

Inty Khan
DMITRE Review of the Residential Energy Efficiency Scheme
– Directions Paper
Department for Manufacturing, Innovation, Trade, Resources
and Energy
Energy Markets and Programs Division
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Submitted by email to DMITRE.REESReview@sa.gov.au

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Dear Inty,

RE: DMITRE Review of the Residential Energy Efficiency Scheme – Directions Paper

Thank you for the opportunity to comment on the Directions Paper.

As the peak body for the community services sector in South Australia, SACOSS has a long-standing interest in the delivery of essential services including energy saving options for electricity and gas consumers because they can have a significant impact on vulnerable disadvantaged people.

SACOSS responds to each of the proposed directions in the Directions Paper below:

3.1 The Future of the Scheme

Proposed Directions:

- 3.1.1 Continue a South Australian energy efficiency scheme beyond 2014**
- 3.1.2 From 1 January 2015, set the scheme for three yearly target re-sets and reviews each six years**
- 3.1.3 Allow carryovers beyond 2014**

SACOSS strongly supports continuation of the scheme.

3.2 The Scheme Objective

Proposed Direction:

- 3.2.2 Recast the scheme objective as *'to reduce energy use, with a particular focus on low-income households'*.**

SACOSS supports an energy use objective to replace the previous references to greenhouse and supports the ongoing focus on low-income households. However, SACOSS would have preferred to also see a focus on energy reductions when they have the most 'value' to the community – at times of peak demand.

3.3 Priority Group Targets

Proposed Directions:

- 3.3.1 Retain a priority group target**
- 3.3.2 Retain the current definition of 'priority group'**
- 3.3.3 Work with ESCOSA to include in the REES priority group households that currently do not fall within this criteria, though are facing energy-related financial stress.**
- 3.3.4 Work with community and welfare groups, and retailers to establish referral processes to refer households directly to retailer or service providers for assistance under the scheme.**

SACOSS supports a flexible approach to application of the priority group provisions to ensure that the benefits of a REES visit are available to those most in need. SACOSS supports collaborative efforts between the community sector, Retailers and Regulators.

3.4 Expanding the Scheme

Proposed Directions:

3.4.1 Either:

Retain the residential only focus of the REES

Or

Expand the scheme to allow energy retailers to meet their targets by delivering energy activities to small and medium-size businesses, with the intention of targeting the scheme to businesses facing the greatest barriers to adopting cost-effective energy efficiency activities.

3.4.2 **If the scheme expands to the commercial sector, amend the obligation threshold from 5000 residential customers to a minimum level of energy sales.**

SACOSS supports consideration of expanding the scheme beyond residential customers. SACOSS is particularly supportive of including small business, non-profit and community based organisations. Recent SACOSS regional consultations on water issues highlighted the view that, especially in regional South Australia, small business and sporting clubs are very much part of the community and would benefit from opportunities to reduce the costs of utilities like energy and water.

Additional feedback is invited from stakeholders regarding the possible expansion to the commercial sector. In particular:

- How best to ensure, with such an expansion, that the low-income household focus of the scheme is maintained.
- The views of energy retailers on how they would seek to recover the additional cost of complying with an expanded scheme.
- How to best avoid any such additional costs falling disproportionately on residential customers.

ESCOSA report that the small business electricity market is around 30% of the residential market by volume and around 12-13% by customer numbers. SACOSS is of the view that an appropriately scaled target can be developed for the non-residential sector that is additional to the current residential scope.

3.5 Energy Audits

Proposed Directions:

- 3.5.1 Retain a separate target for the delivery of energy audits to low-income households.**
- 3.5.2 Discuss with energy retailers, service providers and welfare/community groups ways in which energy audits can be better targeted to those low-income households that would best benefit from them.**
- 3.5.3 Revise the minimum specification for an energy audit to provide clearer guidance on what constitutes an acceptable energy audit, including consideration of the use of a standard template.**
- 3.5.4 Review the need for a follow up call in the minimum specification for an energy audit to provide clearer guidance of its purpose.**
- 3.5.5 Clarify, in the minimum specification for an energy audit that, post 2014, all those conducting REES audits will need to have nationally accredited training.**
- 3.5.6 Transfer administration of the minimum specification from the Minister for Mineral Resources and Energy to ESCOSA.**

SACOSS supports efforts to improve the quality and effectiveness of the audits. SACOSS is also of the view that community sector organisations can provide valuable insights into effective engagements.

