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Dear Peter

The Australian Environment Business Network (AEBN) welcomes the opportunity to comment on the draft *Guidelines for Water Savings Action Plans* and draft *Guidelines for Energy Savings Action Plans*.

The basic structure of the plans appears to be based on the Total Quality Management approach, which is now commonly used, though not by name but by basic principle, with many larger companies. One of the benefits of using such a model is its flexibility to be applied across many different types of industries and businesses. It is AEBN's focus on the flexible use of both plans that dominates our comments.

AEBN expects the use of the plans will continue for at least 5 years, perhaps beyond. The number of sites the plans will be implemented on will also increase as the thresholds are decreased—it may be possible that over 1,000 plans may be in place by the end of the 5-year period. Appropriately there may be periodic reviews of the plan guidelines to improve and perhaps focus them more to smaller sites as time progresses.

While the plans have been written with the intent of flexibility AEBN is concerned that reasonable flexibility must be clearly identified in the plan documents. In the past industry has been presented many guidelines and policies to follow by numerous government agencies written in a rigid manner. The agency to enforce them generally indicated its intent is to be flexible and not focus on a narrow interpretation. As time progressed and staff changed large variations occurred in the level of interpretation of the policy and the flexible nature of the guide was forgotten. It is not uncommon when a change in inspector or enforcer occurs to be confronted with a substantial change in attitude.

For example, one member was given a letter of commendation for actions undertaken on improving their trade waste to sewer quality. When the new inspector arrived he promptly issued them with a breach notice for a trivial exceedence in their effluent quality.

While this is a common issue for government agencies and their inspection forces, AEBN believes one of the best ways forward is to build a desired level of flexibility into the governing document.

Issues for consideration AEBN has with the plans includes:

1. General recognition of exceptions to the requirements
2. Recognition for early action
3. Use of Business Activity Indicators
4. Technical Review
5. Variations to Savings Plans
6. Conflict by other regulation

1 GENERAL EXCEPTIONS

AEBN believes there is a need for an overarching provision in the plans, which indicates how they will be enforced, or at least the level of flexibility that will be exercised in implementing the plans.

A suggested paragraph would be:

Variations to the Standard Plan

DEUS recognises the high level variation that occurs among process types and business operations, which this plan will impact on. Consequently, DEUS will consider appropriate and well-considered arguments for variations to the plan. Requests for variations will be considered based on their merits and a common-sense approach to the costs and benefits in developing and implementing the plan and the outcomes it aspires to achieve.

R1 *AEBN recommends the inclusion of a section in the plans indicating that participants can provide appropriate arguments against strict following of the plans' detail.*

2. EARLY ACTION

Industry is wary of previous promises by government that early action will be recognised. Unfortunately this has not been the case and many companies find they are suffering because they took early action. ;

For example, the Greenhouse Challenge was introduced in 1998 and many companies joined on good faith that their early action would be supported and not penalised by government as promised by the Federal Government at the time. Moving ahead to 2003, the NSW Government introduced its NSW Greenhouse Abatement Scheme, supplying credits to companies who reduce electricity usage. As the scheme only recognises

actions post 2003 those companies who undertook early action under the Greenhouse Challenge scheme cannot qualify for any credits. Consequently, they are being punished financially compared to their competitors which undertook no action and are gaining credits for rectifying easy and large energy inefficiencies post-2003.

While the issue is explained away by the differences in the Australian system and layers of government, the practice undermines industry's approach to taking early action. Relating this back to the plans AEBN considers that early action in water and energy should at least be used for consideration on the final level of reductions expected from a particular site.

R2 AEBN recommends the plans state that as an option any water or energy saving initiatives undertaken over the last 10 years be identified in the plan and this will be included when assessing the level of saving which could be expected from that site.

AEBN does not consider this will affect time for the commencement of the baseline water and energy usage, but it will provide a guide to DEUS to the potential for that site to reduce its unit consumption rates; that is how lean that site is currently running.

3. BUSINESS ACTIVITY INDICATORS

Use of the Business Activity Indicators (BIAs) will have some merit in gauging certain business areas, which have very similar activities. When it comes to their use in comparing industries, the issue is not straightforward. Companies, which manufacture the same or similar products, can have quite different unit consumption rates, depending on even the brand of manufacturing equipment they operate.

For example, the electroplating industry uses large amounts of water and electricity to plate metal. Mechanical plating is a waterless process available and its energy usage is also minimal. However, it also uses expensive imported chemicals and has a limited application in terms of quality of the plate and the types of plated metals available. This industry is presently shrinking due to heavy international competition.

Another example is the printing industry. Making printed A1 sheets using a lithographic printer may appear to be comparable when using the BAI. However, considerable differences can be found based on the type of printing press used. Japanese presses use more water and fountain solution but less blanket wash; German made presses are the reverse. Digital computer-to-plate processes use a fraction of the amount of water for developing, but due to their high capital cost are used largely by medium to large printers.

AEBN wishes to ensure BAIs are not used to compare industry sites directly. They should be a guide only and serve as a benchmark for particular site.

