

## Hon Tom Koutsantonis MP

Treasurer

Minister for Mineral Resources and Energy

Tuesday, 13 December 2016

### **\$31 million for large businesses to help manage power costs**

The 2016-17 Mid Year Budget Review provides \$31 million over two years to help large South Australian businesses manage their electricity costs.

The Energy Productivity Program will be available to businesses that use more than 160MWh of electricity each year to incentivise investment in energy saving measures.

The funding will be available for businesses to undertake energy audits of their facilities to determine where efficiencies can be made.

The audits will also make recommendations about technology or infrastructure upgrades that could be carried out to reduce cost and grants will be available to implement the those recommendations.

Funded projects could include the installation of solar systems with battery storage units, Power Factor Correction equipment which can reduce power usage and the replacement of equipment such as pumps, compressors and refrigeration with more energy efficient technologies.

The funding package provides:

- \$7.5 million to cover 75 per cent of the cost of energy audits for up to 500 businesses
- \$8.5 million to implement audit recommendations in at least 110 businesses with \$75,000 grants on a one-to-one funding basis
- \$15 million to implement at least six major energy saving opportunities, with grants of up to \$2.5 million on a \$1 of Government funding for \$2 of business contribution basis.

Audits will be completed by June 2017.

### **Background**

In 2011 a similar program was undertaken by the State Government that delivered Level 2 energy efficiency audits to South Australian manufacturing SME's with high energy costs and a total budget of \$300,000 over three years. The result was the delivery of 45 energy audits with the annual average identified savings in energy usage per company of between 28 and

Media Contact: David Russell 0434 307 012

31 per cent over three years. The program provided funding of up to \$10,000 per audit (75 per cent of total cost) but did not provide funding for implementation of identified projects.

The State Government has also announced a range of other measures designed to put downward pressure on power prices in South Australia.

These measures include using the procurement of 75 per cent of the government electricity load to incentivise the entry of new power generation into the local market in order to increase competition.

A \$24 million grant program has also been announced to help gas companies extract more gas and supply it to local electricity generators first to ensure the affordability of supply.

Premier Jay Weatherill and Energy Minister Tom Koutsantonis are also advocating at a national level for an Emissions Intensity Scheme (EIS), which would set a base line of emissions from electricity generators and require high-emitting generators to purchase credits from generators that fall below the baseline. An EIS would incentivise more secure, base-load gas fired power into the market, and provide for a smooth, low-cost transition to a cleaner energy future as more coal power exits the national market.

The MYBR also includes a measure to ease cost of living pressures for South Australians, with a range of concessions being indexed at a cost to the budget of \$14.5 million over the forward estimates.

### **Quotes attributable to Mineral Resources and Energy Minister Tom Koutsantonis**

South Australia operates in a National Electricity Market and reform is required at a national level to bring the market into the twenty-first-century and create a fairer system for all states.

But we can do things at a state level to relieve costs on businesses and families and this initiative is the latest in a suite of State Government measures designed to reduce energy costs for South Australian consumers.

This \$31 million package will help large, energy-intensive South Australian businesses identify ways to save energy by covering 75 per cent of the cost of energy audits.

It also offers grants to business to implement energy savings opportunities that are identified through the audit process.

This is an excellent opportunity for businesses to manage their energy costs and I encourage all energy-intensive businesses in South Australia to apply for funding through the program.