

The Hon Josh Frydenberg MP
Minister for the Environment and Energy
Parliament House
Canberra ACT 2600
Sent via email
06 August 2018

Dear Minister

The demand-side of energy markets and the National Energy Productivity Plan

We're writing to you in your capacity as a member and chair of COAG Energy Council ahead of the Council meeting on Friday. We understand that the priority for this meeting is consideration of the National Energy Guarantee (NEG). However, we seek your support to deliver meaningful reductions to energy bills by bringing a focus to the demand-side of energy markets.

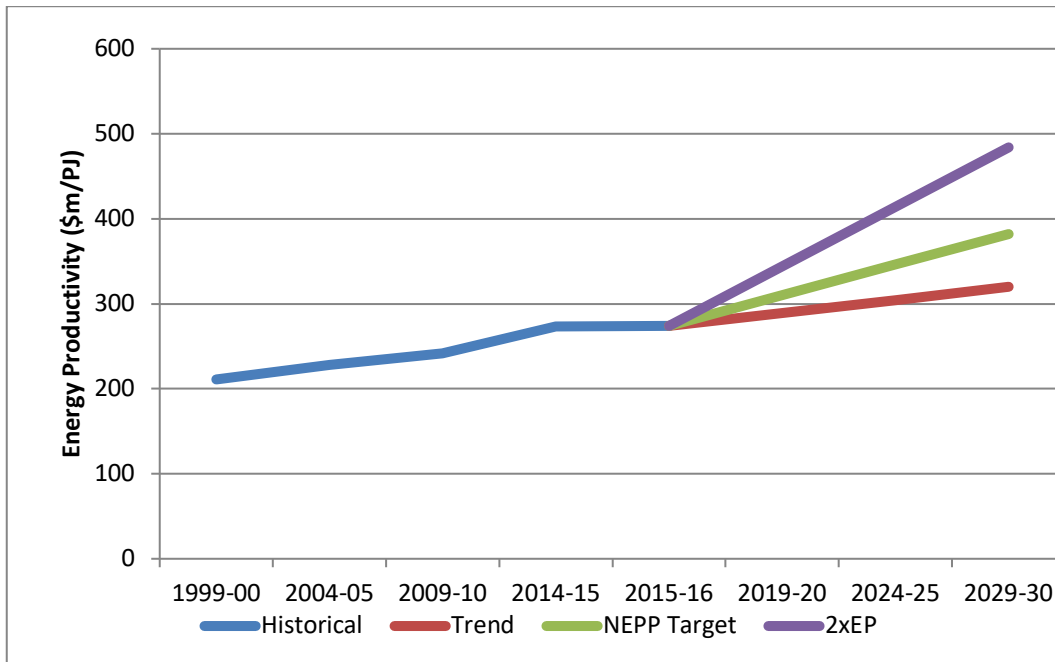
The Australian Government, COAG and its Energy Council have failed to take decisive action to help consumers to optimise their usage and thus their energy bills. The current focus on energy supply will likely lead to increased energy bills and cement Australia as a globally uncompetitive economy. Using energy more effectively and efficiently should come first. We are deeply concerned that current approaches to energy policy and beyond, to market design, investment and incentives, regulation and reward, fail to consider smarter energy use.

High energy prices in Australia are an uncomfortable reality. A decision to prioritise smarter energy use would demonstrate that relatively simple and cheap solutions are readily available. A good place to start this work is with Council's own National Energy Productivity Plan (NEPP). In late 2015 Council established a target for energy productivity improvement of 40% by 2030 (on a 2015 baseline). Progress towards this target has flatlined. We are concerned that implementation of the NEPP has not been and is not a priority.

Our assessment of the NEPP shows there has been inadequate progress on most of the 34 measures and that even its modest target will not be met (our analysis is [attached](#)). Scant resources have been dedicated to implementing the NEPP and there is no forward resource allocation for most measures. The NEPP is short on specific deliverables and time-lines, and largely neglects transport and manufacturing.

Our research clearly indicates that the trilemma of reliable, affordable and sustainable energy can be resolved as a trifecta, a win on all three counts.

Energy productivity in Australia: Trends and targets – The task ahead



Data source: Department of the Environment and Energy, Australian Energy Statistics, Table B, August 2017

Again, we ask that you make energy productivity a priority by properly resourcing the NEPP and pursuing meaningful reform of energy markets. To explore this further, we'd be pleased to arrange a meeting with you and stakeholders including our members.

Yours sincerely

Australian Alliance for Energy Productivity

Jonathan Jutsen

Chair

*** The Australian Alliance for Energy Productivity is a not for profit coalition of business, government and environmental leaders promoting a more energy productive economy.**

