

Wednesday, 15 May 2019

Tina Maiese
Department for Energy and Mining South Australia
Lodged via email: tina.maiese@sa.gov.au

Dear Ms Maiese,

Review into the South Australian Retailer Energy Efficiency Scheme

Your Energy Saving Solutions (YESS) is pleased to make this submission on the Retailer Energy Efficiency Scheme (REES) review issues paper.

YESS, previously operated under the name of Priority Group Australia (PGA) up until 2014 and is one of the largest third-party providers operating in the REES program working with the majority of the energy retailers that have an obligation under the program.

Commencing work in the REES program in 2012 YESS/PGA have completed over 22,000 home energy assessments, and retrofitted over 75,000 homes with CFLs, LED lighting, Showerheads and Standby Power Controllers. Since the inception of Commercial Lighting into the REES program in 2015 YESS has retrofitted LED lighting into more than 2,800 business in South Australia. During this time PGA/YESS have supplied and installed in excess 1.5 million energy efficient products into homes and businesses across the state, creating more than 3.8 million Gjs of fully compliant REES Activities on behalf of Energy Retailers, including Alinta Energy, Origin Energy, Energy Australia, AGL and Momentum.

YESS supports the continuation of the Retailer Energy Efficiency Scheme and its objectives to reduce household and business energy use. We welcome the review as an opportunity to improve and expand the scheme into the next phase and incorporate additional untapped opportunities.

If you have any questions in relation to this submission, please contact either myself or Shelley Pollock (Shelley@yess.net.au).

Yours sincerely,



Chris Cowan
Director
Your Energy Saving Solutions Pty Ltd
M: 0400 617 050
E: chris@yess.net.au

a) Scheme Objectives

REES should continue with its current objectives retaining its continued focus on the Priority Group customer base and South Australia's most vulnerable residents. Potentially adding the aspect of energy education and consultancy for low-income households could see a new direction for the scheme.

The popularisation of energy rating reports like Scorecard, over time would start contributing to the energy education and literacy aspect, by:

- Providing a baseline for comparing similar size residential properties for the purpose of purchase or lease
- Further developing the availability, professional competency and quality of energy consulting services/assessors in South Australia.

Like in many other fields, to be able to manage, the first step is to be able to measure. Supporting the development of energy education and energy monitoring systems will help with energy efficiency and cost reduction objectives.

With the expected introduction of time-of-use tariffs at some point of time in South Australia, the objective for summer peak demand reduction will be reflected through the current objectives of energy cost reductions to households and businesses.

Network minimum demand management for network reliability is best addressed through the storage battery scheme in conjunction with off-peak time-of-use tariffs.

Regarding the question of ensuring that REES continue to deliver activities that are additional to “business as usual,” we would question what is Business as Usual?

There is no doubt that there has been a huge increase in the sale of LED lighting over the past few years, but we would question how much of this product is going into existing commercial buildings and homes, our assumption is it would be predominately for new builds. The REES is a retrofit program only and does not include installing products into new buildings.

We have found that in the residential space a significant proportion of households replaced energy efficient CFLs (installed under REES) with new 53w Halogen bulbs when a CFL failed, this is due to the lower cost of Halogen Lamps.

Past reviews of the lighting activities under REES it was assumed that CFLs or LED lamps were the way of the future, but this has not been the reality over the past three years. If it was not for the REES program there would be nowhere near the number of LEDs installed into homes in SA.

In the commercial lighting activities, it is even more difficult to define “Business as Usual” for small businesses as they mostly rent building space. It is rare to have a landlord completely upgrade the lighting while a tenant is in the building. Lighting replacement would only be a maintenance issue for the tenant so failed fluorescent tubes and similar lighting would only be replaced with fluorescent tubes or “like for like” not LEDs. In the case of replacing fluorescent tubes with LED tubes it would require additional wiring work or

the replacement of the entire fitting, which would then require the entire space be retrofitted to maintain a consistent appearance of the lighting in the building. Tenants will not invest in the cost of this type of work when they can merely change a tube.

Additionally, as discussed in our response to the REES Energy Efficiency Forum in September 2018 prior to the changes in calculation which reduced the subsidy for commercial lighting, more than 85% of the cancellations that we have in commercial lighting activities are jobs which had a customer contribution associated with them. If small businesses are declining a heavily subsidised lighting upgrade that has a cost associated with it, they certainly won't be conducting these upgrades themselves when the entire cost is out of their pocket, so we don't believe it's accurate to say that LED lighting upgrades are "business as usual" for small to medium sized businesses.

b) Commercial or Residential

REES should continue in finding ways to improve the energy use in both the residential and commercial sector, whilst hedging the residential from the crowding out by commercial activities. YESS believe that this can be achieved through the range of activities approved for each sector and the activity specifications, i.e. limiting the scope of activities available to large businesses, applying regional/postcode multipliers, etc.

