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Retailer Energy Productivity Scheme (2026-2030)

Issues Paper

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Acknowledgement of Country

As guests here on Kaurna land, we acknowledge everything this department does impacts on Aboriginal country, the sea, the sky, its people and their spiritual and cultural connection which have existed since the first sunrise. Our responsibility is to share our collective knowledge, recognise a difficult history, respect the relationships made over time, and create a stronger future. We are ready to walk, learn and work together.

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Purpose

This Issues Paper invites feedback on matters to be determined by the Minister for the second five-year period of South Australia's Retailer Energy Productivity Scheme (REPS).

The scheme aims to improve energy productivity for households, businesses, and the broader energy system, with a focus on low-income households. This will reduce energy costs and greenhouse gas emissions.

Current REPS obligation thresholds and targets apply only for the first five-year period (REPS1), from 2021 to 2025. Thresholds and targets must be determined for the second five-year period (REPS2), which commences 1 January 2026.

The primary purpose of this consultation is to seek input from stakeholders to inform the Minister's determination of matters required for REPS2, particularly obligation thresholds and targets. Any matter relevant to the setting of thresholds and targets for REPS2, therefore, is in scope of this consultation.

Some aspects of REPS, such as the apportionment requirements and energy productivity activities, may be determined for the scheme generally rather than for a particular year or five-year period. The Minister's existing determinations on these general matters can continue to operate for REPS2. While there is not an immediate need to review those arrangements or make new determinations, stakeholders may wish to provide feedback on these other determinations.

The Department for Energy and Mining (DEM) advises the Minister on policy matters relating to REPS and is undertaking this consultation to support its recommendations to the Minister in 2025. DEM will consider all feedback received through this consultation process, although the core focus is on matters that must be determined by the Minister in preparation for REPS2. While feedback on other matters will be considered, generally, it is not the intention to review the broader operation of the scheme at this time unless there is compelling new information. Some issues raised may be pursued separately.

A comprehensive review of REPS will be undertaken by the end of 2029, ahead of the scheme's legislated expiry on 31 December 2030.¹ The statutory review will consider the operation of REPS and the continuation of the scheme.

Consultation questions in this Issues Paper are provided as a guide only.

DEM encourages interested stakeholders to provide supporting evidence where possible with submissions.

¹ Regulations 35-36 of the *Electricity (General) Regulations 2012* and regulations 29-30 of the *Gas Regulations 2012*.

About the REPS

The Retailer Energy Productivity Scheme, or REPS, is a South Australian government initiative to improve energy productivity for households, businesses, and the broader energy system, with a focus on low-income households. This will reduce energy costs and greenhouse gas emissions.

The scheme is established under Part 4 of the *Electricity (General) Regulations 2012* and Part 4 of the *Gas Regulations 2012* (the Regulations) and commenced 1 January 2021.

The Retailer Energy Productivity Scheme replaced the earlier Retailer Energy Efficiency Scheme (REES), which had operated in South Australia since 2009. Following a review of the REES in 2019, the scheme was reformed to focus on energy productivity objectives.²

Unlike REES, this scheme also considers the temporal dimension of energy consumption, to account for daily and seasonal shifts in consumption patterns. It aims to stimulate deeper energy savings and energy system benefits for all consumers by encouraging activities that reduce energy use during high peak periods, and shift demand to low demand periods.

By targeting energy savings at peak times and incentivising demand management and demand response activities, REPS can help to address energy system issues relating to the time of energy use.

Under the scheme, energy retailers are required to meet energy productivity targets, which retailers achieve by delivering eligible energy productivity activities to homes and businesses. There is a range of eligible activities that allows retailers and activity providers to choose which activities they use to meet the targets.

Energy productivity activities are assigned different 'productivity factors', which are used to calculate the normalised REPS gigajoules (GJ) associated with the delivery of each activity. As the value of energy varies across different times of the day, the amount of normalised GJs retailers achieve by undertaking different energy productivity activities also varies.

