


Request for Costing an Election Commitment

Name of election commitment:	<i>An Energy Efficiency Dividend for Government Directorates</i>					
Person and party requesting costing:	Meredith Hunter, ACT Greens Parliamentary Leader					
Date of public release of election commitment, including source:	21 st September 2012, http://act.greens.org.au/sites/greens.org.au/files/CLI_MATE-ENERGY_PACKAGE.pdf (point 18a, page 5)					
Summary of election commitment:	Annual reductions (10% in 2013-14 compared to 2012-13 and 5% in the 3 subsequent years to 2016-17) in energy budgets for Government directorates to prompt them to implement energy efficiency measures.					
Intention of election commitment:	This initiative will: <ul style="list-style-type: none"> • cut Government energy bills; • cut energy consumption by up to 33% in 2020; • play an important role in the achievement of the Government's 2020 Carbon Neutrality Target; and • contribute to the achievement of the ACT's 40% emissions reduction target 					
Signature of person requesting costing:						
Date of request for costing:	10/10/12					
Key assumptions that have been made in the election commitment						
<p>Note: that where the request to cost an election commitment differs from the public announcement, the costing will be on the basis of information provided in the costing request.</p> <p>Note: it will be up to the professional judgment of the Director-General as to whether these assumptions are adopted in the costing of the election commitment.</p>						
Where relevant, is the funding for the policy to be demand driven or a capped amount?						
N/A.						
Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the election commitment?						
No.						
Will funding/the cost require indexation?						
N/A.						
What are the estimated costs each year (if available)?						
The commitment is expected to generate the following net savings:						
	2012-13	2013-14	2014-15	2015-16	2016-17	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue ^(a)						

Expenses ^(a)		1,800	2,610	3,380	4,111	11,901
Capital						

(a) A negative number indicates a decrease in revenue or an increase in expenses.

What is the likely take up?

N/A.

What are the capital requirements for this election commitment and estimated costs each year (if available)?

N/A.

Any other assumptions?

- Investment in any energy efficiency measures required to achieve these saving would be paid for from the Government's Carbon Neutrality Fund (a revolving loan of \$5 million).
- Forecast savings from this initiative have been extrapolated from the latest whole-of-government electricity contract of \$96.5 million over the 6 years from 2005-2011.¹ Whilst the contract averages out at \$16.08 million per year, it is assumed that the highest expenditures were made in the latter part of the 6 year period. As such, expenditure of approximately \$18 million in 2012 is assumed. Projecting forward, this will generate savings of approximately \$11.9 million over the next 4 years:

	2012-13	Year 1 (10%)	Year 2 (5%)	Year 3 (5%)	Year 4 (5%)	Total
Annual Bill (\$m)	18	16.2	15.39	14.62	13.889	
Annual Savings (\$m)		1.8	0.81	0.77	0.731	
Actual Savings ² (\$m)		1.8	2.61	3.38	4.111	11.901

It should be noted that the whole-of-government contract includes Green Power purchase. It was not possible to disaggregate this from the contract due to the information being commercial in confidence.

Administration of the election commitment

How will the election commitment be administered?

The commitment will be overseen by CMCD and ESDD as it relates to whole-of-government energy efficiency consumption.

Who will administer the election commitment?

CMCD and ESDD.

Has an allowance been made for expenses necessary to support the implementation of this election commitment?

- If no, will the government agency be expected to absorb expenses associated with this election commitment?
- If yes, please specify the key assumptions.

¹ Contract number C05209, "Supply of Electricity to the Australian Capital Territory": <http://www.contractsregister.act.gov.au/contracts/cr.nsf/0/A8B7464AF7748E81CA25709F008148FA?OpenDocument>

² Cumulative

It is assumed that the time required to oversee this initiative will be immaterial and can be absorbed by existing staff resources within all participating directorates. As stated, funding for energy efficiency measures required to achieve the energy reductions will be drawn from the Carbon Neutrality Fund.

What is the intended implementation date of the election commitment?

The dividend will take effect from 2013-14.

Are there transitional arrangements associated with election commitment implementation?

No.

Are there any other assumptions that need to be considered?

No.

When is the election commitment expected to be fully operational?

Please provide further details i.e. start and end dates, the level of commitment during each period etc?

As stated above, the dividend will take effect in 2013-14 and run for each of the following 4 years.

Will the election commitment cease and if so when?

No.