It can be argued that the CL1 Commercial Lighting Upgrade activity was very successful and additionally provided benefits in terms of network demand management. Further commercial activities should include passive energy efficiency measures such as ceiling insulation and double glazing for air-conditioned spaces. (See additional notes following the answers to consultation questions for further expansion on this idea).

Separating the targets into residential and commercial may help with hedging from overcrowding, however it will also require detailed annual surveying and modelling, to make sure the targets for the sector are both realistic and achievable.

Should REES retain rules to focus commercial activities on small business, such as the restriction on energy savings from each lighting upgrade?

Our thoughts on this is that the REES should remain focused on small to medium sized businesses however we believe that the 900 GJ cap should be raised to 1200 GJs and this be applied to each activity undertaken on one site not a cumulative total as it now stands. For example a job that has 16 high bays creating 890 GJs + 120 tubes creating 430 GJs and 25 shop lights creating 650 GJ under the current rules the most probable outcome would be the customer only taking up the option of changing the high bays as they could be done for free under the REES, and max out the 900 GJ cap. However, if each lighting product was considered as a separate activity (similar to the VEU and EES programs) then the customer would be able to have all the work done under the scheme as they would not exceed the activity cap for individual products.

C) Lighting Activities

YESS do not support the argument for business as usual in the Commercial SME and Priority Group residential sector. As mentioned in our response in section a), even with very attractive payback periods and energy savings very few commercial customers will take up lighting upgrades where there are any out of pocket expenses, this would indicate that lighting upgrades are anything but business as usual.

YESS firmly believe that lighting activities should remain a part of REES moving forward. Like recent changes to Victoria's VEU, REES can uncover further environmental and energy savings via the replacement of CFL with LED A-bulbs in the residential sector. CFLs are considered an environmental, and, to a lesser extent, health hazard. Energy savings with CFL to LED retrofit are considerable too, offering an approximate 50% reduction.

By promoting lighting controls in the commercial sector, such as occupancy sensors and daylight controls and further promoting LED upgrades in regional small businesses, where they are less likely to become business as usual, CLU activities will have a life after 2020.

LED downlight upgrades for residential properties also remains a largely untapped service due to the subsidy for this being cut by 60%. It is now cost-prohibitive to provide this service, and based on the number of calls YESS receives with people stating how difficult it is to find anyone offering this service, we don't believe that there is a single third-party provider offering REES residential downlight upgrades in SA. Halogen downlights can be one of the biggest energy costs in a home, and returning the downlight subsidy back to be in line with the values in ESS as well as applying a multiplier for Priority Group households would provide the opportunity for massive savings in the residential space.

D) Priority Group Households

The spirit if REES has traditionally sat with our states most vulnerable and YESS believe that any future incarnation of the scheme should retain this same focus/portion on low income households.

A regional multiplier of 1.5 will help regional and remote recipients by driving and incentivising providers to focus further on these areas without affecting the overall cost. While YESS currently undertake large volumes of work in regional areas, cost is often prohibitive to access more remote areas of the state which may remain untouched. An abatement multiplier would cover any associated operational costs in working within these areas.

YESS believe that the current definition of Priority Group is adequate however it could be further refined to offer services to Seniors Card holders. We are often approached by self-funded retirees who are seeking Home Energy Audits but who are ineligible by current definitions.

With respect to 'deeper retrofits' for low income households - a two-pronged approach of:

- Scorecard (1), energy monitoring (2), and structural retrofit (3) combination for landlords, and
- Behavioural consultation (1), energy monitoring (2), energy literacy (3) combination for tenants.

(See additional notes following the answers to consultation questions for further expansion on this idea).

YESS believe that the current definitions are adequate to define the customers who are most likely to benefit from receiving REES activities and audits, however we would add that Energy Retailers should have the discretion to identify and include customers that sit outside the current guidelines and would benefit from the service.

E) Energy Audits

To verify the outcomes of energy audits as they currently stand, an addition of inhouse energy monitor installation activity could be required. This will further and deepen the scope of behavioural change advice the home energy assessors can provide.

The in-home energy monitor product specification should recognise the added value of a separate register for HVAC circuit, and solar circuit, if present.

YESS believe that the current qualifications requirements for energy auditors are appropriate to deliver the level of assessments for the majority of Priority Group households. We do think that there could be more training available for auditors to be adequately trained to deal with the most vulnerable households (hardship customers etc).

