



**Parliament of Australia**  
**Parliamentary Budget Office**

**Phil Bowen PSM FCPA**  
**Parliamentary Budget Officer**

Senator Christine Milne  
Leader of the Australian Greens  
Parliament House  
CANBERRA ACT 2600

Dear Senator Milne

Please find attached a response to your costing request *clean energy agency* (letter of 14 August 2013).

The response to this request will be released on the PBO website ([www.aph.gov.au/pbo](http://www.aph.gov.au/pbo)).

If you have any queries about this costing, please do not hesitate to contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

16 August 2013

## COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Clean Energy Agency
Summary of proposal:	<p>The proposal would establish the Energy Savings Agency which will have the following three priorities: to lower electricity bills through negotiating targets and providing incentives to reduce peak energy demands; recommend minimum fair prices that electricity retailers will be compelled to pay to homes and businesses for the electricity they produce; and design a National Energy Efficiency Scheme.</p> <p>The proposal will have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	14 August 2013
Date costing completed:	16 August 2013
Date of public release of policy:	24 May 2013
Agencies from which information was obtained:	Not applicable

### Costing overview

This proposal is expected to decrease both the underlying cash balance and fiscal balance by \$1.2 billion over the 2013-14 Budget forward estimates period. This impact reflects an increase in expenses over this period. Given the intended duration of the proposal is five years, this proposal would have an impact in 2017-18 and 2018-19. The impact in 2017-18 and 2018-19 is expected to be equal to that in 2016-17.

The costing includes the departmental costs of the Energy Savings Agency and expenses of the Demand Management Fund administered by the agency.

This costing is considered to be of high reliability as it is based on a capped funding amount specified in the costing request.

## POLICY COSTING – ELECTION CARETAKER PERIOD

**Table 1: Financial implications (outturn prices)<sup>(a)</sup>**

Impact on	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 negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenses in cash terms.

### **Key assumptions**

The expense profile is as specified in the costing request.

### **Methodology**

The estimates are based on the capped funding amount specified in the costing request.