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## APPEA welcomes proposed repeal of EEO Programme

The oil and gas industry welcomes the Australian Government's plan to cut unnecessary regulation by repealing the Energy Efficiency Opportunities (EEO) Program.

APPEA Chief Executive David Byers said: "The Australian oil and gas industry has long maintained that the EEO imposes a range of unnecessary administrative and compliance costs on participants that do nothing to enhance energy efficiency. These costs can approach \$500,000 a year for some companies.

"The repeal is consistent with the Government's commitment to reduce unnecessary regulatory burdens on Australia industry."

The EEO requires large energy-using businesses to assess their energy use and to identify and report on cost-effective energy savings opportunities. The Australian Government has introduced a Bill to repeal the EEO Program and the *Energy Efficiency Opportunities Act 2006*.

Mr Byers said: "Oil and gas companies – and indeed companies in many other industries – already have strong business reasons for minimising their energy use."

As the Department of Industry notes in its Regulation Impact Statement on the repeal of the EEO legislation: "Rising energy prices and the improvement of internal energy management processes have reduced the need for the EEO legislation. Repealing the legislation would reduce the compliance costs of the 464 participating businesses by over \$17 million per year."

As a major energy producer, the oil and gas industry has a long history of reducing the energy intensity of its activities and increasing the efficiency of its energy production.

APPEA member companies already have broad-ranging energy management policies, systems and measurement indicators that are integral to their operational performance.

The EEO Program and other similar schemes reflect a misunderstanding and under-estimation of the powerful incentives for energy efficiency that oil and gas companies face.

For example, in domestic gas processing plants and liquefied natural gas export plants, fuel used to power various processes is often derived from the natural gas itself. Any gas used as an energy source at the facility cannot be sold to customers. Therefore, using natural gas to produce energy at the facility has a very direct opportunity cost – a unit of gas that can be saved through reducing energy use is a unit of gas that can then be sold.

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