Discussion Paper

on proposed national legislation for
Minimum Energy Performance Standards (MEPS)
and Energy Labelling

August 2009

Disclaimer

The views and opinions expressed in this publication do not necessarily reflect those of the Australian, state or territory governments or the Minister for the Environment, Heritage and the Arts or the Minister for Climate Change and Water.

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Abbreviations

ACCC	Australian Competition and Consumer Association
COAG	Council of Australian Governments
DEWHA	Department of the Environment, Water, Heritage and the Arts
E3	Equipment Energy Efficiency program
E3 Committee	Equipment Energy Efficiency Committee
Framework	See NFEE
GEMS	Greenhouse and Energy Minimum Standards
MCE	Ministerial Council on Energy
MEPS	Minimum Energy Performance Standards
NFEE	National Framework for Energy Efficiency
NSEE	National Strategy on Energy Efficiency
RIA	Regulatory Impact Analysis
RIS	Regulation Impact Statement
SOG-EE	Senior Officials Group on Energy Efficiency
WELS	Water Efficiency Labelling and Standards

How do I respond to this discussion paper?

Stakeholders are invited to submit feedback on this discussion paper no later than 5pm (EST) **25 September 2009.** Written submissions in either electronic or hard copy are required. Comments should be addressed to:

GEMS Legislation Taskforce
Department of the Environment, Water, Heritage and the Arts
GPO Box 787
CANBERRA ACT 2601

or

gems@environment.gov.au

This discussion paper seeks to stimulate discussion around a number of questions concerning the proposed new national minimum energy performance standards (MEPS) and energy labelling legislation and encourage stakeholders to provide feedback. The questions are summarised as follows:

- How can the proposed national legislation improve consistency?
- What is the scope to expand the range of products beyond electrical appliances and equipment?
- How can a regime of three yearly product reviews be implemented effectively?
- How could administrative processes be streamlined? For example, should statutory timeframes be introduced for key processes?
- How can the current compliance and enforcement regime be improved?
- How could greenhouse performance be incorporated?
- Could suppliers provide market data on individual products?
- What is the most appropriate point in the supply chain of your industry for the proposed legislation to take effect?
- What are the benefits or costs of requiring advertising for regulated products to display the energy label?
- What legislative model do you prefer?

Feedback will be incorporated into the Consultation Regulation Impact Statement (RIS) for the proposed national MEPS and energy labelling legislation, which is expected to be released late 2009.

Introduction

What is the purpose of this discussion paper?

The Department of the Environment, Water, Heritage and the Arts (DEWHA) has released this discussion paper to provide background on proposed national MEPS and Energy Labelling legislation to stimulate discussion and input by all stakeholders.

This paper poses a series of questions based around the high level objectives of the proposed national legislation, to encourage stakeholders to start thinking about the proposed legislation. The list of questions is in no way an exhaustive list, and comments on other issues and matters of interest or concern are also welcome.

Feedback on this paper will be used in the development of a Consultation RIS.

What is the background to the proposed national legislation?

Standards and labelling are among the most cost effective and widely used measures to reduce energy use and reduce greenhouse gas emissions around the world. Standards and labels for electrical appliances include:

- MEPS which are regulated minimum energy efficiency levels that electrical products must achieve to be sold on the Australian or New Zealand markets, whether manufactured locally or imported from overseas, and
- Energy labelling which enables consumers to compare the energy efficiency of electrical appliances on a fair and equitable basis. They also provide incentives for manufacturers to improve the energy performance of their appliances.

In Australia, mandatory energy labelling was first introduced for appliances by the New South Wales and Victorian Governments in 1986. Between 1986 and 1999, most state and territory governments introduced legislation to mandate energy labelling.

Currently MEPS and energy labelling are developed under the National Framework on Energy Efficiency (NFEE), funded through the Ministerial Council on Energy (MCE) and implemented through state, territory and New Zealand legislation. The states and territories have significant experience in successfully regulating appliances and equipment.

The proposal to develop national legislation follows recent commitments in this area by both the Australian Government and the Council of Australian Governments (COAG).

- In October 2007, the Australian Government undertook to fast track the deployment of more energy efficient appliances as part of its *Solar Schools – Solar Homes* election commitment. A key element of this policy is to introduce greenhouse and energy minimum standards that ensure greenhouse benefits as well as energy savings are factored into standard setting (see Appendix I for more details).