F) Expanding to Demand Management

The priority of REES should be the reduction of energy use, while incorporating energy monitoring.

With the expected introduction of time-of-use tariffs at some point of time in SA, the need for summer peak demand reduction will be reflected through the current objectives of energy cost reductions to households and businesses.

Remote control enabling of HVAC systems for residents to pre-heat or pre-cool their homes at lower tariff times with the presence of energy monitoring systems, achieves not only a reduction of overall costs but also assists demand management.

G) Funding

YESS believe that the current funding model is fair, as almost all South Australian households are eligible to participate and receive a benefit from the REES. The cross-subsidy argument does not stack up if everyone participated in the scheme.

Should some of the demand management and other deeper retrofit options be included in the scheme then the funding for those activities may sit outside of Energy Retailer obligations so Government co-funding could be applicable for some structural retrofit activities, to match the customer co-contribution, where present. Government co-funding maybe short-term, say bi-annual, and act as an additional incentive trigger to the continuous baseline funding through tariffs.

H) Deeper Retrofits

The Victorian Scorecard (or similar) should be used to establish a baseline and to verify the need for deeper retrofits within South Australian residences. Solar PV data should be not entered into the score card tool when used for REES purposes as when this data is input it is not possible to gain a solid insight into retrofit outcomes as this entry causes data to become skewed. Inhouse energy monitoring installations should accompany the scorecard assessment which would promote and reinforce substantial behaviour change within the residence.

Applying a bonus for multiple retrofit activities at the same site needs to be modelled with a particular scorecard or assessment tool. Current tools may not adequately reflect the effect of various retrofit activities as they stand.

However, even the rating score may not reflect, the automated recommendations and photographic evidence (preferably geo-tagged) will indicate which retrofits will benefit the dwelling's energy performance. The effect can then be verified with the daily energy monitoring records, and a follow-up scorecard assessment.

YESS do not believe that there should be a minimum number of activities or a minimum amount of energy savings be delivered at each home or business.

APPENDIX

Further to answering the questions, YESS would like to offer a view on energy efficiency priorities in three sectors:

- I. Residential** - Owner-occupiers and landlords; structural retrofits
- II. Residential** - Tenants; non-structural, behavioural adjustments and energy literacy
- III. Commercial** - Structural retrofits

I. Residential - Owner-occupiers and landlords; structural retrofits

In this sector, REES achievements to date are mostly with the lighting retrofits, and some inroads have been made with Solar HWS and ceiling insulation.

As previously stated, the LED lighting activity in the next stage should progress to remove CFLs as these are considered an environmental, and, to a lesser extent, health hazard. Energy savings with CFL to LED retrofit are considerable too, around 50% reduction.

Further to “easy-to-achieve” LED lighting retrofits, the next enabling activity in the Residential sector would be a Scorecard assessment and installation of In-home energy monitor. Solar PV data should be not entered into the score card tool, when used for REES purposes. This resulting report, and presence of in-home energy monitor data collected and verified by an assessor, will set a baseline for further retrofits, following the path from A to I:

- A. Lighting - removal of incandescent lamps as well as CFLs
- B. Electric HWS - to Solar HWS, with off-peak electric boost.
- C. In-home energy monitor, with dedicated HVAC register
- D. Ceiling insulation - to R3.6 or more
- E. Double glazing - lounge room and kitchen areas.
- F. North and West facing Window shading and reflective blinds
- G. Wall cavity insulation, where applicable
- H. Zoning/partitioning of air-conditioned spaces
- I. Demand response enabled air conditioners

Notably, the current deemed GJ-savings value of E to F activities is underrated. The monetary value of the subsidy should be increased by recognising the increase in the scorecard ratings and/or the factual energy efficiency improvement from the in-home energy monitoring report.

This methodology of allocating effective incentives should be explored further.

II. Residential - behavioural change, non-structural, tenanted properties

This chapter could be viewed as an assistance to low-income households, where structural upgrades are often held-back. The scorecard rating and recommendations in tenanted properties are of no immediate effect, while behavioural advice and education can deliver substantial results, if backed with instant energy monitoring data.

- A. Home energy assessment combined with in-home energy monitors
- B. Energy literacy - interpretation of in-home energy monitoring data
- C. Behavioural recommendations based on the energy monitoring data; i.e. recommended max and min temperature settings on air conditioning systems, use of curtains and soft partitions; window shading/reflective roller blinds.

III. Commercial - structural retrofits

The list of activities in the commercial sector should be expanded to include passive energy efficiency measures.

- A. Lighting
- B. Ceiling insulation of air-conditioned spaces
- C. Double glazing in air-conditioned spaces