4. TECHNICAL REVIEW

The Water Savings Plan technical review process appears to be based on Sydney Water's Ever Drop Count program. Consequently, the monitoring requirements to gain baseline data is similar, but lacking flexibility. AEBN is concerned about the following requirements:

All meters should be continuously monitored (e.g. consumption for each 15 minute period) for a minimum of 6 weeks.

If required, install sub-meters to large water using appliances where flow patterns cannot be determined from the main meter.

For sites requiring detailed technical review, sub-metering should be installed, if not already, for all major water uses.

That is: any individual piece of equipment, process or facility consuming about 15% or more of the total site water consumption and where the flow to the equipment, process or facility is more than 10kL/day.

This may be a good basis for determining the baseline data. However, it is inflexible and may result in many meters and data loggers being installed unnecessarily at approximately \$25,000¹ each. Again, while DEUS has indicated that if a good case can be put forward for not going to this extent it will be considered this is not in writing and it may be enforced in an inflexible manner.

AEBN suggests including a sentence that states: *DEUS will reconsider the need for each measurement device based on a sound and reasonable basis put forward by the site. For example, this may include some demonstration that the equipment in question is very consistent in its use of water and/or that a mass balance has been used to demonstrate that leakage and/or other water losses are minor. Alternative measurement processes and techniques that achieve appropriate measurement outcomes may also be considered.*

R3 *AEBN recommends the monitoring requirements be supplemented with a statement, which reflects the flexible approach being taken in their enforcement.*

5. VARIATIONS TO THE PLAN

There appears no mechanism to deal with unforeseen changes. AEBN requires some provision to take into account variations to the plans. This may be in the form of a written request for DEUS to consider the implementation and ability of the company to vary the plan. Such a process would be up to the discretion of DEUS whether it reopens negotiations or issues a rejection of the claim for a variation.

¹ Price quoted by a participant at AEBN's Water and Energy Laws and Grants Seminar 18/8/05

6. CONFLICT FROM OTHER REGULATION

AEBN urges DEUS to look at the wider picture when negotiating the outcomes of the plans. Many companies are limited in their ability to reduce energy and water due to environmental constraints.

On water an example is the setting of trade waste limits. As most are concentration based they are, in part, contradictory to the water conservation policies of the water agencies. Perhaps there is a need to reconsider the balance of cost impacts between the impacts of accepting higher trade-waste standards compared to the savings associated in reduced water consumption from setting higher permissible concentration limits. AEBN has always argued that trade-waste concentration limits protect only the local sewer, as when mixed with upstream sewage, concentration rapidly diminishes. Perhaps this could be an issue to investigate after the first or second round of plans have been approved. DEUS needs to consider asking sites what constraints are associated in cutting water consumption further.

On energy is the need to cut consumption to reduce greenhouse gases and thereby reduce the need to build new power stations. In many previous submissions AEBN has identified the need for a whole-of-government policy in balancing the usually contradictory issues of local and global air pollutants. In virtually every case local air pollutants such as oxides of nitrogen, particulates or carbon monoxide will take precedence over greenhouse emissions. For example, if a company wished to upgrade its gas-fired boiler, it would need to comply with the *Clean Air (Plant and Equipment) Regulation 1999*. If the boiler is 35 years old it is permitted to emit 2.5g m³ NO_x. In contrast, a new boiler would need to meet the new 0.35gm³ limit. Not only is the new limit costly, it can make the boiler slightly less efficient as its maximum operating temperature is likely to be lowered. This is a big disincentive for industry to change more energy efficient practices, as there is no means to balance between the local and global emissions. AEBN has supplied submissions to the NSW Greenhouse Office and the Department of Environment and Conservation recommending the following:

R4 AEBN recommends that the NSW Government develop a whole-of-government policy to deal with conflicting environmental outcomes on air emissions. The policy should provide clarity for the DEC, other agencies and the public on how to balance, for example, greenhouse emissions—a global issue—with local air pollutants such as particulates, oxides of nitrogen and many others.

Again, DEUS could ask the question as part of its energy plan: what regulatory issues prevent or limit the ability of a site/s to reduce their energy consumption? The answers may be useful for the NSW Government to improve its mix of regulatory controls to enable NSW to operate safely, efficiently and with minimal environmental consequences.

7. CONCLUSION

Overall, the water and energy plans will serve the NSW Government and industry with the means to achieve substantial savings in both water and energy. When combined with the Water and Energy Grants program AEBN believes considerable advances will be made to reducing water and energy consumption across NSW. Within that vision AEBN looks forward to the expansion of the water grants to cover the rest of NSW as many members outside the Sydney Water area also have considerable scope to reduce their water consumption.

Greater flexibility will ensure that cost-effective implementation of the plans is conducted.

Data on the issues, especially regulatory issues that may impede the ability of industry and business to save more water and energy, could result in the development of more efficient and practical regulation across NSW.

Should further details or explanation regarding this submission be required please contact Andrew Doig on (02) 9924 7515.

Yours sincerely

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