- In October 2008, COAG agreed to develop, subject to a RIS, national legislation for appliance energy performance standards and labelling to simplify enforcement and ensure consistency across all Australian jurisdictions (see Appendix II for more details).
- In July 2009, COAG released the National Strategy on Energy Efficiency (NSEE) which proposes that the national MEPS and Energy Labelling legislation would be extended over time to cover greenhouse and energy minimum standards. DEWHA has lead responsibility for progressing the national MEPS legislation in consultation with the states and territories through the MCE (see Appendices II and III for more details).

The proposed legislation will build on the MEPS and energy labelling regime for electrical appliances and equipment that is currently managed nationally through the MCE and implemented through state and territory legislation.

Why do we need the proposed national legislation?

The current approach to MEPS and energy labelling is implemented through legislation in the states and territories. Over time, a number of issues have been identified with the current approach, and the national legislation proposed through the NSEE provides an opportunity to:

- provide a nationally consistent policy framework covering MEPS and energy labelling
- streamline governance arrangements and regulatory processes
- simplify compliance and enforcement responsibilities for all stakeholders
- reduce transaction costs for business, and
- give consumers confidence to make better choices.

What are the key objectives of the proposed national legislation?

The key objectives of the proposed national MEPS and energy labelling legislation are to:

- provide a vehicle for expanding the MEPS and energy labelling program to improve the energy efficiency of appliances and equipment
- achieve greater greenhouse gas reductions, and
- deliver an efficient and consistent regulatory environment.

Why is regulatory impact analysis important?

Before products are included in the current MEPS and energy labelling program, a regulatory impact analysis (RIA) must be conducted to ensure that the benefits of regulating those products outweigh the costs. A RIA takes into account the costs and benefits for industry, regulators and consumers. This process is designed to ensure that any new regulations are in the best interest of all Australians.

A RIA will be conducted for the proposed legislation and will include a comparison of the costs and benefits of different approaches to implementing the legislation. As part

of the RIA, a consultation RIS will be developed and distributed so that all stakeholders can comment on it. These comments will then be addressed in a decision RIS. The decision RIS must be approved by the Office of Best Practice Regulation and is provided to Parliament with the Bill for the new legislation.

The consultation RIS for the proposed national MEPS and energy labelling legislation is expected to be released in late 2009. This will be the start of the second consultation round when stakeholders will again have the opportunity to comment on the proposed legislation. The decision RIS is expected to be finalised in March 2010.

Both the legislation itself and the inclusion of new products under the legislation will be subject to a RIA. This ensures that any new requirements, such as increasing MEPS levels or adding new products, are assessed on a case-by-case basis to ensure their inclusion is in the best interests of all Australians

Issues for discussion

How can the proposed national legislation improve consistency?

The current MEPS and Energy Labelling system is coordinated through the Equipment Energy Efficiency (E3) Committee and implemented through state, territory and New Zealand legislation. The proposed legislation will build on the existing program, continuing those aspects of the current system which have proven effective, and streamlining those areas where issues have arisen.

Despite the best efforts of all jurisdictions to maintain national consistency, inconsistencies have arisen under this multi-jurisdictional system. Issues which have previously been identified include:

- differences in definitions of key terminology (eg. second-hand products, sale/supply)
- variation in penalty amounts and the way penalties are calculated (eg. individuals or corporations)
- commencement dates for new or amended regulations, and
- transitional periods and arrangements, including 'grandfathering' of products when new or amended standards are introduced.

It is expected that the number of products covered by the proposed legislation will increase as new technologies and products are introduced to the Australian market, while the stringency of performance standards will increase in line with industry and world's best practice. Any such changes that occur after the new legislation takes effect will be subject to a RIA on a case-by-case basis.

When developing the proposed legislation, identification of legislative models that overcome the inconsistencies will be important, thus ensuring consistency on:

- commencement dates for new or amended appliance and equipment regulations
- administration, application and interpretation of the legislation, and
- compliance and enforcement.

These issues are discussed later in the paper.

Question:

- What are the benefits and costs of greater consistency for your business/industry (for example, nationally consistent commencement dates for regulations, or a nationally consistent compliance and enforcement scheme)?