The Retailer Energy Productivity Scheme is a direct obligation scheme, with costs of the recovered from customers.

More information about REPS can be found on DEM's website and on the Essential Services Commission of South Australia's (ESCOSA) website:

www.energymining.sa.gov.au

www.escosa.sa.gov.au

² DEM, [Review into the Retailer Energy Efficiency Scheme](#) is available on www.energymining.sa.gov.au.

Application of scheme

Under the Regulations, the Minister must, by notice in the Gazette, set the relevant thresholds for a five-year period at the time of setting the annual energy productivity targets. Thresholds for REPS1 were determined in December 2020. The Minister now needs to determine thresholds for REPS2 and whether to determine designated energy purchases.

Obligation thresholds

The scheme applies to retailers whose activities exceed thresholds determined by the Minister.³ The Minister must determine separate thresholds for electricity and gas, and the Regulations require two types of thresholds for each fuel type:

- a residential customer number threshold
- an energy purchase quantity threshold.

The thresholds determined by the Minister for REPS1 mean a retailer is subject to the scheme if, in the preceding year:

- it had 5,000 or more electricity or gas residential customers
- its energy purchases for on-selling to South Australian customers exceeded 20,000 MWh (of electricity) or 133,000 GJ (of gas).⁴

These thresholds apply for 2021, 2022, 2023, 2024 and 2025.

The current customer number thresholds (5,000 residential customers for the relevant fuel type) are longstanding, having applied in earlier schemes prior to REPS. The intent of the customer numbers threshold is to avoid a disproportionate cost burden on small retailers and new market entrants, and limit compliance complexity arising from higher churn rates for less established market participants.

While the customer number threshold may remain appropriate, energy consumption may have changed since 2020 when the current REPS1 purchase thresholds were determined.

The current energy purchase thresholds were based on the estimated amount of electricity or gas used annually by around 5,000 average South Australian households at the time the REPS1 determination was made:

- 4,000 kWh per annum per average residential electricity customer
- 26,602 megajoules (MJ) per annum per average residential gas customer.⁵

³ Regulation 22 of the *Electricity (General) Regulations 2012* and Regulation 16 of the *Gas Regulations 2012*.

⁴ See [notice](#) published 21 December 2020 in the *Government Gazette* (page 6024).

⁵ Estimates used in the Australian Energy Market Commission [2019 Retail Energy Competition Review](#).

For electricity, some recent reports use a similar estimate of average annual consumption to that used in the REPS1 determination.⁶ This suggests the REPS1 electricity purchase threshold of 20,000 MWh may be appropriate to use for REPS2. Data reported by the electricity distributor for South Australia indicates average annual consumption of 4237 kWh for residential customers.⁷ This number may better reflect 'typical' South Australian household usage as it covers households both with and without controlled loads.

For gas, recently used typical annual consumption estimates are lower than the estimate of 26,602 megajoules used in the REPS1 determination. For example, the Annual Retail Market Report 2022-23 uses 16,199 megajoules for an average residential gas customer in South Australia, based on data reported by the gas distributor, which is 40 per cent lower than the estimate used for the current threshold. This data suggests an update of the gas consumption threshold may be warranted.

Consultation questions:

- Are the current obligations thresholds appropriate for REPS2 (2026-2030)?
- Should the electricity purchase quantity threshold *increase*?
- Should the gas purchase quantity threshold *decrease*?

Designated energy purchases

The Minister can determine to exclude certain purchases of electricity or gas from the calculation of a purchase quantity threshold, and from the apportioned targets for each retailer.⁸ Such purchases are referred to as 'designated purchases'.

The Retailer Energy Productivity Scheme aims to enable the delivery of eligible energy productivity activities to any customer, regardless of their size, due to the larger system benefits that can be derived from a broad application of the scheme.

Under the previous REES, purchases of electricity or gas for large customers were determined by the Minister to be designated purchases, meaning large customers were not included in the earlier scheme. This arrangement allowing certain purchases to be netted off from retailers' energy productivity targets was implemented as REES was focussed intentionally on residential and small business customers.

