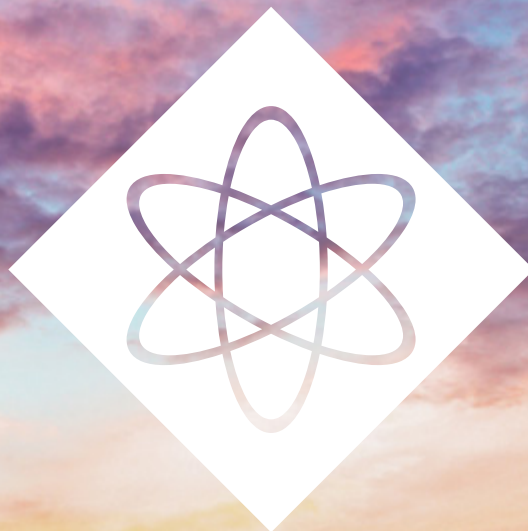


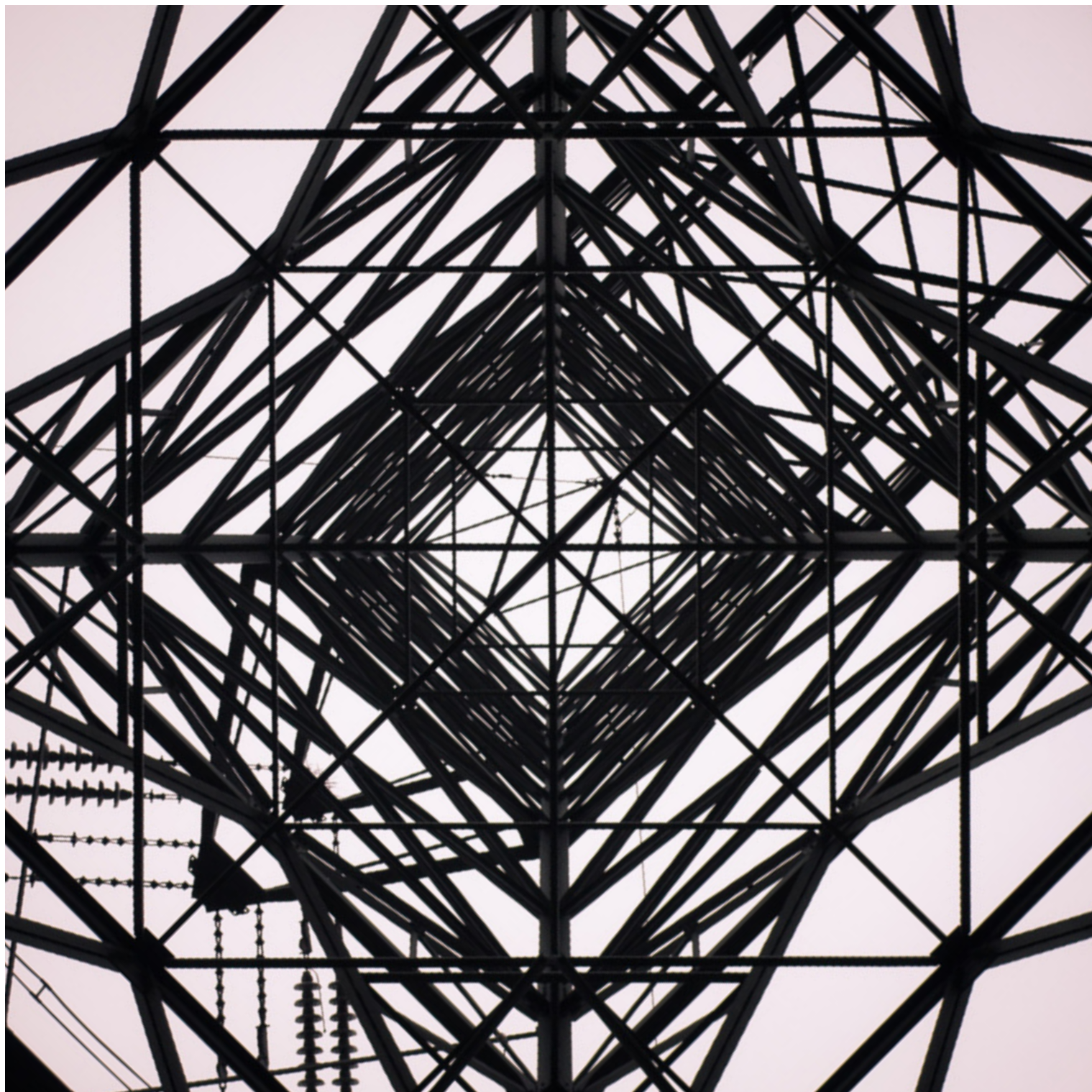


Victorian  
Chamber of Commerce  
and Industry



# THE ENERGY AND RESOURCES AGENDA RECOMMENDATIONS





# ENERGY SECURITY, RELIABILITY AND AFFORDABILITY IS A PRIORITY FOR VICTORIAN BUSINESS AND NEEDS TO BE A PRIORITY FOR THE NEXT STATE GOVERNMENT.

Victorian businesses are facing unsustainable energy price increases that are threatening their competitiveness and, in some cases, their ongoing operation.

Rising gas prices are being driven by significant exports of natural gas out of Queensland that are placing pressure on the supply of gas for local markets.

Electricity prices are being pushed up by the lack of investment in new electricity supply, the closure of a number of large coal fired generators, including Victoria's Hazelwood Power Station, and the high price of gas being used to generate electricity to make up the shortfall.

While the development of a national energy policy is critical to the medium term future of our energy supplies and markets, there are a range of steps

that the next State Government needs to take to reduce the pressure on business, support more efficient energy and resource use and meet Victoria's Renewable Energy Targets.

All sides of politics have acknowledged the importance of tackling high energy prices but there is a lack of clear direction on how to do so. Priority actions must include more transitional support for business, an increase in energy supplies, better functioning and more transparent energy markets, and more help for business to improve their resource and energy efficiency.

While energy is the fuel for growth, water and resource efficiency is also vital to business competitiveness. The next State Government must ensure industry has access to reliable, high quality and affordable water supplies.