What is the scope to expand the range of products beyond electrical appliances and equipment?

To date only electrical appliances and equipment have been regulated, although the MCE has a mandate to regulate the energy efficiency of gas appliances and equipment (see Appendix IV for a list of products that are expected to be regulated under the current program by 2011). MEPS for the first gas product (i.e. gas water heaters) is expected to be implemented in late 2010.

Under the proposed national legislation, the current MEPS and energy labelling requirements for appliances and equipment would be retained, however the program could be extended to cover:

- **Additional Fuel sources** – non-electrical appliances and equipment (e.g. gas and wood fuelled products)
- **Non-energy using products** – products that do not consume energy but have a direct impact on the energy performance of regulated appliances and equipment (e.g. ducting for heating and cooling, window glazing or insulation), and
- **Environmental matters** – non-energy environmental matters directly associated with regulated products (e.g. the mercury content of fluorescent lighting products).

While extending the scope of the current system of MEPS and energy labelling to cover associated non-energy using products and associated environmental matters would not be the primary focus of the proposed legislation, it could help ensure the performance of regulated energy using products is maintained.

Additional fuel sources

The need for the current MEPS and energy labelling program to encompass both electrical and gas products is well established, through both previous MCE decisions, and long term strategies such as *Switch on Gas*, Australia's long term strategy to improve the energy efficiency of gas appliances and equipment.

The main objective of this ten year strategic plan is to implement a nationally consistent regulatory scheme for the energy efficiency of gas appliances and equipment. By progressively increasing the energy efficiency of gas appliances and equipment, *Switch on Gas* is responding to the evolving needs of the community by providing world class energy efficient gas products.

This gas strategy was developed over several years in consultation with the Gas Appliance Manufacturers Association of Australia (**GAMAA)**. GAMAA stated that:

> "These changes will over time improve the efficiency of products sold in Australia lowering the greenhouse emissions attributed to these appliances and equipment. It also will mean our members compete on a "level playing field" subject to the legal responsibilities created by the regulatory scheme[1]."

The development of the proposed legislation may present an opportunity to ensure that this policy is implemented consistently across all jurisdictions.

[1] Letter from GAMAA to the then Chair of the MCE reproduced in *Switch on Gas*, 2004

Expanding the MEPS and energy labelling program under the proposed legislation to cover non-electrical greenhouse gas emissions "generating" equipment and appliances (e.g. gas and wood heaters) would also be consistent with international best practice, including Europe's Energy Using Products (EuP) Directive. The EuP Directive applies to products that use any form of energy including electricity, fossil fuels or renewable energy sources during the use stage of their life cycle.

Broadening the scope of the program to cover non-electrical products would provide industry with a more level playing field, and allow consumers to assess the efficiency of products with a range of fuel types.

Non-energy using products directly associated with regulated appliances and equipment

There is a range of products that do not consume energy themselves, but can directly impact on the performance of products regulated for MEPS and/or energy labelling. The performance of regulated products can be undermined if they are part of a poor system. By taking a systems approach and broadening the scope of products which can be covered by standards and labelling, the proposed legislation could improve the effectiveness of existing regulated products. Where appropriate, industry performance standards or rating systems, for example the insulation rating scheme, could be given force of law, to ensure that all industry players are meeting the agreed standards.

For example the performance of an installed air conditioner can be undermined if it is connected to poor ducting. According to the United States' Environment Protection Agency, ducts that move air to and from a central air conditioner or heat pump can be big energy wasters. If ducts are poor quality and leak, they can decrease the efficiency of a heating and cooling system by about 20 per cent[2]. In a similar manner, a systems approach could also be applied to include window glazing and wall, floor and ceiling insulation.

This approach would also be consistent with international best practice. Similar moves are being adopted in Europe to cover 'energy related products' under the EuP Directive.

It is important to note that this component of the proposed legislation could complement other regulatory schemes, such as the Building Code of Australia (BCA), in improving the energy efficiency of the built environment. For the products discussed above, the BCA would continue to specify the overall minimum performance requirements for the construction of a building, while the proposed national MEPS and energy labelling legislation could enable non-energy consuming products to be tested to ensure that they meet the standards claimed by the manufacturer.

