



**POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD FOR A
GENERAL ELECTION**

Name of policy:	Clean Energy Agency
Person requesting costing:	Senator Milne
Date of request to cost the policy:	14 August 2013
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (i.e. from the Treasury or the Department of Finance and Deregulation)?	No
Details of the public release of this policy (Date, by whom and a reference to that release)	24 May 2013. Senator Milne http://greensmps.org.au/sites/default/files/energy_savings_agency.pdf
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	The Energy Savings Agency will have three priorities: • Driving down power bills by achieving \$1 billion in energy savings. This will be achieved by negotiating targets and providing \$400 million per year for five years in incentives to urgently reduce energy demand during peak periods; • Paying Australians fairly for the clean energy they produce – more than one million Australians have installed solar panels on their homes and businesses and they deserve a fair price for the electricity they produce. The Energy Savings Agency will recommend minimum fair prices that electricity retailers will be compelled to pay. • Designing a National Energy Efficiency Scheme, expanding three state-based schemes to save energy and money at home and at work.
What is the purpose or intention of the policy?	To reduce electricity bills.
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing	No

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policies.	
Where relevant, is funding for the policy to be demand driven or a capped amount?	Capped.
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	The Energy Savings Agency will be an independent statutory authority.
Are there associated savings, offsets or expenses? If yes, please provide details.	Potentially some savings in the form of reduced electricity costs.
Does the policy relate to a previous budget measure? If yes, which measure?	No
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	No
Will the funding/program cost require indexation? If yes, list factors to be used.	No

Expected impacts of the proposal

If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?

Estimated financial implications (outturn prices) ^(a)

	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)		-404.8	-404.8	-404.9
Fiscal balance (\$m)		-404.8	-404.8	-404.9

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

What assumptions have been made in deriving the expected	Administrative costs similar to the existing Climate Change Authority plus the Demand Management Fund worth \$400m pa for 5
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financial impact in the party costing (please provide information on the data sources used to develop the policy)?	years.
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	Yes, by the PBO, 9 May 2013.
What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?	At least achieving \$1 billion in energy savings due to energy demand management plus faster uptake of distributed renewable energy generations and energy efficiency opportunities.
Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?	The Energy Savings Agency will be an independent statutory authority.
Should departmental expenses associated with this policy be included in this costing? If no, will the Department be expected to absorb expenses associated with this policy? If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).	Departmental costs are included in the costs for the Agency.
Intended date of implementation.	1 July 2014.
Intended duration of policy.	5 years.
Are there transitional arrangements associated with	No

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policy implementation?	
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	NA
Are there any other assumptions that need to be considered?	No

NOTE:

Please note that:

- *The costing will be on the basis of information provided in this costing request.*
- *The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.*