

The Second Plank: Energy Efficiency Certificates

A nationally consistent energy efficiency certificate regime will help deliver significant greenhouse gas emissions abatement.

What are Energy Certificates?

Energy certificates (also known as 'white certificates') extend the logic of market-based approaches, such as the CPRS, to encourage greenhouse gas abatement (GHG) in the building sector.

Energy certificates target the energy retail market.

They impose an obligation on electricity/energy retailers that is measured in energy units. To meet the target, energy retailers must achieve efficiencies in their own operations or purchase them from others, such as energy consumers.

In short, while the **CPRS can be thought of as a wholesale approach** to GHG abatement, **energy certificates provide a retail, broad-based mechanism.**

What are the Potential Advantages of Energy Certificates?

- **Energy certificates increase the abatement potential of an ETF** by expanding its scope and more directly influencing market behaviour across a broader base.
- **Australia already has experience with energy certificates** – for instance, the NSW Greenhouse Gas Abatement Scheme and the emerging Victorian Government scheme.
- **Italy, France, the UK and several US states** already use variations of energy certificates to lower energy demand and improve efficiency.

Why a National Framework?

A national energy efficiency certificate framework would provide customers with a consistent incentive to pursue energy efficiency.

Several states are implementing variants of an energy efficiency certificate scheme, but these differ in scope and methodology.

A national framework that applies to residential and commercial elements of the building sector could minimise differences and enable a broad market on a larger, more efficient scale.

The Voice of Leadership

Energy Efficiency Certificates – Recommendation:

Work through COAG to transform existing energy efficiency (white) certificate schemes into a national framework.

Sources:

Building Energy Efficiency: the role played by white certificates to combat GHG emissions, Centre for International Economics (November, 2007)

Capitalising on the Building Sector’s Potential to Lessen the Cost of a Broad Based GHG Emissions Cut, Centre for International Economics, (September, 2007)

The Second Plank – Building A Low Carbon Economy With Energy Efficient Buildings, Centre for International Economics for ASBEC (August, 2008)