⁶ For example, the Australian Energy Regulator's Default Market Offer 2024-2025 (DMO 6) determination and the Australian Competition and Consumer Commission's *Inquiry into the Electricity Market – June 2024*. DMO6 uses 4,000 kWh pa (without controlled load) and 4,200 kWh pa (with controlled load).

⁷ *SA Power Networks 2023-24 – Economic Benchmarking – RIN response* (31 October 2024), published on the [AER's](#) website.

⁸ Regulation 22 of the Electricity (General) Regulations 2012 and regulation 16 of the Gas Regulations 2012.

An independent evaluation of REES found that the opportunities to improve the productivity of large customers' energy use would lead to broader energy system benefits in South Australia.⁹ Following that review, the scheme was reformed to have a focus on energy productivity and to expand to include all customer types.

Therefore, for REPS1, it was decided that no electricity or gas purchases would be excluded, and the Minister did not determine any designated purchases. This means the energy purchase quantity thresholds described in the previous section apply in full, without the need to net off designated purchases, and REPS is available to customers of all sizes.¹⁰

Some stakeholders have queried whether REPS should cover large customers, with concerns including the costs being imposed on large customers, lack of suitable activities, lack of recognition of earlier projects, commerciality of projects and financial constraints of companies.¹¹

While the numbers to date are low, some large customers have participated in REPS1 activities, indicating there is potential benefit to large customers continuing to be part of REPS in the second five-year period. As the scheme has applied to large customers only for a short period, it may be that the delivery of REPS activities to this cohort of customers is less mature and more complex. Over time, participation by activity providers and large customers may continue to increase, deepening the potential direct and system-wide benefits.

Consultation questions:

- Are there electricity or gas purchases that should be excluded for determining the REPS2 obligation threshold? Why?
- Should any customer segments be removed from REPS2?

Energy Productivity Targets

Under REPS, the Minister sets annual energy productivity targets for each year of the scheme by notice in the Gazette.¹²

⁹ Common Capital (2019), [Independent Evaluation – past performance and future policy options for the Retailer Energy Efficiency Scheme](#).

¹⁰ The [REPS Activities General Specifications](#) define large customers as a “non-residential customer consuming more than 160MWh of electricity per National Meter Identifier in the 12 months prior to any upgrade works credited under this specification.”]

¹¹ The *LF1 - Improve Energy Productivity – Large Facilities Activity* was determined in January 2022 in response to the concern about lack of suitable activities.

¹² Regulation 24 of the *Electricity (General) Regulations 2012* and Regulation 18 of the *Gas Regulations 2012*.

Targets represent the annual amount of REPS credits that must be achieved by retailers by carrying out energy productivity activities and are expressed in the common format of normalised gigajoules (GJs).

ESCOSA apportions the relevant annual target set by the Minister between retailers in accordance with any requirements of the Minister. Retailers are required to achieve their respective annual energy productivity target by undertaking energy productivity activities.

The scheme also provides for the Minister to set subtargets, which must be met in a specified manner.¹³ For example, a subtarget may relate to a customer class or a type of energy productivity activity.

Annual energy productivity targets

Targets for the second five-year period (2026-2030, or REPS2) must be set before 1 January 2026.

The aim is to determine the annual energy productivity targets for the second five-year period sufficiently in advance of its commencement, to allow time for retailers and activity providers to prepare for the new targets.

The targets for 2021-2025 are set out in Table 1. The targets were set based on the premise that all electricity customers would be covered by REPS and there continued to be significant opportunities for customers to implement energy productivity activities.

Over the REPS1 period, annual energy productivity targets increase each year to be 50 per cent greater in the fifth year compared to the first year. On average, REPS1 targets increase annually by 10 per cent, although the increases range from five per cent (2022) to 16 per cent (2023).

