



NORTHERN
ALLIANCE FOR
GREENHOUSE
ACTION

c/- Moreland Energy Foundation Limited
Level One 200 Sydney Road Brunswick
PO Box 276 Brunswick 3056
Phone 03 9385 8514
paul@mefl.com.au
www.naga.org.au

The Honourable Russell Northe
Minister for Energy and Resources

russell.northe@parliament.vic.gov.au

25 March 2014

Dear Minister

Re: Future of the Victorian Energy Efficiency Target Scheme

On behalf of the Northern Alliance for Greenhouse Action (NAGA), I write to express concern at recent media reports regarding the future of the Victorian Energy Efficiency Target Scheme. NAGA supports the continuation and expansion of the scheme as a successful market-based mechanism to support energy efficiency implementation for Victorian households and small business. NAGA has observed measureable benefits accruing from the scheme for households.

The Northern Alliance for Greenhouse Action (NAGA) operates across northern metropolitan region of Melbourne. NAGA's council members include Banyule City Council, Darebin City Council, Hume City Council, Manningham City Council, City of Melbourne, Moreland City Council, Moreland Energy Foundations Limited, Nillumbik Shire Council, City of Whittlesea and the City of Yarra. NAGA formed in 2002 to share information, coordinate emission reduction activities and cooperate on research and the development of innovative projects. NAGA's goal is to achieve significant emissions abatement and energy cost savings by delivering effective programs and leveraging local government, community and business action.

NAGA and its members prioritise the implementation of energy efficiency to deliver improved savings both financially and in the efficient use of our energy resources. NAGA and its members have provided a number of submissions to the establishment of the VEET Act and subsequent reviews, demonstrating a long-standing interest and support for the scheme.

NAGA members have worked with suppliers to promote and extend uptake of the scheme to residents and businesses in their communities. This has included the provision of bulk buy schemes and programs to bundle products and to target specific residential sub-sectors including low-income, high usage, culturally and linguistically diverse and high-rise households. Our projects have engaged participation from commercial operations and businesses from across the spectrum of income brackets, energy using profiles and size.

MEMBER ORGANISATIONS

BANYULE CITY COUNCIL, DAREBIN CITY COUNCIL, HUME CITY COUNCIL, MANNINGHAM CITY COUNCIL, CITY OF MELBOURNE, MORELAND CITY COUNCIL, MORELAND ENERGY FOUNDATION LIMITED, NILLUMBİK SHIRE COUNCIL, CITY OF WHITTLESEA, CITY OF YARRA

The views represented in this submission do not necessarily represent the views of all NAGA members individually.

Our experience of the scheme is that:

- Total household electricity consumption is showing a notable pattern of decline across NAGA municipalities from 2009¹. This is occurring despite increased population and a growing number of households in our municipalities. We believe the scheme has made an important contribution to this reduction and the associated reduction in energy costs for households and businesses.
- In our experience, VEET has been well targeted to those who experience the greatest cost pressures as energy prices continue to rise. Local government has played an important role in supporting access to these high needs groups, such as linking VEET with aged pensioners and low income groups. This has been very well received by residents. In particular the capacity to bundle a range of energy efficiency measures together has resulted in improved health and comfort, as well as financial savings.
- Annual cost savings to concession households will also result in annual savings to the State Government's Concessions budget.
- Cost of living pressures from rising energy prices are unlikely to reduce in the near term and the focus of the scheme should also now take account of the predicted increases in gas prices.

The early period of VEET trials and development is now past, and the scheme is now maturing and increasing in delivery efficiency and program effectiveness. In the future the scheme could continue to provide enduring efficiency savings to those who have been unable to benefit directly to date. In line with the Government's commitment to expand the VEET scheme, key considerations could include:

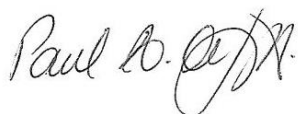
- Greater alignment with NSW Energy Savings Scheme, enabling stronger capacity to improve business energy productivity and reduction of costs for business
- Attention to the barriers to address split incentives for the residential tenants and business leases
- Stronger marketing to both the residential and business sectors.

The VEET scheme has enabled the development of viable businesses and a growth in expertise in delivering energy efficiency services. Maintenance of this expertise and the associated jobs is a plus for Victoria as we seek to develop new industries and employment opportunities.

NAGA and its members would be pleased to provide additional information, based on our direct experience of working with large and small energy users over more than 10 years.

Please contact me (phone: 9385 8507 or email paul@mefl.com.au) if you would like further information, case studies or any clarification regarding the issues raised in this letter.

Yours sincerely



Paul Murfitt
Chair, Northern Alliance for Greenhouse Action.

¹ based on consumption figures supplied by Victoria's electricity distributors to NAGA from 2004 until 2011