<u>EXPLANATORY STATEMENT</u>

<u>Select Legislative Instrument 2009 No. 119</u>

<u>Issued by the Authority of the Minister for Resources and Energy</u>

Energy Efficiency Opportunities Act 2006

Energy Efficiency Opportunities Amendment Regulations 2009 (No. 1)

The *Energy Efficiency Opportunities Act 2006* (the Act) establishes the Energy Efficiency Opportunities program. The Act requires energy efficiency opportunities assessments and public reporting of outcomes by large energy using businesses.

Section 41 of the Act provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The purpose of the Regulations is to extend the period of the current exemption of corporations or subsidiaries of controlling corporations whose main business is the generation of electricity, or the transmission and distribution of either or both of natural gas and electricity, and for which the total of energy used in activities outside these categories does not exceed 0.5 petajoules per year. The Energy Efficiency Opportunities measure was developed to apply to industrial energy end use sectors, and energy supply businesses have been exempted since the commencement of the legislation to allow review of how energy efficiency may most effectively be improved in these sectors.

A review of the current exemption has been undertaken, including public consultations in November 2008 and March 2009. Submissions received from both these consultations strongly supported continuation of the current exemption. The review also examined these industry sectors, and how they are affected by broader climate change policy and environmental and market regulatory environments. The extension of the exemption will allow time for broader climate change measures to be implemented and evidence to become available on their effectiveness in encouraging energy efficiency improvement in the energy supply industry. The extension will avoid additional regulatory burden at a time when significant regulatory change is anticipated. It will also allow time for a full review of the Energy Efficiency Opportunities Program to be undertaken.

The effect of the amendments is to maintain the status quo for four years beyond the current expiry date for these businesses, until the end of 30 June 2013.

Details of the Regulations are set out in the <u>Attachment</u>.

The Regulations will commence on the day after they are registered.

ATTACHMENT

Details of the *Energy Efficiency Opportunities Amendment Regulations 2009 (No. 1)*

Regulation 1 – Name of Regulations

Regulation 1 provides that the name of the Regulations is the *Energy Efficiency Opportunities Amendment Regulations 2009 (No. 1).*

Regulation 2 – Commencement

Regulation 2 provides that the Regulations commence on the day after they are registered.

Regulation 3 – Amendment of *Energy Efficiency Opportunities Regulations 2006*

Regulation 3 provides that Schedule 1 amends the *Energy Efficiency Opportunities Regulations 2006* (the Principal Regulations).

Schedule 1 – Amendments

Item [1] – Regulation 2.1(3), regulation cessation date

This item amends the date that regulation 2.1 ceases to have effect, so that the current exemption from obligations under the Act for holding corporations whose main business is in electricity generation, or electricity or natural gas transmission or distribution, as described in regulation 2.1, does not expire at the end of 30 June 2009 but instead expires at the end of 30 June 2013. This maintains the existing status of the affected corporations for a further four years.

Item [2] – Regulation 2.2(3), regulation cessation date

This item amends the date that regulation 2.2 ceases to have effect, so that the current exemption from obligations under the Act for subsidiaries of controlling corporations whose main business is in electricity generation, or electricity or natural gas transmission or distribution, as described in regulation 2.2, does not expire at the end of 30 June 2009 but instead expires at the end of 30 June 2013. This maintains the existing status of the affected subsidiaries for a further four years.