Table 1: REPS targets (2021-2025), normalised gigajoules (GJ) of energy

| Target type | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|-----------|-----------|-----------|-----------|-----------|
| Annual energy productivity target | 2,500,000 | 2,620,945 | 3,029,222 | 3,437,500 | 3,750,000 |
| Primary subtarget: Priority group households | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Primary subtarget: Residential customers | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |

¹³ Regulation 25 of the *Electricity (General) Regulations 2012* and Regulation 19 of the *Gas Regulations 2012*.

In simple terms, higher targets allow for greater energy savings, system benefits and economic benefits to be realised. However, setting targets needs to balance ambition and practical considerations about delivering activities to achieve those targets. Further, as compliance costs incurred by retailers ultimately are passed through to customers, including those not directly receiving REPS activities, setting targets also needs to consider the potential impact on customer bills.

In the *Inquiry into the National Electricity Market*, retailers reported environmental costs for South Australia, including REPS costs as one of the four components. The cost stack data shows that the REPS component was around 0.4c per kWh, or around \$19 per year per residential customer, in 2022-23.¹⁴

Table 2 shows what the annual energy productivity targets would look like for REPS2 if the REPS1 average annual increase (10 per cent) is used as the basis for setting the trajectory of the targets, which have been rounded.

Table 2: Projected REPS2 targets (2026-2030), normalised gigajoules (GJ) of energy

| Target type | 2026 | 2027 | 2028 | 2029 | 2030 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Annual energy productivity target | 4,000,000 | 4,500,000 | 5,000,000 | 5,500,000 | 6,000,000 |

Over the course of REPS1 to date, retailers generally have met their respective REPS targets with very few exceptions. In some but not all cases, retailers carry over credits accrued in the previous year.¹⁵

Consultation Questions:

- How should REPS2 annual energy productivity targets be set?
- Should REPS2 continue to cover all electricity customers?
- If the customer coverage should continue, should the REPS2 annual energy productivity targets be higher or lower than under REPS1?
- Should the REPS2 annual energy productivity targets increase each year over the period?

¹⁴ ACCC (2023), *Inquiry into the National Electricity Market report - December 2023*, Appendix C.

¹⁵ ESCOSA reports annually on retailers' compliance with the REPS, including achievement of targets: www.escosa.sa.gov.au

Subtargets

The Regulations require that the Minister must determine a primary subtarget in relation to *priority group households* and may determine other primary subtargets.¹⁶ In addition, the Minister can set secondary subtargets.

Primary subtargets have been set for REPS1, as set out in Table 1, but not for REPS2. No secondary subtargets have been set for REPS1. Currently, for retailers whose residential customer numbers exceed the residential customer numbers threshold, the following primary subtargets apply:

- **priority group energy productivity target (PGEPT):** the amount of each annual productivity target that is to be achieved by the provision of energy productivity activities to priority group households.
- **household energy productivity target (HEPT):** the amount of each annual productivity target that is to be achieved by the provision of energy productivity activities to residential customers.

Priority group household means residential premises in which a person resides who:

- holds a Commonwealth Government pensioner concession card
- holds a TPI Gold Repatriation Health Card
- holds a War Widows Gold Repatriation Health Card
- holds a Gold Repatriation Health Card (EDA)
- holds a Health Care Card (including a Low-Income Health Care Card)
- receives the South Australian government energy bill concession
- has a residential tenancy agreement with the landlord of the premises and the rent for the premises is \$500 or less per week
- is actively participating in an energy retailer's hardship program
- is participating in an energy retailer's payment plan (offered and applied as per section 50 of the National Energy Retail Law)
- has received a referral from a registered member of the South Australian Financial Counsellors Association (SAFCA).¹⁷

The definition of a *priority group household* was updated in August 2024 and does not expire. It is not proposed to make a new determination of *priority group household*. Therefore, the main consultation focus for this subtarget is on the quantum of subtargets over the REPS2 period.

¹⁶ Regulation 25 of the *Electricity (General) Regulations 2012* and regulation 19 of the *Gas Regulations 2012*.

¹⁷ The Minister's priority group household determination was varied on 12 August 2024 to increase the rent amount. [https://www.governmentgazette.sa.gov.au/2024/August/2024_055.pdf].

