



EAGA

EASTERN ALLIANCE FOR
GREENHOUSE ACTION
Maroondah City Council
Braeside Ave
Ringwood VIC 3134
www.eaga.com.au
Ph: 03 9298 4250
Mob: 0431 133 592

Maya Stuart-Fox
Assistant Secretary
Emissions Reduction Taskforce
Department of the Environment
GPO Box 787
CANBERRA ACT 2601

Email: emissions-reduction-submissions@environment.gov.au

21st February 2014

Dear Ms Stuart-Fox,

Re: Emissions Reduction Fund Green Paper

The Eastern Alliance for Greenhouse Action (EAGA) welcomes the opportunity to respond to the Department of Environment's Emissions Reduction Fund (ERF) Green Paper. EAGA is a formal Alliance of seven Councils in Melbourne's East, including:

- City of Boroondara
- Knox City Council
- Maroondah City Council
- City of Monash
- City of Stonnington
- City of Whitehorse
- Yarra Ranges Council

EAGA is one of nine Victorian Greenhouse Alliances delivering regional scale mitigation and adaptation projects that typically lay beyond the reach of individual municipalities. EAGA has a demonstrated track record in leveraging networks of regional stakeholders to successfully implement emissions reduction projects and is ideally placed to assist the Government in the implementation of *Direct Action* initiatives.

This letter should be read in conjunction with EAGA's response to the ERF Terms of Reference (18/11/2013). We acknowledge the Government has adopted some of the recommendations put forward by EAGA at that time, particularly the application of independent frameworks such as ClimateWorks Australia's marginal abatement cost curve as a means of identifying and segmenting the lowest cost emission reduction opportunities available across the economy. This demonstrates that all sectors of the economy have a role to play in achieving a low carbon economy and that many of these opportunities are profitable, particularly energy efficiency measures.



EAGA

EASTERN ALLIANCE FOR
GREENHOUSE ACTION
Maroondah City Council
Braeside Ave
Ringwood VIC 3134
www.eaga.com.au
Ph: 03 9298 4250
Mob: 0431 133 592

However, EAGA has a number of concerns regarding the ERF, particularly its ability to support businesses, communities and LGAs to capture these opportunities. As the Government is clearly aware, energy efficiency projects typically have payback periods longer than five years (for instance, street light retrofits often have a simple paybacks of 6-8 years), however the proposed duration of ERF contracts are limited to just five years meaning that many of these projects will not proceed in the absence of additional financial support. We consequently urge the Government to provide complimentary financing mechanisms, such as those currently offered by the Clean Energy Finance Corporation (CEFC) or through enabling access to Environmental Upgrade Agreements (EUAs).

There are clear and significant economic benefits from implementing the minor legislative change necessary to enable EUA finance. Through a joint initiative of the Victorian Greenhouse Alliances, the benefits to Victoria of EUA enabled retrofits have recently been estimated at \$4.5B of direct investment and the creation of over 18,000 new jobs. The findings demonstrate that EUA finance can overcome structural and market barriers to energy efficiency retrofits, unlock substantial financial investment, reduce energy demand and increase employment in Victoria's regions. The summary report can be accessed here:

<http://eaga.com.au/advocacy/environmental-upgrade-agreements/>

EAGA is also concerned with other key elements of the Funds' structure – critically, the lack of safe guards to ensure the bipartisan 5% reduction on 2000 levels by 2020 reduction target is met. Whilst the Green Paper states that 'safeguarding emissions reductions' will be an element of the ERF, no safeguards are described. EAGA is also concerned with the Fund's capacity to be scaled to achieve emission budgets consistent with up to 25 per cent reductions on 2000 levels by 2020. The same lack of flexibility is also observed in the case of the independent review mechanism and the proposed review of 2020 targets in 2015. We urge the Government to reconsider this time line as it is inconsistent with international process and commitments. This review should be undertaken by an independent statutory body and must be aligned to Australia's contribution towards avoid a 2°C increase in global temperature above preindustrial levels.



EAGA

EASTERN ALLIANCE FOR
GREENHOUSE ACTION
Maroondah City Council
Braeside Ave
Ringwood VIC 3134
www.eaga.com.au
Ph: 03 9298 4250
Mob: 0431 133 592

EAGA's Councils endorses the Government's commitment to support the aggregation of small scale emission reduction projects, as stipulated in the ERF Green Paper. This is consistent with the model currently used for the delivery of abatement initiatives by the Greenhouse Alliances and we recommend that local government be promoted and supported as a vehicle for aggregation of small scale abatement activities under the ERF.

The EAGA is willing to work with the Federal Government to ensure that consistent and robust approaches to funding emission reduction opportunities are adopted which represent the best value proposition for households, business and Councils.

Kind regards,

Cr Maria McCarthy
Executive Chair
Eastern Alliance for Greenhouse Action
Councillor, Yarra Ranges Council

