

2 March 2012



Australian Institute of Architects

National Energy Savings Initiative Working Group
Department of Climate Change and Energy Efficiency
GPO Box 854
Canberra ACT 2601

To the NESI Working Group,

National Energy Savings Initiative - Issues Paper

The Australian Institute of Architects (the Institute) welcomes the opportunity to contribute comment to the above issues paper and is appreciative of the extension of time in which to make this submission.

About the Institute

The Institute is an independent, national member organisation with over 10,000 members across Australia and overseas. The Institute exists to: advance the interests of members, their professional standards and contemporary practice; and advocate the value of architecture to the sustainable growth of our community, economy and culture. The Institute actively works to maintain and improve the quality of our built environment by promoting better, responsible and environmental design.

The Institute welcomes the climate change abatement objectives sought through the introduction of the Australian Government's Clean Energy Future program which includes pricing carbon from July this year.

We also welcome the introduction of a cap on Australia's greenhouse gas emissions (GHG) using an emissions trading scheme as the mechanism to achieve that cap, and support the Government's target to reduce Australia's GHG emissions by eighty percent below 2000 levels by 2050.

We contend that the Government's complementary reform, for example the national renewable energy target is an important adjunct to Australia's efforts to reduce green house gas emissions.

Energy efficiency potential in the buildings sector

The building sector comprises two elements: residential buildings – housing the population; and commercial buildings - housing a range of activities including; retail trade, accommodation, business services, government and government agencies, recreation and cultural services.

The building sector's contribution to GHG is mainly driven by its end use of, or demand for, energy mainly through consumption of electricity and gas. The latest study shows that the building sector's share of total final energy consumption of various sectors in the economy, is 20%, the third largest share of total final energy consumption. The study also shows that energy consumed in the sector can be reduced by around 212 PJ in 2034-35 through energy efficiency measures. This highlights the potential of the building sector to contribute

substantial savings from energy efficiency advances¹, with an accompanying reduction in greenhouse emissions.

About ASBEC's past research

The Institute is a member of the Australian Sustainable Built Environment Council (ASBEC), the peak body of key organisations committed to a sustainable built environment in Australia. As Chair of the ASBEC Climate Change Task Group (CCTG), the Institute was an original supporter of the work undertaken by the ASBEC CCTG to determine the building sector's significant potential for reducing greenhouse gas emissions through energy efficiency.

The ASBEC reports '*The Second Plank Report*', 2008 and the '*Second Plank Report Update*', 2010 clearly demonstrate this potential as a complement to any scheme which prices carbon pollution such as the earlier proposed Carbon Pollution Reduction Scheme.

The potential for further energy efficiency in the buildings sector, which is additional to the energy efficiency gains expected to be achieved under a carbon price mechanism are significant. Importantly the ASBEC work demonstrates that these further gains are able to be achieved through the use of existing technologies and the sector has the potential to make these gains economically, involving little or no net economic cost.

However, there are a number of key barriers to achieving energy efficiency in the building sector and these are outlined in the Second Plank Reports as well as the recent Allen Consulting Group (ACG) report '*The pathway to energy efficiency: Unlocking trapped energy efficiency in the buildings sector*' submitted to the NESI Issues Paper by the ASBEC CCTG.

We acknowledge the energy efficiency measures which Australian governments have initiated to date, however the Second Plank Update report clearly demonstrates Australia can reap further benefits from the contribution the building sector can make to emissions abatement. Driving energy efficiency in the buildings sector will reduce the future costs of meeting emissions abatement targets under an emissions trading scheme, because it will bring forward reductions in emissions and these reduce the scale of the task in future years.

Energy efficiency in the buildings sector offers a low cost approach to greenhouse gas emissions reduction with the likelihood of the reduction being achieved on a cost neutral basis over time. If so, this would be at a lower cost than technological solutions such as renewal energy or carbon capture and storage and would reduce the Government's risk in relying on these uncertain technologies.

Response to the NESI Issues Paper

The findings of the Second Plank Reports led to the ASBEC CCTG advocating for five policy measures to help the building sector overcome market barriers to reaching its full potential. These measures included:

- accelerated green depreciation for buildings,
- a national white certificate scheme,
- public funding of building retrofit,
- modernisation and updating of the Building Code of Australia with higher standards,
- enhancement of performance standards in Minimum Energy Performance (MEPs).

¹ Allen Consulting Group '*The pathway to energy efficiency: Unlocking trapped energy efficiency in the buildings sector*', February 2012

We have been extremely pleased that the Australian government has acted on all of the above measures, with the Tax Breaks for Green Buildings scheduled for 1 July 2012 an alternative approach to accelerated green depreciation, and with the consultation on the NESI aligning with our call for a national white certificate scheme.

The Institute welcomes the consultation initiated on a NESI and we endorse the findings of the ACG report *'The pathway to energy efficiency: Unlocking trapped energy efficiency in the buildings sector'* (the report).

We support the report's key argument that a clear goal for a NESI needs to be determined before addressing details of any such scheme. The "clear goal should be to combat the range of market failures and other barriers that contribute to the wasteful overconsumption of energy". We also support the finding in the report that the wider building sector should be a central focus because:

- "The size of the energy savings from the sector have been measured and the market failures that prevent them being realised are well known and understood,
- The implementation technologies in the sector are known, and
- Any improvements would have a significant impact because of the sector's scope".

As found in the Second Plank Reports, this report also demonstrates that to unlock the energy efficiency potential in the buildings sector, there is a need for measures complementary to the Carbon Price Mechanism (CPM). As the report notes, "an appropriately targeted NESI would help achieve the goals of the CPM at a lower cost".

The Institute acknowledges that the role of existing energy efficiency measures need to be reviewed in light of both the CPM and the consideration of a broad based NESI, however we agree with the report's finding that the Tax Breaks for Green Buildings program should be retained given its difference in focus to the NESI and its complementarity.

I am pleased to make this submission to the NESI Issues Paper and commend the Allen Consulting Group's report *'The Pathway to Energy Efficiency: Unlocking trapped energy efficiency in the buildings sector'*, to the NESI Working Group for consideration during your consultation. The Institute offers its assistance in any further design of a NESI that may result from the working group's consultation.

Yours sincerely,



David Parken, LFRAIA
Chief Executive Officer