The household energy productivity subtarget was determined in conjunction with 2020 reforms to expand the scheme to new commercial activities and all businesses. The 2019 independent evaluation of REES identified that there was a risk that business activities, especially commercial lighting, could end up dominating energy savings towards the target and ‘crowding out’ residential activities. This risk was addressed by setting minimum household targets.

REPS1 primary subtargets are both constant at 500,000 GJ per year (see Table 3) in contrast to REPS1 annual energy productivity targets, which increase each year over the period. This follows the general pattern over REES also, where annual energy productivity targets steadily increased over time, while the priority group subtarget increased marginally and has remained constant at 500,000 GJ per year since 2018.

Table 3: REPS1 subtargets as share of total, normalised gigajoules (GJ) of energy

| Target | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|-----------|-----------|-----------|-----------|-----------|
| Annual energy productivity target (GJ) | 2,500,000 | 2,620,945 | 3,029,222 | 3,437,500 | 3,750,000 |
| Subtargets (priority group & household) (GJ) | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Subtargets (% share of annual productivity target) | 20% | 19% | 17% | 15% | 13% |

For the priority group subtarget, the share of the annual target has declined from 20 per cent of the annual energy savings targets in 2021 to 13 per cent of the annual energy productivity target in 2025. This means the impact of the priority group subtarget is being eroded over time.

According to the Retailer Energy Productivity Scheme Annual Report 2023, prepared by the Essential Services Commission of South Australia (ESCOSA), the priority group targets have been met each year noting that, under the legislative framework, a greater than 90% achievement is considered meeting the target.

In 2023, 9,956 REPS activities were delivered to priority group households, accounting for 56% of all REPS activities delivered by number.¹⁸ The most common being LED lighting, showerheads, reverse cycle non-ducted air conditioners and water heaters.

In previous reviews and consultations, a regional or remote subtarget has been considered, although no such subtarget has been determined for REPS1. In 2023, metropolitan activities accounted for 79 percent of savings and 90 percent of all activities, compared with 81

¹⁸ ESCOSA (2024), [Retailer Energy Productivity Scheme - Annual Report 2023](#).

percent of savings and 91 percent of all activities in 2022. In 2021, metropolitan activities accounted for 77 percent of savings and 81 percent of all activities.¹⁹

Consultation questions:

- Should the priority group primary subtargets increase for REPS2?
- Should the priority group targets represent a fixed share of the annual energy productivity targets for REPS2? What is a reasonable proportion?
- Should the household subtargets continue for REPS2?
- Should any other types of primary subtargets be considered?
- Should there be any secondary subtargets?

Apportioning targets to retailers

The scheme requires ESCOSA to apportion the annual, priority group and household energy productivity targets set by the Minister to retailers in accordance with a formula set by the Minister. ESCOSA is required to notify each retailer of the targets that apply to the retailer for that year.

In December 2020, the Minister determined apportionment requirements for each of the annual, priority group and household energy productivity targets. In March 2021, the Minister varied the apportionment requirements for REPS subtargets.

Currently, annual energy productivity targets are required to be apportioned to electricity retailers using the following formula in Box 1.²⁰ An equivalent formula is determined for apportioning annual energy productivity targets to gas retailers.

During a compliance year, retailer's targets can be adjusted if customers are transferred during a year to another retailer because of the sale, transmission or assignment of the whole or part of the business or undertaking of the first retailer.

Unlike the targets, which are determined per five-year period of REPS, the apportionment requirements apply indefinitely, unless revoked and replaced by new requirements or the scheme expires. As such, aside from the normalisation factors (see below), DEM proposes that the current formula for each fuel type would continue to apply for the purposes of REPS2.

¹⁹ ESCOSA (2022), [Retailer Energy Productivity Scheme – Annual Report 2021](#).

²⁰ The current apportionment requirements were published by notice in the [Gazette](#) in March 2021.