As an example, if R4 insulation was used in a building to help meet the overall minimum performance requirements of the BCA, the proposed legislation would enable the insulation to be tested to ensure that it performs to the claimed standard. This is an important example of how the two schemes could complement each other,

[2] *Duct Sealing* brochure, US Environment Protection Agency: Energy Star, February 2009

as testing by DEWHA indicates that in the past a number of insulation products have not performed to the claimed rating.

Environmental matters related to the performance of regulated appliances and equipment

State and territory governments currently regulate non-energy environmental matters that have a direct impact on the energy performance of regulated products. This ensures that any perverse environmental outcomes are avoided. For example, the standard for compact fluorescent lamps (which is called up by state legislation) includes a cap on mercury content to avoid more mercury waste entering the environment.

New legislation would continue to call up the same standards and therefore needs to include provision to cover these non-energy environmental issues. As the range of regulated products expands, other non-energy environmental matters may be incorporated in standards and then, after undergoing a RIA, be called up under the legislation.

This aspect of the proposed legislation would only apply where the matter is not regulated in other national legislation.

Regulatory impact analysis

All products regulated under the current MEPS and energy labelling program have been subject to regulatory impact analyses and this would continue under the proposed new legislation. Although new legislation could include provisions to address non-energy using products and associated environmental matters, these provisions would be subject to RIA either through the RIA for new legislation or, if included after the legislation has commenced, through a separate RIA on a case-by-case basis. New provisions will only be included in the legislation if a RIA shows that the benefits of regulating outweigh the costs.

Questions:

- Are there other products that could be covered under the legislation? Please provide examples, including an explanation why it may be appropriate.
- What other products that do not consume energy have a direct impact on the energy performance of the appliances and equipment in your industry?
- What additional fuel sources could be covered under the legislation (e.g. wood)?
- What other issues could be examined when considering regulation of products that use gas or other fuels? Please provide examples, including an explanation of each issue.

How can a regime of three yearly product reviews be implemented effectively?

Under the current program there has been a commitment to review regulated MEPS every three to five years and make them more stringent if justified.

In line with the commitments by the Australian Government and COAG to accelerate MEPS and Energy Labelling, the proposed legislation could include provision to review standards every three years. Where an increase in the existing standard is justified, the standard for these products would become more stringent, subject to regulatory impact analysis. The resource implications for both industry and the regulators of more frequent regular reviews would need to be considered in developing the legislation.

Regular reviews would ensure Australia has responsive MEPS based on Australian and New Zealand experience and consistent with international best practice in this area. These MEPS would reflect the latest commercially available products and provide greater market certainty for industry through a predictable, level playing field.

In some sectors, industry and government have worked together to develop and implement long term strategies. For example, strategies have been developed for standby power, lighting, gas, and for heating, ventilation and cooling energy efficiency. These types of long term strategies can indicate when MEPS levels are expected to be introduced, reviewed and increased. Such strategies could continue to complement proposed national legislation.

Questions:

- What could be the costs and benefits of regular, three yearly reviews of product standards for your business/industry?
- Would the development of long term strategies for additional product categories be beneficial to your business/industry? If so, how?
- What are the key factors that should be taken into account in reviewing standards for your products?

How could administrative processes be streamlined? For example, should statutory timeframes be introduced for key processes?

The development of the proposed legislation provides an opportunity to streamline and improve administrative processes, which will in turn assist in accelerating and expanding the MEPS and energy labelling program. For example, efficiency gains may be attained by streamlining registration processes or providing a legislative basis for guidelines such as the Checktesting Guidelines.

Currently there are no specified timeframes for developing, reviewing and implementing standards, or undertaking regulatory impact analyses. As part of the NSEE measure, the proposed legislation is intended to include target timelines for developing and implementing new standards and key processes, which will complement the objective to regularly review product standards. Key stakeholders with the ability to help achieve statutory obligations will be consulted in considering potential timeframes. The resource implications for relevant organisations, including the regulator, will need to be considered when developing any target timeframes.

