

Department for Energy and Mining
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Dear Ms Maiese,

RE: REES Review – Directions Paper

The South Australian Council of Social Services (SACOSS) is the peak body for the community services sector in South Australia, with an interest in the efficient delivery of essential services to communities across the state. We thank the Department for Energy and Mining for the opportunity to provide input into the review of the South Australian Retailer Energy Efficiency Scheme (REES).

The following submission is in response to the directions paper released in October 2019. SACOSS is broadly supportive of the directions paper and are pleased to see the inclusion of recommendations from stakeholders, particularly the inclusion of rental households within the definition of priority groups as well as a focus on low income households and a commitment to deeper residential retrofits.

SACOSS is also supportive of the broader focus on energy productivity and the supportive functions that demand response can have for the grid in South Australia. It is imperative however that the focus remains on priority groups as the group most likely to feel the effects of higher electricity costs and the least able to ensure comfort levels through winter and summer in the state. Attempts of the REES to shift demand to off-peak times in the middle of the day through the use of demand response enabled appliances is welcomed, however **we recommend that high energy use and high energy debt households in the priority groups are the focus of these interventions**, as they may have the most to gain from cost reflective pricing. In addition, it is well documented that demand response incentives are not so simple in practice, particularly where customer behaviour and the loads are not fully understood. A situation could be created where significant funds are spent on demand response enabled appliances and these are not utilised as intended, thus undermining the intention and impact of the program. Accordingly, **we recommend that this aspect of the REES is implemented as a trial with a two year review period** to ensure that it is having the desired impact.

SACOSS is also supportive of the REES having a residential target as well as a priority group target to prevent the 'crowding out' of residential upgrades with commercial upgrades. We also support a review of the scheme rules for opportunities for overcoming the landlord/tenant split incentive problem and that priority groups are exempt from meeting any co-payment requirements.

In relation to the co-payment aspects of the program for deeper retrofits, SACOSS has some concerns and **we recommend a review after two years of this aspect of the program for both commercial, industrial and residential (non-priority groups)**. The uptake of commercial and industrial retrofit activities may be low with a co-payment aspect if the potential cost savings from the interventions are minimal. In contrast the uptake for residential upgrades for deeper retrofits may be high if residents and homeowners in the non-priority group households were planning to undertake retrofits anyway. To avoid under or over subscription of this

aspect of the REES, a review period, shorter than the six year review for the entire program will allow for changes to be made if uptake of retrofits with co-payments is too low or too high. SACOSS is also mindful of potential cost blowouts that may occur overall with the REES and **we recommend a review of the cost impacts of the scheme on residential bills.**

On the issue of residential energy audits, SACOSS is aware that home energy audits in the form that they have been done, have limited outcomes in terms of energy savings and bill reductions and we understand why this aspect of the program is not recommended to continue. However, we do believe there is significant value in having community service workers play a role in providing advice and support to priority groups experiencing high energy debt. Community service workers have an understanding of the specialised needs for many households facing high energy costs and **we recommend that their services continue in some form to provide advice on potential energy savings and support in bill stress.** For example, many community service workers have a deeper understanding of services that people facing bill stress can access such as financial counselling and ensuring that people have access to the correct concessions with their retailer. In addition, these community groups are providing essential 'on the ground' information that is informative and important in a time of complex energy changes and high costs for consumers. **SACOSS recommends that a working group be convened consisting of the Department, representatives of community service workers such as ConnectEd and other relevant stakeholders as appropriate to co-design a model of how these services can best be offered by community service workers.**

Thank you in advance for consideration of our submission. If you have any questions in relation to this submission, please contact Maureen Boyle at maureen@sacoss.org.au or 8305 4233.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ross Womersley', is written over a light grey rectangular background.

Ross Womersley
Chief Executive Officer