Normalisation factors

The Minister’s requirements for apportioning targets considers fuel type. Each fuel type is assigned a different normalisation factor to recognise the relative purchase cost of that fuel type. Values are set relative to the value of grid electricity, which nominally is set at one.

Box 1: Apportioning of REPS annual energy productivity targets (electricity)

Apportioning of Targets

$$A \times (B \times N_e) \div ((C \times N_e) + (D \times N_g))$$

Where:

A is the annual energy productivity target for the calendar year set under Regulation 24(1) of the *Electricity (General) Regulations 2012*. This value is expressed in gigajoules of energy.

B is the relevant electricity retailer’s electricity purchases for retailing to customers within South Australia, for the preceding financial year, excluding designated electricity purchases. This value is expressed in gigajoules of energy purchased.

C is the sum of the electricity purchases made by each relevant electricity retailer for retailing to customers within South Australia, for the preceding financial year, excluding designated electricity purchases. This value is expressed in gigajoules of energy purchased.

D is the sum of the gas purchases made by each relevant gas retailer for retailing to customers within South Australia, for the preceding financial year, excluding designated gas purchases. This value is expressed in gigajoules of energy purchased.

N_e is the REPS electricity normalisation factor and has a value of 1.00.

N_g is the REPS gas normalisation factor and has a value of 0.4.

Relevant electricity retailer has the same meaning as in Regulation 23 of the *Electricity (General) Regulations 2012*.

Designated electricity purchases has the same meaning as in Regulation 22(4) of the *Electricity (General) Regulations 2012*.

Relevant gas retailer has the same meaning as in Regulation 17 of the *Gas Regulations 2012*.

Designated gas purchase has the same meaning as in Regulation 16(4) of the *Gas Regulations 2012*.

The current normalisation factors reflect the different fuel types’ costs and relative values at the time the apportionment requirements were determined. For example, for ‘electricity – on-site supplied’, it was assumed that cost of using that electricity as part of a REPS activity was equal to the foregone revenue that would have been earned if the energy instead had

been exported to the grid. Exported electricity, typically from PV generating systems, was then valued at about one quarter of imported grid electricity.

Since 2020, when the current normalisation factors were determined, there have been changes in the wholesale electricity market and in the prevalence of on-site electricity generation. These changes affect the value of on-site electricity relative to grid-supplied electricity. Similarly, market conditions, international events and consumer demand affect the cost of gas relative to electricity, compared to when the normalisation factors were first set.

Consultation questions:

- Are the current normalisation factors appropriate for REPS2?
- Are there other factors that should be considered?

Carryover of energy credits

The Retailer Energy Productivity Scheme allows a retailer who accrues an energy credit in one year, and which is not transferred to another retailer, to have the energy credit considered towards meeting a target in any subsequent year.²¹ This arrangement is known as carryover.

Carryover allows retailers and activity providers more flexibility in their delivery of activities to meet energy productivity targets.

The Regulations provide that the Minister can, by notice in the Gazette, determine the maximum energy credit that a retailer may apply to have carried over towards a target in the subsequent year.

If the Minister makes such a determination, it must be made by 31 December of the year prior to the year in which the energy credit may be accrued. If no determination is made, carryover may be applied for, and no maximum would be applicable.

Accordingly, this consultation also is considering the carryover arrangements for REPS2 and if a cap, or maximum energy credit, should be determined. For a cap to apply to energy credits achieved in the first year of REPS2 (2026), the Minister must make a determination by 31 December 2025.

²¹ An energy credit, in relation to energy productivity activities, means the difference between the amount of normalised gigajoules actually achieved by a retailer in a year through the conduct or acquisition of energy productivity activities under this Part and the EPT that applies to the retailer for that year (if the difference is positive).

The maximum energy credits determined by the Minister for REPS1 are:

- 2022—20 per cent of the retailer’s 2021 Energy Productivity Target
- 2023—20 per cent of the retailer’s 2022 Energy Productivity Target
- 2024—10 per cent of the retailer’s 2023 Energy Productivity Target
- 2025—Zero (0) per cent of the retailer’s 2024 Energy Productivity Target.

