

25 June 2012

The Hon Mark Dreyfus QC MP

Parliamentary Secretary for Climate Change and Energy Efficiency
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Via email: mark.dreyfus@climatechange.gov.au

See Distribution

Clean Energy Future package assistance for local communities and low income families

Dear Parliamentary Secretary

I am writing to you concerning your media release of 6 June 2012 announcing that the Government will use the Clean Energy Future package funds remaining from the Solar Hot Water Rebate Scheme to assist local communities and low income families become more energy efficient.

First, LPG Australia supports efforts to assist local communities and low income families reduce their greenhouse gas (GHG) emissions and energy costs in an affordable manner. Moreover, LPG Australia considers that alternative gaseous fuels Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG) can play a role in helping these groups achieve these objectives.

LPG Australia would be very pleased to share with you independent research which shows that LPG, the most widely used alternative gaseous fuel in Australia, represents a carbon competitive solution in all stationary energy market sectors, offering significant GHG savings when compared to conventionally fuelled or electric powered systems. For example, new 5 star rated continuous flow hot water systems are over 80 per cent energy efficient while new condensing units are close to 90 per cent energy efficient. Moreover, these systems do not suffer from the low efficiency typical of electricity generation (e.g., 30 to 40 per cent) and transmission losses (around 10 per cent). In addition, LPG can be used to back-up renewable energy (e.g., solar LPG hot water systems), particularly in regional and remote areas.

LPG Australia welcomed the efforts of the Department of Resources, Energy and Tourism and other government agencies to shed light on the high abatement costs of government programs applying to the stationary energy sector, that often favour certain technologies, usually renewable energy. I would like to reiterate LPG Australia clean energy programs should take into account abatement costs and should not favour particular technologies for reasons other than full life-cycle GHG abatement.

Consequently, LPG Australia submits that all technologies which can reduce emissions should be eligible for the *Local Government Energy Efficiency Program*, not just solar or heat pump technologies. Local communities and low income families should be given the opportunity to choose the technology that best suits their needs. It is also worth noting that the GHG reduction benefit of different technologies is influenced by the climate of the surrounding region. For example, heat pumps are relatively inefficient in cooler climates.

It is also important that the information provided by the *Home Energy Saver Scheme* is not biased towards particular technologies.

In addition, LPG Australia notes that both the *Local Government Energy Efficiency Program* and the *Home Energy Saver Scheme* have the potential to disadvantage alternative gaseous fuels if focused on end-use efficiency rather than full life-cycle energy efficiency or full life-cycle GHGs. The decision to focus on carbon dioxide emission standards for light vehicles rather than fuel efficiency standards is a useful precedent in this area.

As a result, LPG Australia is keen to work with the Government as it finalises the guidelines for the *Local Government Energy Efficiency Program* and expands the *Home Energy Saver Scheme* to ensure both programs are technology neutral and can help deliver GHG abatement in an effective and affordable manner.

Finally, on behalf of LPG Australia and its members, I would like to thank you for your role in recent decision to progressively bring the treatment of alternative gaseous fuels under the carbon pricing arrangements into line with that of their principal competitors – electricity and natural gas. The alternative gaseous fuels industry is committed to working with the Government to progress its climate change policy objectives. However, an ability to do so will be significantly constrained.

For your consideration and earliest advice.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Carmody', with a large, stylized initial 'M' and a flourish at the end.

Michael Carmody
Chief Executive Officer

Distribution: Parliamentary Secretary for Climate Change and Energy Efficiency

For Information:

LPG Australia Advisory Council Working Group – Road Map Stationary Energy
LPG Australia State Representatives
LPG Australia Technical Committee Chairpersons
LPG Australia Secretariat