



Queensland

Petroleum and Gas (Production and Safety) Amendment Regulation (No. 4) 2011

Explanatory Notes for SL 2011 No. 242

made under the

Petroleum and Gas (Production and Safety) Act 2004

General outline

Short title

Petroleum and Gas (Production and Safety) Amendment Regulation (No. 4) 2011.

Authorising law

Sections 669A and 859 of the *Petroleum and Gas (Production and Safety) Act 2004* (the Act)

Policy objectives and reasons for them

The policy objective of the legislation is to improve the energy efficiency of gas water heaters. The measure is expected to deliver energy savings, financial savings and greenhouse gas abatement.

The legislation will enable the regulation of gas water heaters to ensure that specified gas water heaters meet minimum energy performance standards (MEPS) and display valid energy efficiency labels. These amendments form part of an agreed national reform agenda being delivered through the

Equipment Energy Efficiency Program of the National Framework for Energy Efficiency, and will fulfil Queensland's obligation under the Council of Australian Governments' National Strategy on Energy Efficiency.

The new MEPS have been agreed by the Equipment Energy Efficiency Committee of the National Framework for Energy Efficiency and the Ministerial Council on Energy (MCE).

Achievement of policy objectives

The regulation achieves its objectives by prescribing MEPS for gas water heaters as they are described in Australian/New Zealand Standard 4552.2.

Consistency with policy objectives of authorising law

The amendment regulation is consistent with the main objectives of the *Petroleum and Gas (Production and Safety) Act 2004*, and amends the Petroleum and Gas (Production and Safety) Regulation 2006 in relation to energy efficiency standards for gas water heaters permitted under the Act.

Inconsistency with policy objectives of other legislation

The subordinate legislation is not inconsistent with any policy objectives of any other legislation.

Alternative ways of achieving policy objectives

The national Regulatory Impact Statement (RIS) canvassed a number of possible alternative mechanisms to achieve improvements in gas water heater energy efficiency. However, none of the alternatives was expected to deliver the same improvements as can be achieved by regulation.

Benefits and costs of implementation

The national RIS for the introduction of MEPS for gas water heaters reported a positive Benefit-Cost Ratio of 6.3:1. By 2020, the introduction of MEPS for gas water heaters is predicted to save Australian households 17.13 petajoules of gas, and deliver greenhouse emissions savings of 1.15 million tonnes. The estimated benefits for Queensland are savings of 1.01

petajoules of gas, and the abatement of 67,000 tonnes of greenhouse gas emissions.

Consistency with fundamental legislative principles

The amendment regulation has been drafted with due regard to the Fundamental Legislative Principles (FLPs) as outlined in the *Legislative Standards Act 1992*. There are no matters that are inconsistent with the FLPs.

Consultation

This national initiative featured significant consultation with the Australian hot water industry over a period of several years. As a result of this extensive consultation, the industry supports the introduction of the proposed energy performance measures for gas water heaters.

The Petroleum and Gas Inspectorate of the Department of Employment, Economic Development and Innovation, has been consulted in the preparation of this proposal and supports the amendment.

Queensland Treasury was consulted regarding the application of the Regulatory Assessment Statement (RAS) system to the proposal and compliance with Part 5 of the *Statutory Instruments Act 1992* (SIA). Queensland Treasury determined that the proposal is considered to be excluded from the requirement for a RAS as, pursuant to section 3.3 of the *Queensland RAS System Guidelines*, the proposal has already undergone an extensive impact assessment process in the form of a national Regulatory Impact Statement conducted by the Commonwealth Government on behalf of the MCE, that takes into account the impacts on Queensland and regulatory best practice principles. For the same reason, compliance with Part 5 of the SIA, is determined pursuant to section 46(1)(h).

ENDNOTES

- 1 Laid before the Legislative Assembly on . . .
- 2 The administering agency is the Department of Employment, Economic Development and Innovation.

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