



13 November 2012

Vince Duffy
Executive Director DMITR
Energy Markets and Programs Division (DMITRE)
Level 8, 11 Waymouth Street
Adelaide SA 5000

By email: DMITRE.REESReview@sa.gov.au

Dear Mr Duffy,

REES Review – Issues Paper

AGL Energy Limited (AGL) welcomes the opportunity to provide comment on the Review of the South Australian Residential Energy Efficiency Scheme (Scheme) Issue Paper, published by the Department for Manufacturing, Innovation, Trade, Resources and Energy in October 2012.

In AGL's opinion, consideration should be given to how the Scheme can support a sustainable energy efficiency industry beyond the legislated scheme. We see benefits in moving the Scheme towards the measuring of avoided energy consumption, rather than carbon abatement.

AGL believes that low consumer awareness and engagement with the Scheme, and with the energy efficiency industry generally, continues to be an issue. Given the current perceived lack of engagement in energy efficiency activities by customers, we recommend a study is conducted to more effectively support and encourage consumers.

AGL are strongly supportive of amalgamating the existing State-based energy efficiency schemes and introducing a National Energy Efficiency Scheme. Any such scheme should be targeted at achieving more than just energy conservation, but should aim to encompass cost and price efficiencies as well.

We have provided further comments around these and other issues in the Appendix.

Should you have any questions in relation to this submission, please contact Kate McKinnon, Regulatory Advisor on (03) 86337250 or at KMckKinnon@agl.com.au.

Yours sincerely,

Alex Cruickshank
Head of Energy Regulation

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Appendix

4.1 Independent Evaluation

Are there additional matters that the independent review should consider?

South Australian consumers are able to access all the energy efficiency products and services available under Residential Energy Efficiency Scheme ('the Scheme') external to the Scheme. However, consumers are not taking up these products and services outside of the Scheme in significant numbers.

AGL believes that the Scheme should aim to complement incentives to reduce energy usage that result from price and pricing structures. Where possible, the Scheme should address the barriers preventing the take up of energy efficiency products and services external to the Scheme. We suggest there are two main barriers being the cost of and a lack of consumer knowledge and engagement with energy efficiency products and services.

To address these barriers, we suggest the following:

- For cost barriers, there are a number of options including up-front incentives for any initial cost issues. Currently, there appears to be very few integrated offers of finance, Energy Performance Contracts or on-bill financing etc. These options should be encouraged as they would be an effective means of overcoming the initial cost barrier.
- Consumers in general are not aware of the latest technological developments, or how these developments apply to energy efficiency generally and within their households. This fact needs to be acknowledged by both the industry and independent review. The traditional industry approach has not been to include long term mentoring for consumers. Adopting a long term relationship with consumers, from the point of discovery of energy efficiency technology, through analysis, to installation of energy efficiency technology and the verification the resultant energy efficiencies would assist in overcoming the lack of consumer knowledge and engagement with energy efficiency products and services.

Information on the barriers preventing the take up of energy efficiency products and services will assist in the development of a sustainable Energy Efficiency industry beyond the existing legislated scheme.

We recommend that the scope of the independent review is expanded to include questions aimed at identifying the level of risk mitigation in place across energy efficiency schemes. The review could look at the relative levels of benefit for similar technologies across the schemes, and the time for new technology to be introduced under the schemes as indicators of the level of risk mitigation in an energy efficiency scheme.

AGL has concerns with the current cycle, whereby there appears to be a flurry of activity for a new technology, the 'boom', followed soon after by a dearth of this activity in the market and then the 'bust'. The Scheme does trigger new technologies/applications, and these technologies do have some inherent risk. It would be beneficial if the independent review could consider what methods should be put in place to ensure that new technology risks are managed and balanced so that neither the monopoly situations nor 'boom to bust' type cycles occur.

It is AGL's belief that the consumer pathway into energy efficiency should also be examined to determine how the Scheme may best support the accredited activities. Questions that we propose for consideration include whether there should be an ongoing support requirement or a long term engagement requirements. We should also examine whether customers need to be supported throughout their energy efficiency journey so that they do not see the activity as being 'done to them.' We believe that the industry needs customers to take ownership of energy efficiency within their home, therefore a more holistic and supportive approach to the consumer pathway should be adopted. An

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example of this type of approach could be prior to the physical replacement of old inefficient technologies:

- a customer opts into a programme to be provided an in-home display (IHD); and
- the customer is also introduced to an ongoing consumption reporting and tracking programme prior to the audit/physical install;

thus the customer accesses a longer term program which reinforces the benefits of, and encourages investment in, further cost effective energy efficiency activities. The change in behaviour facilitated through an IHD in conjunction with technology change has a greater potential to impact energy consumption and emissions than a simple isolated exchange of product like light globes.

The independent review may also like to consider whether the Scheme could utilise the concept of 'bonus credits'. This would involve bonus credits applying where a further activity results from the initial activity. For example when conducting the audit activity, the auditor recommends the purchase of an efficient appliance. The consumer then purchases that appliance and bonus credits are assigned to the retailer that completed the audit.

AGL would like the independent review to consider the Scheme costs overall. We would particularly encourage the examination of the additional costs of the installation requirements. We estimate that almost half of AGL's costs relate to installation, largely associated with AGL's provision of proof that the device has been installed. There may be ways that this type of cost can be reduced. For example, if an activity is part of a larger ongoing campaign, or the investment has been made by the householder, then the requirements become less stringent. AGL would also like the option of self-installation to be considered for some technologies.