# THE ENERGY AND RESOURCES AGENDA

The following principles should guide the agenda and actions needed to secure affordable energy supplies and improve businesses resource efficiency:

- > Affordable energy is critical to the competitiveness of the Victorian economy and Victorian business.
- > Security of energy supply is vital to business. Widespread outages must be avoided.
- > An integrated national energy policy is preferable to fragmented state based approaches.
- > Emissions reductions must be achieved at least cost.
- > Energy policies must be stable over time and facilitate appropriate levels of private sector investment in energy supply and networks.
- > Governments should facilitate the development of a Victorian renewable energy industry.
- > Trade exposed, energy intensive businesses require support to manage the current energy price crisis and stay competitive.
- > Gas is a vital transitional fuel and sufficient supplies need to be available for Australian users.
- > Water and resource efficiency benefits both business and the environment.





# SIX PRIORITIES FOR THE NEXT STATE GOVERNMENT

## PROVIDE TRANSITIONAL ASSISTANCE FOR BUSINESS

- > Establish a \$20 million Energy Market Transition Fund as a temporary measure to retain at risk jobs and businesses during the current period of energy market restructuring. This would provide a direct subsidy to businesses that are energy intensive (energy costs above 7 per cent of turnover), trade exposed and with more than 20 FTEs.
- > Provide funding or low cost loans for energy intensive businesses to undertake capital upgrades to reduce their energy use and improve their international competitiveness.
- > Exempt energy intensive industries from any future costs associated with meeting legislated Victorian renewable energy targets.

