union, India, Bangladesh, Pacific island communities.

⁵ *Energy Green Paper* op. cit. page 2

⁶ *loc.cit.*

⁷ M Grudnoff, *Pouring more fuel on the fire: the nature and extent of federal government subsidies to the mining industry*, The Australia Institute 2013, and M Peel, R Cameron and R Denniss, *Mining the age of entitlement: Stae government assistance to the minerals and fossil fuel sector*, The Australia Institute 2014

⁸ ABS information giving 2011-2012 pre-tax profits by mining firms in Australia

- Supporting Australian research and development efforts in renewable energy technology and storage. Australia has been an industry leader in both areas, producing valuable (marketable) and innovative results in a recognised growth area. Unfortunately, considerable initial Australian research and development has needed to move off-shore for funding and development. The redirection of subsidies to provide appropriate sources of research and development funding will allow the nation to benefit materially and economically from growth in the renewable energy sector, rather than transferring it overseas. The possibilities of investment in renewable technologies is minimally addressed by the *Green Paper* in its section on attracting energy resources investment, rather concentrating on extractive industry export capacity investment.⁹

Recommendation:

2. *The ECC recommends that State and Federal governments redirect the mining industry subsidies and use the redirected funds to:*
 - *Strengthen the RET which has been shown to have the potential to both decarbonise energy production in Australia while lowering costs to consumers.*
 - *Provide funding to programs to improve energy productivity across the network from generation to consumption.*
 - *Support innovative Australian research and development in renewable energy technology and distributed generation and storage research and provide appropriate funding for the market utilisation of this research so that it does not have to be moved offshore for development but provides employment and investment in Australian industry.*

The Greenhouse and Energy Minimum Standards program (GEMS).

CALD communities have supported in large measure the ‘star’ system of energy efficiency under the Greenhouse and Energy Minimum Standards (GEMS) program, currently under independent review. The ECC is pleased to note the benefits outlined in the *Green Paper*.

The average household can save around \$300 per year, equating to approximately 17% of average total household energy expenditure¹⁰.

Fewer than 300 Australian businesses have obligations under GEMS, yet over 2 million Australian businesses benefit from the program through lower energy bills.

GEMS’ benefits outweigh its costs by a ratio of 4.6 to 1 and an expansion of the program would be a highly cost effective way assist CALD communities lower their energy bills.

Recommendation:

3. *The ECC recommends that to protect consumers and create a level playing field for quality manufacturers, the Australian Government:*
 - a. *Maintain current mandatory minimum energy standards and labels for existing products and extend them to new priority products.*

⁹ *Green Paper* op.cit. pages 5 – 24, reference to exportable renewable technology potential on page 22

¹⁰ A Pears, *Energy-smart appliances cut Australian power bills by billions*, RMIT , April 2014 page 1.

- b. *Retain government administration of GEMS and provide sufficient resources to administer the program and ensure compliance.*
- c. *Harmonise standards with leading economies and keep them up to date.*

We further recommend specific improvements to the program:

- d. *Maximise social benefits by prioritising standards updates for appliances particularly used by low-income households.*
- e. *Foster public recognition by retaining and promoting the well-known existing label format.*
- f. *Improve standards for standby energy consumption.*
- g. *Mandate standards for demand response.*

The Renewable Energy Target (RET)

The continued development and growth in the renewable energy sector in Australia will largely be determined by the future of the Renewable Energy Target, currently under consideration by the Federal Government. Several reviews have provided insight into the effectiveness of the RET in providing support for the renewable energy sector, with high levels of job growth and considerable investment, as well as downward pressure on wholesale electricity prices and hence customer power bills over time. Uncertainty about changes to lessen the scope and extent of the RET has already undermined investment proposals and business confidence.

A range of CALD communities have shown great enthusiasm for embracing new technologies where they can assist with domestic and business costs.¹¹ Solar leasing is providing the possibility for greater numbers of low income CALD households and businesses to access the advantages of renewable energy. There are some policy and oversight issues with the growth in this sector and the nascent solar leasing industry will need to develop fair and transparent contractual processes for consumers. An appropriate consumer protection framework needs to be instituted to mirror expected growth in this sector.

Recommendation:

- 4. *The ECC recommends that the Australian Government’s review of the RET should report on the social and economic benefits of renewable energy and the importance of the maintenance of the RET in maximising business investment in the renewable energy sector and the downward pressure on electricity prices.*
- 5. *The ECC recommends that an appropriate consumer protection framework be established by the AER to assist in the development of the solar leasing industry.*
- 6. *The ECC recommends that the installation of solar PV and solar or heat pump technology be a requirement of all new public, affordable and social housing projects and that investigation should be undertaken to explore the retrofit of such technology to existing public, affordable and social housing stock where it does not currently exist.*

¹¹ See reports on the effectiveness of the ECCs ‘Saving water in Asian restaurants’ programs and preliminary research conducted under the Business Energy Smart Tips (BEST) program.

Uptake of renewable energy technology, including distributed energy storage and stand-alone energy systems.

As indicated earlier, some CALD communities have already demonstrated great enthusiasm in taking up new technologies that assist with costs in their homes and businesses.

ECC experience has shown that CALD communities are quick to embrace new technologies and methods where they can assist with domestic and business costs. ECC experience with the uptake of new technology designed to cut water use and save energy (and hence reduce costs to consumers) by CALD communities was found to be very dependent on how the information was presented and disseminated to the community. Targeted programs have had a marked success when they have been conducted by trained bi-lingual educators with extensive community knowledge and presence.¹²

CALD communities will respond quickly to the possibilities presented by renewable technology and distributed generation and storage opportunities if they are presented with the information in a useable and comprehensible form such as community focused trained bi-lingual educators.

Recommendation:

7. *The ECC recommends that programs be established to disseminate information to CALD energy consumers, both residential and small business, about renewable energy and distributed generation and storage, and facilitate its uptake by CALD communities by funding networks of trained, community based bi-lingual educators.*

If you require additional information please contact Iain Maitland, Energy Advocate on 02 9319 0288 or email energy2@eccnsw.org.au.

Sincerely yours,



Mark Franklin
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¹² 'Saving Water in Asian Restaurants' projects ECC 2005-2012