Questions:

- Are there administrative processes which could be streamlined or codified in the legislation?
- Does the current product registration process meet the needs of your business/industry?
- Should there be a requirement that test reports supplied by manufacturers for product registration purposes be from an appropriately accredited laboratory? Please explain why or why not.
- What key processes could benefit from the development of target timeframes?
- If any of these processes or activities are delayed:
  - what could be the costs to your business or industry, and
  - what problems could arise?
- How much notice would your industry prefer prior to a new or revised MEPS or energy labelling requirement coming into effect?

How can the current compliance and enforcement regime be improved?

Under the current MEPS and energy labelling program, offences and penalties are neither consistent, nor consistently applied across jurisdictions. One of the key objectives of the proposed legislation is to improve national consistency and simplify compliance and enforcement.

Currently compliance and enforcement activities are carried out by a number of energy efficiency regulators (based in New South Wales, Victoria, Queensland and South Australia), coordinated by the Australian Government Department of the Environment, Water, Heritage and the Arts. This includes a national checktesting program and national retail compliance audits.

In many instances, current state and territory based sanctions are relatively minor, and the worst cases of non-compliance have been referred to the Australian Competition and Consumer Commission (ACCC) for action. Industry has previously proposed that a stronger compliance and enforcement regime would significantly improve the program.

Building on the experience of both the current MEPS and energy labelling program, the Water Efficiency Labelling and Standards (WELS) Scheme, and the *Trade Practices Act 1974*, there are a range of mechanisms, powers, offences and penalties that could be incorporated into the proposed legislation. As an example, penalties under WELS include:

- an on the spot fine (infringement notice)
- a court prosecution
- an enforceable undertaking
- an injunction, e.g. to remove a non-complying product, recall products that have already been supplied or ordering the supplier to set up a trust fund out of which they can pay customers compensation, and
- publicising an offence in any appropriate way.

The development of national legislation also presents an opportunity to examine the way in which offences and penalties are applied. For example, in some sectors it may be more effective to:

- apply the penalty at different points along the supply chain (e.g. import, supply or installation), or
- have a sliding scale of penalties to reflect more accurately the value of products (e.g. low cost external power supplies compared with high cost distribution transformers) or energy used by products.

Questions:

- In your industry, what legal measures would act as an incentive to comply with the proposed legislation?
- In your industry, at what point or points in the supply chain (e.g. import/supply/installation) should an offence apply?
- Should the penalties vary for different products to better reflect the differences in the purchase or manufacturing cost of products and energy use?

How could greenhouse performance be incorporated?

Currently, consumers are unable to easily determine greenhouse emissions from appliances or equipment, nor to compare the greenhouse performance of appliances which use different fuel sources. For example, if at the moment someone wanted to compare the following hot water systems they would find it difficult to determine which used less energy, had the lowest running or lifecycle costs and produced the lowest greenhouse gas emissions:

- an electric storage hot water system
- a gas storage hot water system
- an electric boosted solar hot water system
- a gas boosted solar hot water system, or
- an instantaneous gas hot water system.

Measure 2.2.2 of the NSEE includes provision to examine issues and processes for including greenhouse and energy minimum standards as part of the regulatory impact analysis for the proposed legislation.

There are obvious challenges in providing meaningful, timely information on greenhouse gas emissions associated with equipment energy use, including the wide variation in greenhouse intensity of energy supply between and within jurisdictions. However, over time it may be possible to:

- provide information to allow consumers to determine which appliances and equipment produce the least greenhouse gas emissions for their particular circumstances (e.g. location and household size), and
- include greenhouse standards, should they be developed in future.

Governments and industries around the world are working to develop algorithms, metrics, labels and other tools to express greenhouse performance, but this has proved a very challenging task. The proposed legislation would not commit to a specific algorithm or tool initially. However, it could include provisions so that if such tools were eventually developed, they could be incorporated. The inclusion of any future greenhouse tools (e.g. greenhouse performance standards or labelling) would be subject to a RIA.

Questions:

- Is it possible to provide consumers with meaningful information on the greenhouse performance of appliances or equipment in your sector?
- If greenhouse performance were to be included in the legislation, would a minimum greenhouse standard or label work best for your product? Could both of these tools work in your industry?
- Would it be possible to adjust any information on the greenhouse performance of products to reflect the greenhouse coefficient of each state or territory (e.g. through a website where you could select your state or territory)?
- If so, how regularly would information on greenhouse coefficients need to be updated?