## BOOST ENERGY SUPPLY AND DEVELOP AN INTEGRATED NATIONAL ENERGY POLICY

- > Lift the moratorium on onshore conventional gas exploration. Assess individual gas supply projects on a case by case basis.
- > Implement an emissions reduction mechanism (such as the National Energy Guarantee) ensuring that the final design does not compromise business competitiveness, provides policy certainty for business and encourages investment in new electricity generation that will help place downward pressure on prices.
- > Provide a clear and affordable pathway to meet Victoria's Renewable Energy Target of 40 per cent by 2025.
- > Work through the Council of Australian Governments (COAG) to establish an integrated national energy policy.
- > Support the implementation of the findings of the Independent Review into the Future Security of the National Electricity Market (Finkel Review).
- > Work with the Federal Government to ensure that the Australian Domestic Gas Security Mechanism supports the supply and affordability of gas and electricity for Victorian businesses.
- > Expand the demand response market with stronger incentives for business and households to actively reduce their energy demand during peak periods to reduce the need for expenditure on power generation and networks.

## HELP BUSINESS TO REDUCE THEIR ENERGY AND RESOURCE USE

- > Work with industry associations to provide tailored, subsidised access to energy specialists that can help businesses to:
  - > Undertake energy audits to identify opportunities for savings.
  - > Deliver energy upgrades.
  - > Explore opportunities for investment in new energy technologies such as solar, co-generation and battery storage.
  - > Find the best deal on energy.
  - > Access available government support to implement energy efficiency upgrades.
  - > Switch to cheaper fuels (i.e. gas to electricity).
- > Expand the range of upgrades available for business under the Victorian Energy Upgrades program and promote the uptake of custom upgrades which have recently been enabled under the scheme.
- > Support the roll out of smart appliances linked to smart meters to help businesses manage their energy use.
- > Redesign the Landfill Levy to reduce incentives for illegal dumping and direct a greater proportion of the more than \$200 million collected per annum from landfill levies to help businesses improve their waste and resource efficiency.

## HELP BUSINESS GET THE BEST DEAL ON ENERGY

- > Within the framework of the Future Industries - New Energy Technologies Sector Strategy, accelerate the skills and capabilities of the energy advice and services sector. This will help the sector to better service the needs of business in getting the best deal on energy and making decisions regarding efficiency upgrades, fuel-switching, co-generation and battery storage.
- > Require energy retailers to advertise prices with reference to an easy to understand comparison rate for small medium and large business users and to market GST-inclusive pricing.
- > Improve access to smart meter data to help business monitor energy usage in real time and facilitate the comparison of energy offers based on actual electricity use.
- > Consider expanding the regulated Basic Service Offer, as recommended by the Independent Review into Retail Energy Markets, to business customers.



## DEVELOP A VICTORIAN RENEWABLE ENERGY INDUSTRY

- > Foster the development of a Victorian Renewable energy industry through additional rounds of the Victorian Renewable Energy Auction Scheme.
- > Provide \$30 million in additional funding for the New Energy Jobs Fund to support Victorian projects that create long-term sustainable jobs, increase the uptake of renewable energy generation, reduce greenhouse gas emissions and drive innovation in new energy technologies.
- > Collaborate with industry and the higher education sector to develop the renewable energy workforce by ensuring that energy-related courses are aligned with the requirements of the renewable energy sector.
- > Use local content as a criteria when assessing applications for government support for private sector renewable energy projects.

## PROVIDE RELIABLE, QUALITY AND COMPETITIVELY PRICED WATER FOR BUSINESS

- > Provide funding for the development of a detailed, fully costed business case for establishing a pipeline to supply water from the eastern treatment plant to the Bunyip Food Belt south east of Melbourne.
- > Work with industry associations to provide tailored, subsidised access to water and resource efficiency specialists that can help businesses to:
  - > Undertake water, resource and waste audits to identify opportunities for savings.
  - > Deliver water, resource and waste efficiency upgrades.
  - > Find a better deal on resource inputs.
  - > Access available government support to implement efficiency upgrades.
- > Ensure that water efficiency and re-use forms a core part of Victoria's ongoing water management strategy. Allied initiatives need to include:
  - > Reinvigorate the target 155 campaign.
  - > Increased investment in integrated water cycle management.
  - > Increased support for business and household water efficiency programs.
  - > Promoting water efficiency and re-use through building and planning laws.





Written and authorised by the  
Victorian Chamber of Commerce and Industry

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