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Government of South Australia
Department for Energy and Mining

Review into the South Australian Retailer Energy Efficiency Scheme (REES)
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Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group) thanks the Department for Energy and Mining (the Department) for the opportunity to provide comments in response to the review into the South Australian Retailer Energy Efficiency Scheme (REES) Issues Paper (the Paper).

Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar wind farm in South Australia, followed by the Mt Mercer wind farm and in early 2018 acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have further supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

Powershop is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced a number of significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

REES Submission

MEA Group broadly supports the intent of the REES and the objective in assisting low-income households as a priority. However to assist in lowering costs for households and businesses, the REES should move to a framework that reduces regulatory burden and adopt a certificate based scheme as we see in other state jurisdictions.

Divergence from other schemes across the National Electricity Market (NEM) creates higher administration and regulatory costs, which are ultimately passed on to South Australian customers. We encourage the Department to seek initiatives that would reduce regulatory variation.

Please find below our responses to the questions raised in the paper.

a) Scheme Objectives

If the scheme continues, should the objectives be revised? If so, what changes should be made?

The Paper outlines the success the REES has provided in the reduction of greenhouse gas reductions and energy savings for customers in South Australia. For those reasons and continued results MEA Group believes the objectives remain valid.

Should REES continue to ensure that activities delivered are additional to ‘business as usual’?

MEA Group is supportive of the focus on additional activities, however we do not support any change or expansion to the REES that results in a higher cost burden that consumers ultimately bear.

b) Commercial or Residential

Should the REES focus on energy use in the residential sector, or the commercial sector, or both?

MEA Group believes that the current focus on low-income households should remain. MEA Group acknowledges the flow-on benefits of a business undergoing REES activities with subsequent energy saving results. However businesses are typically better resourced and able to absorb or fund their energy saving initiatives, compared to a low-income household. MEA Group supports the focus of the REES being on ‘priority group household’¹ customers.

c) Priority Group Households

If the scheme continues, should it retain a focus on assisting low income households?

MEA Group strongly supports retaining a focus on low income households, as alleviating financial burdens for those customers should be the Department’s priority as well as the energy industry’s. The REES’s focus on lowering the bills of low-income households by its nature assists hardship customers.

d) Expanding to demand management

Should REES primarily focus on reducing energy use or managing energy demand?

MEA Group supports a carefully managed expansion of the REES to include prescribed demand monitoring and management activities, as long as the benefits outweigh the higher costs that would apply to market participants and their mandatory activities.

Certain demand monitoring and management activities are appropriate for the REES, however these activities must be assessed on a case by case basis and approved and certified for inclusion in the REES. The industry is currently undertaking the development and subsequent implementation of various demand management initiatives and activities. Low-income households are potentially not as engaged in market activity however they do understand that REES can help reduce their energy (and bills).

e) Funding

If the scheme continues beyond 2020 how should it be funded?

MEA Group advocates for a reduction in the overall costs to deliver the REES for the benefit of low-income customers. If the REES is to remain as an option to help customers reduce their energy use, then additional funding should come from the South Australian government, removing the cost burden of administering the REES from customers.

MEA Group would prefer to see the REES adopt a framework similar to other jurisdictional energy efficiency schemes. Those schemes place the compliance obligations for their activities on the entity performing the activity. These certificate based schemes avoid the duplication of audit and administration activities that both the contractor and retailer must follow under the REES. Creating efficiencies in processes associated with the REES should be a priority for this review.

¹ Retailer Energy Efficiency Scheme Code REESC/o8, Page 25

MEA Group believes that the REES and its objective serve a broad, solid purpose for low income households and assist in lowering their bills. Anticipating the rise in network tariffs in South Australia from 1 July 2019 as approved by the AER,² we urge the Department to strongly consider limiting the costs of the REES to be incurred by all South Australian customers. The REES needs to remain true to its objective – “focus on low-income households”.³

If you would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,



Ed McManus
Chief Executive Officer
Powershop Australia Pty Ltd
Meridian Energy Australia

² AER approved 2019-20 networks tariffs proposed by SA Power Networks (SAPN) for 2019-20 financial year by 10.2%.

³ *Review into the South Australian Retailer Energy Efficiency Scheme – REES Issues Paper* April 2019, Page 3.