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## APPEA welcomes repeal of EEO Program

The oil and gas industry welcomes the passage through the Senate today of legislation to repeal the Energy Efficiency Opportunities Act 2006 and the Energy Efficiency Opportunities (EEO) Program.

The repeal comes on a day when the World Economic Forum reported that red tape and a rigid labour force are causing problems for Australia's global competitiveness.

APPEA Chief Executive David Byers said: "The Australian oil and gas industry has long maintained that the EEO imposed a range of unnecessary administrative and compliance costs on participants that did nothing to enhance energy efficiency.

"The passage of legislation to repeal the EEO is an important recognition of this fact and is consistent with the Government's commitment to reduce unnecessary regulatory burdens on Australian industry."

The EEO required large energy-using businesses to assess their energy use and to identify and report on cost-effective energy savings opportunities.

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 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.

**Media contact: Chris Ward 0408 033 422 or [cward@appea.com.au](mailto:cward@appea.com.au)**