

## **EXPLANATORY STATEMENT**

Issued by the Authority of the Greenhouse and Energy Minimum Standards Regulator

*Greenhouse and Energy Minimum Standards Act 2012*

*Greenhouse and Energy Minimum Standards (Exemption) Instrument (No.1) 2017*

### **Purpose and Operation**

Section 37 of the *Greenhouse and Energy Minimum Standards Act 2012* (**the Act**) enables the GEMS Regulator, by legislative instrument, to exempt models of GEMS products from one or more requirements of a GEMS determination in relation to all or specified supplies or uses of products of that model and enables the GEMS Regulator to specify conditions to which the exemption is subject. GEMS determinations are defined in section 11 of the Act.

Section 37 also provides that regulations may be made in order to provide a framework for administrative processes around the submission and assessment of applications for exemption.

The purpose of the *Greenhouse and Energy Minimum Standards (Exemption) Instrument (No.1) 2017* (**Instrument**) is to exempt the specified three phase electric motors from the GEMS level requirements contained in section 6 of the *Greenhouse and Energy Minimum Standards (Three Phase Cage Induction Motors) Determination 2012* (**Determination**).

JKC Australia LNG Pty Ltd (**JKC Australia**) has sourced three custom designed three phase cage induction electric motors needed for its Ichthys LNG Onshore Project in Darwin. These motors do not meet the minimum standard for energy efficiency, deviating from the requirement by one percent or less. JKC Australia sought and was granted an exemption in relation to one of the models in 2016. This Instrument exempts the remaining two models.

The GEMS Regulator has considered all the matters set out in regulations 4.1.5 and 4.1.6 of the *Greenhouse and Energy Minimum Standards Regulation 2012* and has decided to grant an exemption from the Determination due to the minimal negative impact on Australia's greenhouse gas emissions anticipated as a result of the non-compliance, and the significant costs, and potential delays, to the Ichthys LNG Onshore Project if the exemption were not granted. The exemption is limited to the supply of the exempt models to, and use of these models at, the Ichthys LNG Onshore Project only.]

### **Consultation**

The exemption set out in the Instrument was considered on application from the applicant named in the Instrument. Since the Instrument will only exempt the motors currently held by the applicant, consultation was only undertaken with the applicant for the purposes of clarification of their application.

## **Detailed description of provisions in the Instrument**

### **1. Name of Instrument**

Section 1 sets out the name of the Instrument.

### **2. Authority**

Section 2 sets out the provision of the Act under which the Instrument is made.

### **3. Commencement**

Section 3 sets out the commencement arrangements for the Instrument.

### **4. Definitions**

Section 4 sets out the definition of terms used in the Instrument. The term 'Exempt Model' is defined in section 5 of the Instrument.

### **5. Exemption**

Section 5 exempts the motor model specified in clause 1 of the Schedule to the Instrument (**Exempt Model**) from the energy use and testing requirements of section 6 of the Determination, subject to the conditions specified in section 6 of the Instrument.

### **6. Conditions of Exemption**

Section 6 specifies that the exemption is subject to the conditions specified in clause 4 of the Schedule to the Instrument.

### **7. Schedule – Exemption and conditions of exemption**

The Schedule to the Instrument sets out the following terms:

- specifications of the Exempt Model (clause 1);
- the requirements of the Determination from which the model is exempt (clause 2);
- the supply and use to which the exemption applies (clause 3); and
- conditions of the exemption (clause 4).

## **Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

*Greenhouse and Energy Minimum Standards (Exemption) Instrument (No.1) 2017*

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

### **Overview of the Legislative Instrument**

The *Greenhouse and Energy Minimum Standards (Exemption) Instrument (No.1) 2017* specifies models of GEMS products that the GEMS Regulator has exempted from the requirements of section 6 of the *Greenhouse and Energy Minimum Standards (Three Phase Cage Induction Motors) Determination 2012*, and the conditions to which the exemption is subject.

### **Human rights implications**

This Legislative Instrument does not engage any of the applicable rights or freedoms.

### **Conclusion**

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.