3.6 Harmonisation with other Schemes

Proposed Directions:

- 3.6.1 Maintain engagement with the Commonwealth on its investigations into a national energy savings initiative**
- 3.6.2 Convene discussions with jurisdictions that have existing retailer obligation schemes on specific opportunities for harmonising, including consistency in approved energy saving activities.**
- 3.6.3 Should the South Australian scheme expand to cover the commercial sector, convene discussions with NSW and Victoria over the scope for their existing accreditation, certificate creation and compliance frameworks to be leveraged to cover activities implemented in South Australia. This is with the intention that such activities could be used by energy retailers to contribute towards their South Australian targets.**
- 3.6.4 Enable, in the regulations, a mechanism for transition to a national scheme.**

SACOSS supports a pragmatic approach to integrating with a national scheme. SACOSS supports harmonisation toward best practice but is not yet convinced of the benefits to consumers of allowing for 'trade' between state-based schemes.

SACOSS is of the view that the REES 'priority group' is a leading initiative that others should adopt.

3.7 Regional and Remote Participation

Proposed Directions:

- 3.7.1 Work with energy retailers and service providers to increase regional participation.**
- 3.7.2 Consider the use of a multiplier, if needed, to increase participation in regional areas.**

SACOSS supports efforts to increase regional participation. SACOSS is of the view that the Direction in this regard needs to be more decisive and tangible.

3.8 Approval of Activities

Proposed Directions:

- 3.8.1 Amend the REES Protocol to increase flexibility in the approval process for energy efficiency activities.**
- 3.8.2 Require ESCOSA to consider all activities approved by interstate schemes, with preference given to accepting them unless there is a strong case not to.**

SACOSS supports the application of some flexibility however, the scheme must preserve its integrity by only allowing actions that have demonstrable benefits and are only credited against the targets for the benefits actually delivered.

SACOSS does not support the requirement for ESCOSA to give preference to accepting activities from interstate schemes unless there is a strong case not to. The burden of proof must remain with the proponents of including the activity.

SACOSS understands the challenges of including behaviour change initiatives in the framework. SACOSS is of the view that behaviour reliant activities from other schemes can be included on the basis that deployment in other jurisdictions should allow for independent assessment of the efficacy of the measures 'in the field'. Such validation should be the trigger for inclusion.

3.9 Reporting Activities

Proposed Directions:

- 3.9.1 Change the date on which an activity occurs, for the purposes of complying with a REES obligation, to be the date that the activity is reported to ESCOSA.**
- 3.9.2 Establish a cut-off date for pre-2015 activities to be reported, to enable transition to 3.9.1.**
- 3.9.3 Establish a requirement on retailers to make-good non-complying activities.**
- 3.9.4 Clarify that some activities (such as standby power controllers) are associated with the householder and not the dwelling.**

SACOSS supports administrative refinement of the scheme.

3.10 Measurement

Proposed Direction:

3.10.1 Change the metric of the scheme to energy reduction.

3.10.2 Develop appropriate conversion factor(s) for any carryover greenhouse gas reduction credits

SACOSS understands that a key reason for selecting a greenhouse based target originally for REES was in response to the different energy values of electricity and natural gas. SACOSS supports the idea of moving away from a greenhouse reduction target but it is unclear how electricity and gas would be treated under energy based targets – are separate electricity and gas targets being proposed?

3.11 Quality Assurance of Service Providers

Proposed Direction:

3.11.1 Work with energy retailers, energy service providers and ESCOSA to establish a voluntary code of practice that governs the conduct of REES activity service providers.

SACOSS supports continuous improvement and encourages the involvement of the community sector in the development of the code of practice.

SACOSS thank you in advance for your consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on 8305 4211 or via jo@sacoss.org.au.

Yours sincerely,



Ross Womersley
Executive Director