

## GEMS Act Discussion Paper response by Alan Pears

This submission complements my comprehensive submission to the GEMS Discussion Paper. The comments and proposals in that submission should also be reviewed in finalising the GEMS Review recommendations.

This brief submission focuses on the recommendations presented in the Melbourne consultation session and responds to the discussion in that session.

Alan Pears AM

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### RECOMMENDATION

1. The Commonwealth Government develop a long term strategic plan for energy efficiency.

Agree. But it must have appropriate goals, linked to capturing maximum societally cost-effective emission reduction and cost savings.

### THE GEMS ACT IS ACHIEVING ITS PURPOSE

No it is achieving worthwhile progress, but it is not delivering anywhere near the full cost-effective societal cost and emission reduction potential in the appliance space. A much more ambitious approach is justified.

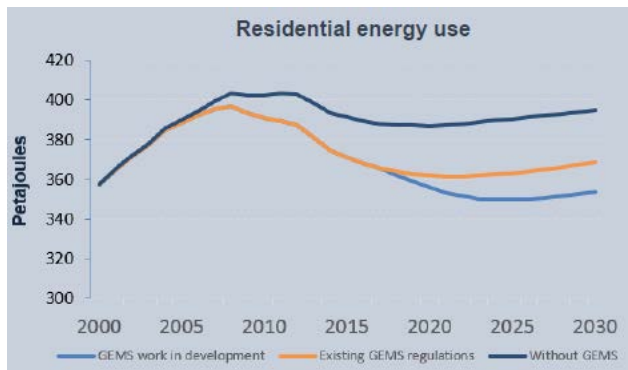
Further, the impacts of broader Commonwealth requirements (eg the 'offsetting' of burden) and slow approval processes seem to have actually slowed progress towards objectives, not accelerated it as was originally intended.

### RECOMMENDATION

2. The Commonwealth Government continue to include appliance and equipment energy efficiency as part of any future broader suite of energy policies.

Agree. **But more clarity on expansion of its scope and ambition is needed.** For example, it should be placing more focus on identification of faulty and inefficient appliances and equipment in the stock, and early removal of that. While some other program do some of this, eg state run Retailer obligation schemes, **GEMS should provide analysis and coordination so that maximum benefits are captured.**

The overall thrust of the Review focuses on 'regulation': there are many other policy tools available to drive improvement, such as public disclosure, RD&D, technology development, community engagement, financial incentives, etc. **GEMS should be encouraged to utilise any effective approaches that help it to achieve its objectives, including working with state-level, industry and community programs.**



This graph shows that residential energy use is expected to increase beyond 2020. This is not consistent with Australia’s climate goals or cost-effective energy policy. GEMS should have a strategy to reduce energy use over the long term.

**Recommendations 3 to 16 are all worthwhile but, without specifying the level of ambition and target dates for outcomes, and providing guidance on the scale of resources that must be allocated, it is not clear that much will be achieved. As noted earlier, within the national context, the scheme should be aiming to achieve maximum societal cost-effective emission reduction and net financial benefits.**

It should be noted that the savings of up to \$220/year per household sounds good, but actually shows that the scheme has not been pushing the boundaries of achieving maximum emission reduction – as there may be smaller financial savings if the program is achieving maximum cost-effective emission reduction. **‘Savings’ from GEMS activities should be invested in even larger emission reductions where they can be achieved at lower cost than ERF and many other abatement programs.**

- RECOMMENDATIONS**
17. The GEMS Regulator continue to identify further efficiencies and opportunities to allocate additional resources to GEMS compliance functions.
  18. The Commonwealth Government allocate additional resources to further strengthen GEMS compliance activities.
  19. The GEMS Regulator continue to explore new ways to target compliance activities, including through collaboration with industry.
  20. The GEMS Regulator engage with industry stakeholders on alternative check testing methods that ensure fairness, transparency, and integrity.
  21. Based on the outcomes of Recommendation 20, the Commonwealth Government amend the GEMS Act to allow a flexible approach to compliance and enforcement that maintains adequate protection for registrants.

As I suggested at the consultation session, rapidly improving data analytics, as being applied by major energy retailers such as AGL and Origin, offer potential to monitor performance of large numbers of appliances in the field. This should assist compliance activity as well as identifying faulty and inefficient products for repair or replacement.