Could suppliers provide market data on individual products?

One of the inconsistencies which has been identified in the current MEPS and energy labelling program is that the New Zealand energy efficiency regulations require information to be provided to the Regulator for statistical purposes. This provision requires that any person who manufactures or imports regulated products in New Zealand must, for each model, annually report on the number of units that:

- the person sold in New Zealand
- the person exported from New Zealand
- the person imported into New Zealand, and
- were discontinued within that year.

This requirement provides important statistical data for the New Zealand regulator, which can be used to determine market trends and the stock of each appliance type. This data is then used for reporting on the success of the program and allows policies to be developed based on real life information. This valuable information is not currently collected in Australia.

Should this data be collected under the proposed legislation, it would be treated as confidential information.

Questions:

- Is it possible for your business/industry to provide similar information in relation to the Australian market, including exports?
- At what point or points in the supply chain would it be most appropriate to collect this data?
- What would be an appropriate reporting period for your industry (e.g. monthly, quarterly, six monthly or annually?
- How much would it cost your business to collect such data (on a monthly, quarterly, six monthly or annual basis?

What is the most appropriate point in the supply chain of your industry for the proposed legislation to take effect?

Under the current legislative system, offences generally relate to the sale or supply of products. The proposed legislation provides an opportunity to look at the whole supply chain (from import or manufacture to installation or commissioning) and consider different potential intervention points.

Questions:

- Could the existing MEPS and energy labelling program be streamlined or improved by placing legislative requirements (e.g. reporting) at different points along the supply chain?
- What is the appropriate point in the supply chain for your industry (e.g. import, manufacture, supply, installation or commissioning) for the proposed legislation to take effect, and why?

What are the benefits or costs of requiring advertising for regulated products to display the energy label?

One of the other measures in COAG's NSEE that could complement the proposed legislation is the development and implementation of additional information programs to assist consumers to purchase more energy efficiency products. A key element of NSEE measure 2.2.5 is to investigate the costs and benefits of requiring star ratings of appliances to be displayed in advertising material such as brochures, television advertisements and websites.

Under the current program, state and territory regulations only require that energy labels are displayed on products which are sold or displayed for sale.

The WELS Scheme requires advertising of regulated products to include the WELS label. The purpose of this is to inform the consumer of the comparative water efficiency of products before they enter a store to make a purchase and ensure that customers purchasing from catalogues or online have access to efficiency information.

Questions:

- What are the main advertising mediums used by your business/industry? (e.g. television, radio, newspapers, brochures or product catalogues)?
- What would be the costs and benefits to your business/industry of requiring product advertising to display the energy label?
- Are some forms of advertising your business/industry uses more conducive to inclusion of the energy label than others (e.g. brochures versus product catalogues)?
- What type of information have consumers sought from your business/industry in making purchasing decisions? Has it included information on the energy rating label, running costs or greenhouse gas emissions?

What legislative model would you prefer?

State, territory and the New Zealand governments currently implement MEPS and energy labelling through jurisdiction specific legislation in the absence of Commonwealth legislation.

Subject to a regulatory impact analysis, COAG's commitment to national legislation for MEPS and energy labelling can be implemented using a number of different legislative models including:

1. maintaining the current legislative model involving state and territory legislation. This option would involve revising and expanding the existing legislation and regulations to achieve national consistency and incorporation of additional policy aspects. The main benefit of this model is that it the legislative framework is established and stakeholders are familiar with this model.
2. co-regulation, using the Commonwealth's territories power to develop legislation which would then be adopted by other jurisdictions, either entirely or with some amendments. One benefit of using the Commonwealth's territories power to implement legislation would be that amendments would only be required to a single piece of legislation when new requirements, standards or products are added.
3. co-regulation, using mirror legislation requiring each jurisdiction, including the Commonwealth, to enact similar, if not identical legislation. This model is used for the WELS scheme. This model could deliver national consistency as each jurisdiction could implement or adopt the agreed wording of the legislation in its entirety, however some inconsistencies could arise.
4. new Commonwealth legislation based on a referral of powers from the states and territories. The main benefit of this model is that although there would be numerous referring Acts, the requirements would be detailed under a single Commonwealth Act, for ease of amendment.
5. new Commonwealth legislation based on Commonwealth constitutional powers (i.e. the corporations, external affairs and trade and commerce powers). The benefits of this model include that it would deliver long term consistency in national appliance and equipment energy efficiency policies, new product standards and/or fuel types can be adopted nationally through one legislative action, and the legislation would incorporate consistent offences and penalties.