The declining maximum energy credit carry over recognised that targets were only set for the first five years.

The initial proposal is to continue to set a maximum energy credit that may be carried over to a subsequent year for REPS2.²² The maximum energy credit would continue to be specified as a per cent of the retailer’s relevant energy productivity target.

Consultation questions:

- What is a reasonable maximum energy credit for carryover during REPS2?
- Should maximum energy credits be limited to a particular energy productivity target?
- Should the maximum energy credits decline as the scheme reaches its expiry date?

Other matters

Energy productivity activities

Energy productivity activities are determined by the Minister. The Minister may determine, vary or revoke activities at any time.²³ The *REPS Ministerial Protocol* outlines how the Minister determines the range of approved energy productivity activities.²⁴

The scheme provides for a wide range of activities, although it ultimately relies on the market to determine which activities are actually delivered to households and businesses. Currently, 31 energy productivity activities are available.²⁵ Some activity specifications were varied recently in August 2024 to change the transition factors (see section below) and to allow, in limited circumstances, second site visits.

While the primary focus of this consultation is setting obligation thresholds and targets for REPS2, maintaining the right overall mix of energy productivity activities is important to the operation of the scheme. There may be activities that are difficult to deliver in practice or are

²² The REPS is legislated to operate until 2030.

²³ Regulation 28 of the *Electricity (General) Regulations 2012* and regulation 22 of the *Gas Regulations 2012*.

²⁴ The *REPS Ministerial Protocol* is available on www.energymining.sa.gov.au.

²⁵ Current [REPS activity specifications](http://www.energymining.sa.gov.au) are published on www.energymining.sa.gov.au.

no longer fit for purpose, which could be varied or removed from the scheme, or new activities might be considered.

For example, as activities approach market saturation or become business as usual practices, the case for their ongoing inclusion in REPS diminishes and, with appropriate transitional support, such activities could be removed. Other activities may not be performing as expected. On the other hand, it may be appropriate to consider possible new activities that can contribute to meeting REPS objectives.

Accordingly, the Department for Energy and Mining welcomes feedback on REPS activities, noting that any changes to activities may need to be pursued separately to the determination of REPS2 targets, depending on the feedback received.

Feedback on customer segments covered by the scheme will influence the activities available in REPS2.

DEM notes that some REPS activity specifications refer to other standards, determinations or other requirements, some of which have been replaced by later versions since those activity specifications were determined.²⁶ Activities that refer to SA Power Networks' 2020-2025 Tariff Structure Statement will be reviewed in the context of SA Power Networks' 2025-2030 Tariff Structure Statement, once approved.

Transition factors

Currently, some energy productivity activity specifications include transition factors, which were designed to assist retailers to pivot towards business models that deliver deeper retrofit and demand response activities.

Transition factors work as multipliers and are applied in the calculation of normalised gigajoules associated with a particular energy productivity activity, to increase the value of these gigajoules.

Transition factors were introduced at the commencement of REPS1 for some activities and were intended to provide a phased trajectory, generally starting at a factor of five or four and reducing to a factor of one by the end of the period²⁷. This was to allow a period for businesses to adjust to delivering the South Australian government's preferred mix of REPS activities, including deeper retrofit activities and demand response activities.

²⁶ For example, CL1 (Commercial Lighting Upgrade) refers to SA Power Networks' *Service and Installation Rules (2020)*, which have been updated since that activity specification was determined.

²⁷ Transition factors varied across activities. For example, activity L1 has a much lower initial transition factor of two, reducing to a factor of one by 2023.

In August 2024, transition factors were varied for some activities delivered to priority group households.²⁸ The current transition factors for those activities delivered to priority group households are now set to a value of four for the remainder of REPS1, following stakeholder feedback to targeted consultation conducted at the end of 2023. The revised transition factors will assist in making these activities more affordable for priority group households.