22. The Commonwealth Government request that the COAG Energy Council considers voluntary and mandatory measures when developing new or enhanced regulations.
23. The Commonwealth Government reviews its information and data requirements and examines the most appropriate means to realise those data needs.
24. Based on the outcomes of Recommendation 23, the Commonwealth Government amend the GEMS Act to allow the GEMS Regulator to collect further data to improve its evidence base.
25. The Commonwealth Government commission an independent assessment of the benefits delivered by current GEMS regulations.
26. The Commonwealth Government commission an independent audit of the methodology and model used in the calculation of the cost.

**Recommendations 22 to 26 are important, but lack specific timelines and measurable objectives for accountability.**

In particular, there should be a recommendation that GEMS program be extended to developing and implementing programs to identify and replace inefficient and faulty equipment in the existing stock in ways that complement and enhance existing state and Commonwealth programs.

**Recommendation 26 should be extended to include comparative analysis relative to the costs of other climate response mechanisms such as the Emission Reduction Fund and renewable energy incentive and R&D programs.** Failure to allocate sufficient resources to GEMS and appliance efficiency, comparable to the costs of other emission reduction methods and a 'societal cost per tonne of abatement' basis, means we are wasting money.

## CONSUMER BEHAVIOUR

27. The Commonwealth Government request that the COAG Energy Council continues to examine the costs and benefits associated with mandatory disclosure of energy rating information online and in print advertising.
28. The Commonwealth Government request that the COAG Energy Council pursues potential enhancements to the ERL.
29. The Commonwealth Government request that the COAG Energy Council continues to engage in education, energy rating labelling and other efforts to promote energy efficient behaviours.

**Again, recommendations 27 to 29 are worthwhile, but need timelines and measurable objectives, so government can be held to account.**

**Further, a strong, independent, ongoing and well-resourced community voice is needed.** My presentation to a recent Energy Consumers Australia summit makes some important points on the need for this (see below).

The author of this submission was the only community representative at the Melbourne consultation. Review of the 19 public submissions to the Discussion Paper included 2 from individuals (one being mine), one from a consumer organisation (Choice), 2 from government agencies and one from a university-based consultancy. There were no submissions from community energy or environmental organisations.

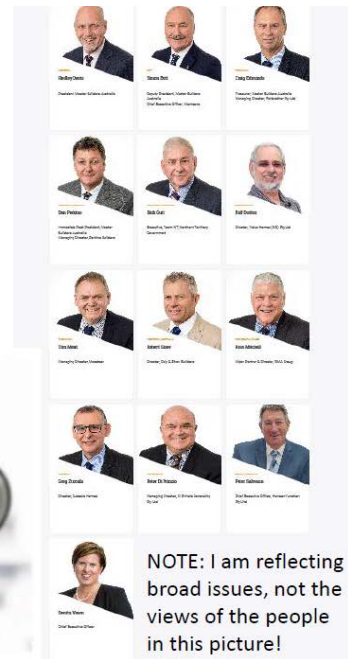
I strongly support the proposals from Choice, which are based on extensive involvement in the operation of the GEMS program over an extended period. However, Choice does not address all consumer-related issues, so it is essential that a wider range of community interest groups are encouraged and supported to engage in the ongoing development and implementation of GEMS, and are supported to pursue complementary action.

**There is a serious problem regarding effective involvement of the community in GEMS processes.**



# Building a consumer voice into decisions

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 Senior Industry Fellow  
 (honorary) RMIT university  
 and many other organisations(!)  
 Energy Consumers Australia  
 Summit  
 Sydney 5 September 2018



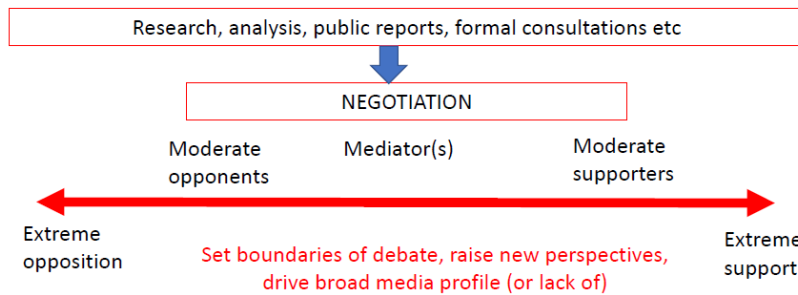
NOTE: I am reflecting broad issues, not the views of the people in this picture!

