Submission into

the REES Directions Paper

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Executive Summary

Ecovantage appreciates the opportunity to again contribute to the consideration of the successful REES and hope that the current concerns and frustrations around such dialogue with DEM dissipate through the process. Ecovantage has been proudly participating in the scheme and in the dialogue in a constructive way for many years.

The SA household and business community have been well served by the REES throughout the years and some of the most vulnerable have been shielded to some extent from the high energy prices through participating both directly and indirectly.

Ecovantage believes that the REES should continue beyond 2020 and extend beyond its very modest target (much smaller per head than other schemes) and narrow application to be more capable of making the SA community, household and business, more resilient and comfortable (physically and financially).
As a significant stakeholder, Ecovantage is pleased and proud that the REES continued to deliver to those who need it most (Priority and Regional) with very few issues or concerns. Well done to all involved!

Whilst this Directions Paper provides another opportunity for the Department for Energy and Mining to consult with stakeholders prior to developing advice for the South Australian Government it remains to be seen whether any of the consultation undertaken is really valued. The approach to now seems to be to dismiss such as tainted by self interest or similar. Advice by independent experts who do not work within the scheme appear to carry far more weight (eg: downlights) and yet history shows it should have been otherwise.

Ecovantage believes the REES would be better served by DEM adopting a ‘truly’ collaborative approach with participant stakeholders and acting on concerns expressed over many years. A good scheme could be easily better with a new approach.

The REES, as noted within the Directions paper, is comparatively a more complex and expensive program to work within for little additional benefit. Whilst accepted as a concern, the proposals in the Directions Paper to address this cost issue do not address the root cause of the issues regardless of the fact that these issues have been raised previously – some, many times over many years.

With all due respect, Ecovantage believes it is time for a new look.

I also note that the concerns put forward by the industry involved in the scheme are not well reflected in the Directions Paper.

- The cost issue is only considered through the lens of a lack of competition.
- Encouraging activity in the REES in regional and remote areas and in activities that have gained little or no traction through carefully considered application of multipliers is dismissed as ‘ad-hoc’ within the paper. Ad hoc suggests an indiscreet and thoughtless approach which simply reflects the attitude of the authors of the Direction paper rather than a respectful consideration of a tool that is used successfully in other schemes and programs.
- Issues related to the blanket application of guidelines ASNZ1680 as rules have not been mentioned. And so on.

The Directions paper discusses further harmonisation of the heavily derivative REES as if this may hold some of the answers. No doubt, but the problem is that the SA REES already picks and chooses when and where to adopt approaches from other schemes and when to go it alone. That's fine, if it were successful.
For instance

- whilst the commercial lighting discounts and changes were applied directly from NSW last year, the fact that NSW was applying them to address conditions that did not apply to SA didn't seem to matter. Harmony was a good thing?
  Indeed SA, against all advice, adopted a metro setting for the entire state whilst NSW allowed its regional areas to avoid the discount. Harmony with Sydney then?

- SA adopted a huge discount to residential downlights that completely stopped the activity at the same time as NSW was adopting the HEER to promote the activity. A decision that harmony was obviously not a good thing here?

- Commercial Lighting in the REES, capped at 900gj to focus on SME's, applies a stringent and expensive ASNZ1680 whilst Vic only requires it to be followed for J6 upgrades (large refurbishments) and NSW doesn't require it for the SME related HEER methodology. Again a decision that harmony is not desirable here.

We could continue but the simple statement that SA should consider harmonising further is coloured by a past application. Harmony with the other states is generally a good idea but it needs to be applied in a manner that supports SA activity. The state is different and the history of activities within the scheme are also different.

There is no doubt that Demand Response should be supported in SA (especially in SA!) and Ecovantage supports the REES as an appropriate vehicle to incentivise it's adoption. There need only be a further incentive value (dare I say multiplier?) to reflect the value of being able to manage use through DRED.

Finally, Ecovantage recommends that changes are made immediately for the 2020 year as there are serious and fundamental flaws in the system and may not need legislation to be fixed.

To briefly address the detail within the Directions Paper:

Scheme updates to be applied.

- Scheme should be updated as soon as practical. The industry participants have been requesting changes for some time now. However I understand some changes need legislative changes which may require considerable time. But others do not and should be made immediately.

Target resets

- include five yearly target re-sets be reviewed each five years;

Restrict credit carryovers

- from the current scheme to 30% of the 2020 target. 10% is too tight to administer.

Objective 'To improve energy productivity …'.

- Broadly support the objective but recommend DEM adopt different terminology as the meaning of energy productivity is an international wide term of measurement and reporting regarding units of output. This is not appropriate to the meaning described re greenhouse gas and health outcomes.

Activity < 15% in regional areas

- The REES has always delivered to regional areas to date and simply forcing an obligation on Retailers may mask the reasons for the change. Recommend appropriate reviews to cause if and when it is noted to be occurring.

Demand Response

- Support incorporating demand response activities in the REES;

Productivity target

- As above – adopt a different term.

Competition

- Not sure this is supported by evidence but if it is, review why it is the case rather than just try to force a blunt instrument like open tenders. Open tenders are often very time consuming and expensive and would shut out smaller companies. instance, consider simplifying the rules of engagement which would encourage others to be involved.

Alignment to other schemes

- Broadly support but challenge the track record to date (as above).
- Support the move to adopt the NSW HEER methodology in particular for SA as it is directly relevant and has been proven successful.

Removal of 900Gj limit

- Change to remove or significantly increase limit and allow second visits should be applied immediately (2020) although without a step up in target an interim limit could be adopted ie 5,000;

Broaden activities

- Totally support the broadening of activities to include upgrades of fans, pumps and motors but note the lack of support for these activities in other schemes due to incentive being based on MEPS baseline rather than actual usage;
- Support introduction of new methods such as the NABERS Baseline Method, Power Factor Correction Method, and Project Impact Assessment Method but recognise the lack of capability and capacity in SA Govt to support these activities. Consider outsourcing to independent body;

Co Payments

- Co payments were adopted in NSW to reduce over supply and improve quality outcomes. Not sure that either of these are applicable to SA.
- Do not support co payments requirement for Residential.

Changes to Targets

- Broadly support a residential target and rental being included in priority. Support any chance to overcome the landlord/tenant split incentive problem.

Deeper Retrofits to Priority

- Broadly support but note lack of detail.

- Incentives help customers finance

Peak Demand - DR

- Absolutely. Simple multiplier to current activities with DRED capability or complete avoidance like solar air conditioning

Energy audits

- Recommend the adoption of the Victorian scorecard and keeping the audit targets

Thanks again for the opportunity

Bruce Easton.