

## ESIA Media Release

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### **2035 emissions target needs glaring policy gaps to be plugged with proven market mechanisms**

The Australian government must focus on proven market mechanisms now in place to plug glaring policy gaps *if* we are to transform the energy sector to deliver the 2035 62-70% emissions reduction target announced last week, 18 September. Households and businesses will be left behind and opportunities lost to bring forward emissions reductions at lowest cost if major policy commitments are not made soon.

“We need to lock in long-term, hard-edged policies so industry has confidence to invest billions of dollars to participate and accelerate delivery,” said Energy Savings Industry Association (ESIA) President, Ric Brazzale.

The Commonwealth government needs to:

- expand and extend the small-scale renewable energy target beyond 2030 and continue to include solar hot water (including heat pumps), solar PV and batteries;
- tighten the Safeguard Mechanism baselines and include large emitting sites that produce more than 25,000 tonnes of carbon per annum;
- finesse tax incentives for landlords to install energy efficient upgrades, solar and batteries to better support renters; and
- support state governments to:
  - strengthen existing energy savings schemes in Victoria, NSW, SA and ACT;
  - introduce mandatory disclosure of building efficiency at the point of rental and sale; and
  - introduce minimum energy performance standards for rental properties.

“The only sector not effectively covered by the above measures are commercial and industrial gas users not covered by a tightened Safeguard Mechanism. This group needs support with:

- more streamlined measurement and verification (M&V) project methods - accessible under the existing state energy savings schemes;
- more streamlined industrial and commercial emissions reduction (ICER) method - accessible nationally under the Emissions Reduction Fund (ERF); and
- funding for targeted feasibility studies to unlock understanding of energy savings opportunities and their value. Then, projects eligible for incentives will be unlocked under state schemes and the ERF. (For example, low temperature process heat applications and major gas-saving projects.)

“Market based mechanisms are a much more effective way of delivering emissions reduction than grant programs which have historically underspent with limited transparency and accountability,” said Mr Brazzale.

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**References:**

<https://www.dcceew.gov.au/about/news/setting-2035-target-path-net-zero> at 18 Sept 2025

<https://www.climatechangeauthority.gov.au/2035-emissions-reduction-targets> at 18 Sept 2025

[https://www.climatechangeauthority.gov.au/sites/default/files/documents/2025-06/Unlocking%20Australia%27s%20clean%20energy%20potential\\_1.pdf](https://www.climatechangeauthority.gov.au/sites/default/files/documents/2025-06/Unlocking%20Australia%27s%20clean%20energy%20potential_1.pdf), Unlocking Australia's clean energy potential, June 2025, p11. 'CCA recommends unlocking generation and storage at the local level including 'Incentivise owners of commercial and industrial buildings (C&I) and rural businesses to install solar photovoltaics (PV) and battery systems. Measures could involve a combination of: - expanding and extending the existing Small-Scale Renewable Energy Scheme to deploy larger solar systems and batteries ...'

<https://www.acs.gov.au/pages/national-climate-risk-assessment> at 15 Sept 2025

<https://www.dcceew.gov.au/climate-change/publications/national-adaptation-plan> at 15 Sept 2025