

## **REES Consultation Paper August 2014**

### **Submission from Energy Efficiency Certificate Creators Association.**

#### **Thresholds, metric, energy audit specification and energy saving activities specifications to be included under the extended and expanded REES**

Thank you for the opportunity to provide a submission to the consultation paper and for the meeting with John Denlay and Inty Khan in Melbourne on 26<sup>th</sup> August 2014

We appreciate the long term support for the scheme by the current Labor government.

EECCA supports the harmonisation of the state schemes and the move toward the NSW ESS approach. This should also align the Scheme to the Emissions Reduction Fund, if this is implemented in its current form, which assists in the harmonisation process.

EECCA submits that the Scheme target should be significantly increased for several reasons:

- EECCA believes that energy efficiency schemes provide substantial benefits to individual energy users, businesses and the wider community by reducing energy related greenhouse gas emissions and by reducing individual and economy wide energy costs. This has been borne out by research into the Victorian VEET and NSW ESS schemes
- EECCA believes that the cost of activities will significantly reduce and therefore there is a significant opportunity to increase the target with no immediate additional cost and increased positive net benefits for individuals, businesses and the community.

#### **Tradeable Commodity:**

EECCA supports interoperability of schemes as part of the process of harmonisation.

EECCA notes that the REES Review report recommended allowing energy retailers to meet some or all of their energy reduction target by purchasing certificates created for business energy efficiency activities through interstate registries. EECCA further notes that discussions have commenced with the NSW Government but that legislative changes are required for this proposal to be progressed.

EECCA supports the process to establish commonality in areas such as methodologies, calculation tools, certificate registration etc and generally supports moves which would develop the Scheme in this area. EECCA notes however that there are a number of complex issues that are raised by the proposed use of NSW registry which may or may not be addressed in the work of ESCOSA in developing its compliance strategy for 2015 and beyond.

EECCA's members have a substantial body of experience in Australia's energy efficiency schemes dating back to NSW's Greenhouse Gas Abatement scheme from 2005. EECCA offers this experience and expertise in terms of providing input and feedback to proposals around interaction with the NSW scheme and in designing the regulatory and compliance regime for the Scheme.

### **Target:**

EECCA support increasing the target to represent the

- Increase in number and breadth of energy efficiency activities
- Likely reduction in cost of delivery due to the inclusion of Commercial activities.
- Significant benefits available for SA businesses and households
- Building on successful scheme.

EECCA believe that the experience in both NSW and Victoria show that the relatively small contribution required for activities such as Commercial Lighting to achieve high levels of uptake can result in reduced levels of certificates. Feedback from EECCA members indicates that significant numbers of certificates have been created in NSW in 2013/14 where the subsidy provided by certificates has been around 20% of the cost of the Lighting upgrade. Given this experience, EECCA believes that the new methodologies may reduce the cost of energy efficiency activities to less than \$20 per certificate/activity.

The delivery of Priority Activities will generally be more expensive as the activity needs to be very well supported to make it free or close to free at point of delivery to low income households.

It is therefore EECCA's view that there is an opportunity to increase the target substantially – to twice the level of current target – as certificate prices may drop by up to 50% and net benefits are maintained or increased.

### **Audits**

EECCA believes that the requirement for Phone call follow-up post audit is no longer required as it is expensive and feedback EECCA members have received has been largely negative in terms of identifying any additional value to households.

EECCA notes the risk of compliance issues if the follow up call is not a requirement but believes that the removal of these audits should be replaced by in field audits to reduce the real risk of non-compliance.

### **Energy Audits**

EECCA believes that an energy audit should be required as part of any structural/thermal improvement i.e. installation of Insulation, a Hot Water Service, new energy efficient Windows.

In these cases Energy Audits will facilitate collection of data and evidence which will assist in analysis of the value of installation and help shape the future of the relevant methodologies.

### **Insulation**

EECCA supports the continued inclusion of Insulation in the scheme as it is a very cost effective way of improving the energy efficiency of households. In order to increase the take up of this activity, EECCA believes that this activity should be supported through application of higher savings factors and seeks review of the factors for this activity.

### **Building Sealing**

This methodology may be cost effective to deliver, and therefore attractive to households, if Building sealing activities can be combined with other activities in homes.

EECCA believes that there is a requirement for the scheme to consider quality levels of different Chimney Balloons. This activity should only be permitted where high quality chimney balloons are used and where instructions and pumps are available to reduce likelihood of the activity delivering a short term gain before their removal by householders.

#### *Thermally Efficient Windows*

Given the significant costs of this activity to households and in order to increase the take up of this activity, EECCA believes that this activity should be supported through application of higher savings factors and seeks review of the factors for this activity.

#### *HVAC*

EECCA supports the methodology but notes that due to its complexity, implementation may be limited.

#### *Water Heating*

EECCA supports the methodology

#### *Showerheads*

EECCA supports the continued inclusion of the installation of showerheads in the scheme as it is a very cost effective way of improving the energy efficiency of households.

EECCA believes that this methodology is unnecessarily complex around the requirement to document the water flow of the showerhead to be replaced.

EECCA believes that the installation of showerheads should be open to commercial premises such as gyms, hotels etc.

EECCA supports responsible disposal of replaced showerheads and believes this should be stipulated and monitored as with lighting.

#### *General Purpose Lamps, Down Lights, flood lights and fluorescent lights (T8's and T12's)*

EECCA generally supports the methodology.

EECCA are concerned that the downlight replacement activities do not necessarily need an electrician to perform. EECCA made submissions to the recent Victorian review citing safety concerns. We believe that it is straight forward to require electricians in all cases.

Ideally the downlight replacement should involve a new driver/transformer.

Disposal of replaced transformer needs to be verified due to concerns related to the accumulation of heavy metal in landfill. The EPA are not equipped to deal with the policing of these activities.

#### *SPC's*

EECCA generally supports the methodology.

EECCA notes that the reduction in number to be installed and the energy savings factor will likely result in a substantial fall in number of installations and make this a viable activity only where there is a householder contribution.

### **Appliances – fridges, TVs etc (Pool pumps)**

EECCA supports the methodology.

### **Aggregated Metered Baseline**

EECCA supports the methodology.

EECCA notes that the methodology has some merit for mass behaviour type approaches utilised by companies such as O Power and that successful implementation would require a retailer to devote significant time and effort to this methodology.

### **Commercial Lighting**

EECCA supports the adoption of the NSW ESS methodology and calculation tools.

EECCA believes that the 2000MW energy saving threshold is not appropriate and as it allows for all but the largest installs of commercial lighting and may therefore lead to this activity unduly dominating the scheme. It may also concentrate the energy savings facilitated by the scheme in a small number of commercial energy users who have a number of sites.

EECCA believes that this threshold should be significantly reduced to ensure the scheme supports energy saving at the household and SME level.

Again we appreciate the opportunity and look forward to continuing the engagement.

Input from:

- Bruce Easton – President of EECCA
- Keith Tracey – Vice President of EECCA
- Liz and John Tilden - Ecovantage
- Paul Bana – LESS