For REPS2, similar multipliers may still be needed for the relevant activities delivered to priority group households, to ensure access by these customers, although the value and trajectory of any multipliers may need to be reviewed. For non-priority group customers, such multipliers may no longer be required, meaning they would cease after 2025.

Alternatively (or in addition), multipliers could serve a role in REPS2 to further incentivise the provision of high priority REPS activities. For example, multipliers could be used to encourage the supply of more complex activities that deliver deeper energy productivity benefits or specific technology types.

Consultation questions:

- Should transition factors (or multipliers) be retained for priority group households?
- Should transition factors (or multipliers) reduce over the period of REPS2?
- Are there activities to which transition factors should no longer apply, even for priority group households?
- Are there activities for which new multipliers should be considered?

Retailer arrangements – credit transfers and activities

The scheme permits a retailer to transfer credits to another retailer and to enter an arrangement with another person (including another retailer) for that person to undertake energy productivity activities on its behalf.²⁹

These arrangements are provided for in the current Regulations rather than by determination of the Minister. No changes are proposed to the Regulations at this time.

Administration

ESCOSA has various functions and powers under the Regulations necessary for the administration of REPS including:

- determining obliged retailers

²⁸ The relevant activity specifications are HC2A, APP1A, APP1B, APP1D, BS1B, BS3B, BS1A and BS2.

²⁹ Despite any arrangement entered into by a retailer with another party to undertake activities on their behalf, the retailer remains liable for any offence or penalty arising from a failure to meet its REPS targets.

- calculating and notifying obliged retailers of any targets applying to the retailer for that year
- ensuring that retailers comply with relevant obligations
- reporting to the Minister at the end of each year on the administration of REPS and the progress of retailers in achieving the targets
- publicly reporting on REPS annually.

These functions, established in the Regulations, are not specific to each five-year period but operate for the scheme generally. DEM is not reviewing the Regulations at this time and these arrangements, therefore, continue unchanged for REPS2. A statutory review of the Regulations establishing the REPS is required in 2029.

Separately to this consultation on matters determined by the Minister, ESCOSA is reviewing the REPS Code. The REPS Code establishes the requirements and procedures with which obliged retailers must comply to satisfy their REPS obligations.³⁰ The review of the REPS Code is expected to be finalised by July 2025. More information about the review can be found on ESCOSA's website.

Implementation

The indicative process for setting REPS2 targets and other matters involves the following key milestones:

1. Issues Paper – seek stakeholder views on key matters to determine (Q1 2025)
2. Draft positions – prepare draft targets and other matters, informed by stakeholder feedback (Q2 2025)
3. Final positions – recommendations to Minister (mid-2025)
4. REPS2 – targets and other determinations commence (January 2026).

DEM aims to provide advice and recommendations to support the Minister's determination of application thresholds and targets by mid-2025. This timetable is intended to allow sufficient time for ESCOSA to apportion and notify retailers of their targets, and for retailers and activity providers to prepare for the commencement of the new targets on 1 January 2026.

DEM will commission independent expert advice on the energy productivity outcomes achieved to date and modelling of potential targets scenarios. Stakeholder feedback received through this consultation process, along with independent technical advice and modelling, will be used to inform the development of draft advice and recommendations to the Minister.

³⁰ In September 2024, ESCOSA initiated the review by publishing an [issues paper](#).

Draft application thresholds and targets may be subject of further consultation in Q2 2025, before being finalised for the Minister’s consideration, subject to feedback received. DEM may undertake further, targeted consultation on matters raised through this initial consultation.

Making a submission

The Department for Energy and Mining invites submissions on the matters for determination ahead of the second five-year period of the REPS.

Interested parties should make their submission by Monday 31 March 2025.

Submissions can be made via the [YourSAy webpage](#), or by email to dem.consultation@sa.gov.au with the subject line ‘REPS2 consultation’. Please include your name and organisation (if applicable) and contact details.

Under the *Freedom of Information Act 1991*, the state government may be required by law to release your submission to a third party. If a request is made under the Act, you will be contacted prior to the release of any material.

Further information

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