Question:

- What legislative model would your business/industry prefer, and why?

Appendices

Appendix I Extracts from Solar Schools – Solar Homes Plan, 2007

Climate friendly appliances

A Rudd Labor Government will introduce Greenhouse and Energy Minimum Standards that fast-track efficient technology, helping Australian families to save money, cut energy use and reduce greenhouse gas emissions.

Federal Labor will work with industry, and the States and Territories to:

- Improve the six star energy rating label scheme so that up to ten stars could be awarded to an expanded list of products, including TVs. This would give manufacturers the incentive to continually improve their products and give consumers more precise information to help with their choices.
- Introduce Greenhouse and Energy Minimum Standards that ensure greenhouse benefits as well as energy savings are factored into standard setting.
- Fast-track new standards for products including digital set top boxes, computers and home entertainment systems.
- Formally review existing standards every three years for all major appliances, like fridges and air conditioners, to ensure they keep up with technology improvements.
- Ensure any up front costs to consumers are outweighed by savings on energy bills.
- Accelerate the introduction of the One Watt standard for standby power (Standby power consumes up to 10 per cent of all household energy).
- Enhance ongoing testing and compliance measures to ensure products meet new standards.

A full copy of the Solar Schools – Solar Homes plan can be downloaded from: www.alp.org.au/download/now/071026_solar_schools_solar_homes_policy.pdf

Appendix II Summary of relevant COAG Communiqués

COAG Communiqué - October 2008

Climate Change

Energy Efficiency

In October 2008, COAG agreed to develop, subject to a regulation impact statement, national legislation for appliance energy performance standards and labelling to simplify enforcement and ensure consistency. This will reduce transaction costs for business and accelerate the rollout of new standards and labels for products.

COAG Communiqué - July 2009

Dealing with climate change through energy efficiency

In July 2009 COAG agreed a comprehensive 10-year strategy to accelerate energy efficiency improvements for householders and businesses across all sectors of the economy. Accelerating energy efficiency is a key plank in the strategy to combat climate change, reduce the cost of emissions abatement and improve the productivity of the economy. The strategy will complement the Carbon Pollution Reduction Scheme by addressing the barriers that are preventing the efficient uptake of energy efficient opportunities, such as split incentives and information failures.

On 2 July 2009 COAG signed the National Partnership Agreement on Energy Efficiency, which will deliver a nationally-consistent and cooperative approach to energy efficiency, which includes:

- assistance to households to reduce energy use by providing information, and
- nationally consistent energy efficiency standards for appliances and equipment and a process to enable industry to adjust to increasingly stringent standards over time.

All regulatory measures will be subject to normal regulatory impact analyses.

Full copies of these communiqués can be downloaded from:

- www.coag.gov.au/coag_meeting_outcomes/2008-10-02/docs/communique20081002.pdf
- www.coag.gov.au/coag_meeting_outcomes/2009-07-02/docs/20090702_communique.pdf

