

7 February 2023

National Energy Transformation Partnership Team
Department of Climate Change, Energy, the Environment and Water
GPO Box 3090, Canberra ACT 2601, Australia

Via: netp@industry.gov.au

Re: Consultation on proposed legislative changes to incorporate an emissions reduction objective into the national energy objectives

Green Building Council of Australia (GBCA) welcomes the opportunity to provide feedback on the Draft Bill and the issues outlined in the consultation paper.

GBCA is the nation's authority on sustainable buildings, communities and cities. Our vision is for healthy, resilient and positive places for people. Our purpose is to lead the sustainable transformation of the built environment. GBCA's membership reflects the diversity of Australian business with over 600 members, including government departments, local councils, universities, major developers, professional services firms, banks, superannuation funds, product manufacturers, retailers, utilities and suppliers, with a collective annual turnover of more than \$46 billion. We educate industry, advocate for policies that support our vision and purpose, and rate the sustainability of buildings, fitouts and communities through Australia's largest national, voluntary, holistic rating system – Green Star.

GBCA strongly support the inclusion of an emissions reduction objective into the national energy objectives in the national energy laws, however, the national energy objectives are currently written and applied in a way that ensures current energy incumbents, generators, network companies and distribution companies maintain authority over energy systems. This creates a risk of these incumbents influencing Australia's emissions reduction pathway. GBCA encourages the Government to ensure the national energy objectives more effectively support the demand side of the energy market, and consumers that are active participants in the energy system. This includes consumers that generate electricity, as well as those that choose when to use energy and how to avoid using energy, such as those in the built environment.

There is a growing realisation that electrification of the built environment presents the fastest and least cost pathway to net zero. The built environment is an increasingly integral part of Australia's energy system and its electrification. Homes and buildings become energy nodes that manage energy supply and demand for building related services, comfort and safety, as well as meeting transport energy needs. Improved integration of the demand side of the energy market into the national energy laws will help capture the emission reduction opportunities that the built environment can provide.

We have set out below principles we would encourage you to consider as you incorporate the emissions reduction objective into the national energy laws and as you look to further opportunities to update the laws.

Our recommendations

- **That the national energy objectives do not facilitate trade-offs between emissions reductions and economic efficiency where they hinder Australia meeting its emissions reduction targets.**
 - It is important that Australia's energy market bodies have the regulatory levers necessary to efficiently co-ordinate Australia's energy system transition. These agencies must have the flexibility to choose pathways for the energy system that will lead to the best long-

term interests of consumers. As we rapidly transition to a net zero emissions future, it is vital however, that the flexibility that energy market bodies operate within, is bounded by the overriding objective to ensure Australia meets its emissions reduction targets.

- **That the national energy objectives provide guidance to a net zero economy, not just the incremental emissions reductions that are economic today**
 - The decisions and investments made today have a long- term effect. While many homes are rapidly decarbonising with the installation of PV solar, batteries, all electric appliances and electric vehicles, new homes continue to be built with fossil fuel connections.
 - There is a rapidly accumulating body of evidence that gas will have limited economic use in the built environment. For example, AEMO's Integrated System Plan – step change scenario, already builds in the premise that 85% of homes will have transitioned from gas by 2040.
 - The challenge of fossil gas use in the built environment is one clear example of the national energy objectives needing to accommodate the rapidly evolving energy system transition, to ensure they are fit for purpose and to avoid creating perverse incentives.
 - In some instances, curtailment of residential solar export to the grid is already impacting the benefits of solar installations on homes. This can often be characterised as a “consumer” problem, however, appropriately defined regulation of the energy system has a critical role to play in avoiding these outcomes.
 - Demand side measures, especially efficiency but also extending to storage and discharge currently operate at a disadvantage in the energy market, when compared to supply side measures controlled by large, often, monopoly businesses. This is a missed opportunity. Significant and low-cost emissions reductions can be achieved through the demand side of the energy system, but these require the right co-ordination and support from government to occur. In the absence of this support, consumers will likely bear the financial burden of paying for supply-side energy generation that is unnecessary.
- **That the national energy objectives explicitly include other environmental impacts as well as greenhouse gas emissions, especially biodiversity impacts.**
 - There is a clear opportunity to include other environmental impacts as a consideration in the national energy laws, in particular, impacts to biodiversity from resources consumption. GBCA encourages the Government to consider practical ways to include biodiversity impacts as a specific consideration in the national energy laws.
- **That the national energy objectives take into account principles for our economy to become more circular, particularly in relation to materials and resources use.**
 - The [Ellen Macarthur Foundation](#) defines circular economy as “a systems solution framework that tackles global challenges like climate change, biodiversity loss, waste, and pollution. It is underpinned by a transition to renewable energy and materials”. A circular economy is one where waste is designed out of systems, where materials are kept in use for longer and nature is regenerated.
 - Australia's energy system can play a significant role in adopting these principles when sourcing and using products and materials. We encourage the Government to ensure that large energy infrastructure projects are designed to optimise the use of materials, that these materials are carefully selected to avoid pollution and that they use recycled content. It is also important that there is a recovery plan in place for the time when the materials have reached “end of life”, so that these products and materials can be re-used.

GBCA would welcome further engagement on the issues raised in this submission. Please reach out to Shay Singh, Senior Policy Manager Policy and Government Relations, shay.singh@gbca.org.au or 0476778307 should you wish to discuss this submission in more detail.

Yours sincerely

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