## Important to have a range of players

- They define boundaries of debate
- Having some near centre provides capacity for negotiation of outcomes
- Negotiators need others to set boundaries of debate
- Public servants CAN'T define boundaries of debate

Essential to provide negotiators and 'public interest groups' with secure resources to fund:

- Trusted experts
- Wages and expenses
- Consultation, communication, networking with and education of constituents and community

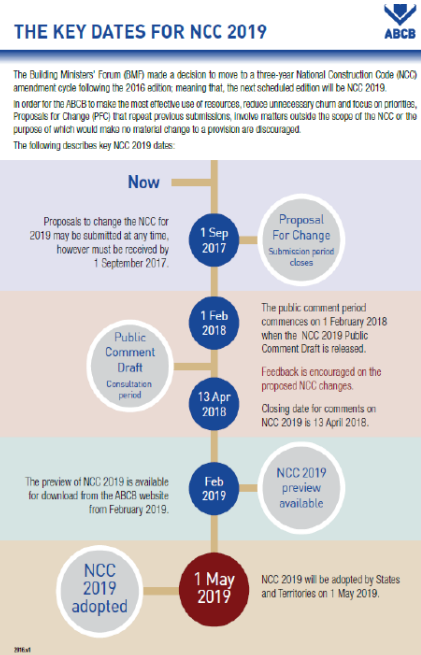


Failure to resource may AMPLIFY conflict because alienated groups may:

- Stage 'media events'
- Base strategy on poor information
- Undermine trust in governance more broadly
- ????

Continuity of consumer representation and access to strong and broad research, technical/social science, and communications expertise, *and their integration* are fundamental

- Processes are lengthy: continuity and ‘corporate memory’ are important
- Growing capacity takes time, requires resources to reward and provide career structures
- Development of a strong, integrated technical and social science base and informed, sensitive and effective communication skills *from a consumer perspective* is fundamental to balanced debate and good policy
- Senior, high status support in academia and research institutions and community groups needed for stable institutional structures and maintain priority



## Representation Gap in residential building energy space

**PCA board:** 19 members: office bearers 3; building development 11; real estate 1; owner/manager 8+; legal 1

**MBA board:** 13 members office bearers and representatives of state and territory branches: MBA staff/office bearers 4; Construction firms 8; Building products 1; Consultants 1; Territory govt 1; project mgt 1 (some have double roles)

**HIA board:** 16 members: Legal 2; HIA staff 3; Building firms 4; Building products 2; Company boards (unspecified) 4; Consultants 1

**ABCB board:** 16 members: chair, governments, up to 5 from industry (construction 2, plumbing, building specification service, HIA), Aust Local Govt Association (Source <https://www.abcb.gov.au/ABCB/The-Board> accessed 30/8/18)

**ASBEC executive:** 1 representative from each of: academic, energy efficiency industry, facilities mgt, environmental certification, green building, PCA, environmental group, HVAC industry

**Standards Aust board:** 7 members: several with relevant building energy and sustainability experience, but mainly from industry perspective. Many committees – haven't checked

Apart from ASBEC no form of formal small consumer representation

**NOTE: building policy is about a lot more than regulation**

### NON-RESIDENTIAL:

PCA has board representation of both ‘suppliers’ and ‘consumers’ (property owners and managers), others mainly ‘suppliers’

Many well-paid, expert professional, technical and consulting staff – mainly involved in medium to large projects, who ‘aim high’ and innovate

**OUTCOME:** major projects and premium buildings influenced by NABERS, Green Star etc: ‘consumers’ see these as indicating performance and status. Many accept regulation as ‘levelling playing field’ and raising status of building industry. Some ‘trickle down’ to smaller buildings.

### Residential:

Residential consumers have little representation and don't have well resourced expertise/leadership. Sector dominated by small builders and contractors with limited resources and their representative associations. Within governments, industry and finance departments are most powerful.....

**OUTCOME:** processes are dominated by ‘supply side’, with emphasis on ‘sticker price’ of housing (NOT affordability).

“It must be remembered that there is nothing more difficult to plan, more doubtful of success, nor more dangerous to manage than a new system. For the initiator has the enmity of all who would profit by the preservation of the old institution and merely lukewarm defenders in those who gain by the new ones.”

— Niccolò Machiavelli

**THE END**



The policy challenge –  
getting the ball past many  
moving players.....