Appendix III Extracts from National Strategy on Energy Efficiency, 2009

2.2 APPLIANCES AND EQUIPMENT

Measure	Key Elements	Process	Implementation responsibility
2.2.2 Establish national legislation for Minimum Energy Performances Standards (MEPS) and labelling, and over time move to add Greenhouse and Energy Minimum Standards (GEMS).	a. Measure is intended to include an overhaul and streamlining of the MEPS process to include target timelines for development and implementation of new standards. b. Include gas products in MEPS and labelling. c. GEMS legislation expected to cover non-electrical appliances and system components that affect the energy efficiency of appliances (for example air conditioner ducting).	Stage one: Australian Government tasked with leading an officials group to consider form of national legislation. Undertake stakeholder consultation, including regulatory impact analysis (RIA) process. As part of this RIA process, the issues and processes for including greenhouse and energy minimum standards will be examined. Stage one will be completed when the RIA process is complete. Expected to be mid-2010. Stage two: New legislation drafted or amendments to existing legislation and regulations. Bills(s), including a simplified and nationally consistent compliance and enforcement scheme, to be introduced and legislation enacted in Parliament. Stage two will be complete when the draft Bills(s) have been passed, target implementation timeframe is second half of 2010.	Australian Government • Department of the Environment, Water, Heritage and the Arts in consultation with the states and territories through the Ministerial Council on Energy (MCE).
2.2.5 Develop and implement additional consumer information programs.	a. Mandate the requirement for star ratings of appliances to be displayed in advertising material such as brochures, television advertisements and websites (subject to regulatory impact analysis). b. Develop information and advice to assist the promotion and sale of the most efficient products.	A three pronged approach will be used to achieve this measure: • Consumer information – mandatory energy rating information in product advertising; and • Retailer training – as product labelling is required for new products at point of sale, plans will be developed for provision of education materials for retailers which will be used to empower consumers when making purchasing decisions (for example retailer communications materials are currently being developed in readiness of the introduction of mandatory labelling for televisions and lighting changes). • Websites – renovated www.energyrating.gov.au website as an information source, together with the LivingGreener.gov.au portal (refer measure 1.3.1).	Ministerial Council on Energy and the Australian Government • NFEE Equipment Energy Efficiency (E3) Committee Australian Government • Department of the Environment, Water, Heritage and the Arts in consultation with the states and territories through the MCE.

A full copy of the strategy can be downloaded from www.coag.gov.au/coag_meeting_outcomes/2009-07-02/docs/Energy_efficiency_measures_table.pdf

Appendix IV Products expected to be covered by E3 by 2011

Key: MEPS – minimum energy performance standards
HE – high efficiency voluntary label
ML – mandatory star rating energy label – can include separate HE label for many products, for ballasts Ml mean display for energy efficiency index
LE – low efficiency label mandatory label
VL – voluntary use of the star rating energy label

Location	No.	Product	Measure	
			MEPS	Labelling
Home	**Whitegoods**			
	1	Refrigerators	ü	ML
	2	Freezers	ü	ML
	3	Dishwashers		ML
	4	Clothes washers		ML
	5	Clothes dryers		ML
	Home Entertainment			
	6	Televisions	ü	ML, HE
	7	Set-top boxes	ü	HE
	8	Other home entertainment :		
		• DVDs	ü	HE
		• Home theatre	ü	HE
		• New technologies	ü	HE
	Heating and Cooling			
	9	Air conditioners (single phase, three phase)	ü	ML
	10	Electric storage water heaters	ü	
	11	Gas water heaters	ü	
	Other Products			
	12	Swimming pool equipment	ü	ML
Office	**Heating and Cooling**			
	13	Air conditioners (packaged - 3 phase)	ü	HE
	14	Close control AC (for computer rooms)	ü	
	15	Chiller towers for commercial AC	ü	
	IT and Office Equipment			
	16	Computers (including laptops) and monitors	ü	HE
	17	External power supplies (EPS)	ü	HE
	18	Internal power supplies (IPS)	ü	HE
	Lighting			
	19	Fluorescent ballasts (linear)	ü	ML
	20	Fluorescent lamps (linear)	ü	HE
	21	Fluorescent lamps (CFLs)	ü	HE
	22	Halogen lamps (including reflector lamps)	ü	HE
	23	Halogen transformers	ü	HE
	24	Luminaires	ü	HE
	25	High intensity discharge lamps	ü	HE
	26	High intensity discharge ballasts	ü	HE
	27	Control systems	ü	HE
	28	Emergency and exit lighting	ü	HE
	Other Products			
	29	Chilled and boiling water dispensers		HE
	30	Refrigerated beverage vending machines	ü	

Location	No.	Product	Measure	
			MEPS	Labelling
Factory	**Industrial**			
	31	Electricity distribution transformers	ü	HE
	32	Electric motors (3 phase)	ü	HE
	33	Industrial fans	ü	
	34	Industrial pumps	ü	
	35	Air compressors	ü	
	Commercial Refrigeration			
	36	Refrigerated display cabinets	ü	HE
Street	**Lighting**			
	37	Public amenity lighting (street lighting)	ü	HE
	38	Traffic signals (LED)	ü	HE