Currently, the Scheme deems the values of emissions applicable for an activity. We ask that the independent review assesses whether the Scheme could include some activities where the value of emissions for the item is based on the actual performance of the item rather than the assigned deemed value. This type of change could be supported by an Energy Performance Contract (EPC) or similar concept covering the Schemes abatement value.

AGL also believes the review should consider whether there are ways in which the access to a broader range of energy efficient appliances generally could be incentivised through the Scheme, especially where efficiency is not a large consideration in the purchase decision (for example, a television). One suggestion is for the Scheme to offer discounts for energy efficient appliances. We do however understand that there may need to be an increased abatement factor to make this a viable proposition.

The government may wish to consider the degree to which prioritisation occurs under the Scheme. Whilst the current priority group target is appropriate, there is potential for further prioritisation to occur and to facilitate assistance to households within the "priority group" (including those on retailer hardship programs) that are currently consuming above average amounts of electricity. A greater level of assistance to those households who are either undergoing assistance via retailer hardship program or who have demonstrably high consumption could occur through use of a multiplier. This would to encourage deeper assistance measures to these households.

4.2 Householder Survey

Are there any other matters that should be considered as part of the householder survey?

AGL notes that this type of survey will provide insight into consumer perceptions. We are not certain however, as to its usefulness in determining actual amounts of abatement or the effectiveness of an energy efficiency activity under the Scheme.

AGL requests that the following additional questions be included in a householder survey:

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1. What amount would you be prepared to pay to upgrade to more energy efficient devices, and what payback period would you expect?
2. Have you been provided enough information by the auditor to understand what your next step following the audit should be?
3. If you have not completed any activities or recommendations following from the audit, would you complete activities or recommendations if there was an interest free finance scheme available?

Information derived from responses to these questions could assist retailers, service providers and the Essential Services Commission of South Australia (ESCOSA) to ascertain whether greater benefits are available through audit services and whether greater access to energy efficiency activities could be realised under the Scheme.

5. Scheme Objectives

Should the objectives of the REES be revised? If so, what changes should be made?

The Scheme objectives could be expanded to address some broader energy efficiency and energy industry issues. AGL believes there is benefit in revising the objectives and suggests the following examples be included to:

- focus on the education of consumers and the building of longer term partnerships with customers;
- expressly set out the need for the long term development and a sustainable energy efficiency industry beyond the existing legislated Scheme;
- expressly consider the need for REES to be compatible with other state based schemes and the need to limit the costs associated with inconsistencies/differences between state based schemes; and
- expressly address the need for industry alignment to address peak demand.

Given the current Scheme objective and the relationship between total cost of energy and peak demand, we believe consideration should be given to activities that facilitate the shifting of consumption, as much as the reduction of demand overall. This will encourage greater efficiency of the sector as a whole and therefore assist in lowering overall costs. We do acknowledge that the end-to-end alignment of the industry to deliver on demand management activities should be ensured before the Scheme includes these activities. For example, the aligned distribution tariffs or capturing value of delayed network reinforcement.

6.1 The Application of Regulations

Is the extent of the current application appropriate?
Should the 5 000 residential customer threshold be maintained, or should a threshold based on energy sales be considered?

AGL maintains that the 5,000 residential customer threshold is appropriate only if the Scheme is not extended to include other large customers. Any extension of the Scheme should also involve a review of this threshold in light of such changes.

If the Scheme is extended to include large customers, AGL will encourage the removal of the 5000 customer threshold. Not removing the threshold would allow retailers below this threshold who are not subject to the Scheme obligations, a significant advantage in acquiring large customers. Excluding retailers below the threshold is also less viable within the large customer context, because the higher consumption of these customers significantly reduces the pool of customers and retailers available for pass through of the charges. If large customers were to be included, then categories such as emissions-intensive trade-exposed (EITE) large customers should be exempt from the Scheme.

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Should the REES be expanded to allow small and/or medium business customers to participate?

AGL supports the expansion of the Scheme to include small and medium business customers. Small and medium businesses consume greater amounts of energy than residential customers and they experience the same impediments to taking up energy efficiency products and services. It would be consistent with the Scheme to include them. As other state based schemes currently include these customers, this would also facilitate consistency across states.

6.2 Interpretation

Are the definitions sufficiently clear?

The definition of priority group households is based around either holding or being eligible for the defined concessions. Access to these concessions is generally based on an income assessment. AGL submits that this should be re-evaluated so that the definition has capacity to consider specifically the issues of larger families. AGL's research indicates that in addition to traditional priority group households, families in the formation stage (where the head of household is aged between 30 – 49) are over represented in the hardship program.

We recommend that consideration could be given to extending the definition of priority households to include those households in receipt of Family Tax benefit for the tax year prior to the performance of the audit. Consideration can also be given to addressing the level of consumption relative to income, by providing incentives for participating organisations to focus on households that are within existing priority household definitions and are identified as having above average consumption. Participating organisations could receive a multiplier which correlates with the extent to which the household consumption is above the average.

Is there a more effective way to define the customers who are most likely to benefit from receiving REES activities and audits?

Please see response to previous question.

Does the definition of priority group households affect the administrative cost of the REES? Are the formulae for fixing the greenhouse gas reduction target and audit targets complete, appropriate and equitable?

The targets set for retailers are based on the customer levels of that retailer for the preceding year. There may be benefits for retailers if the targets are based on more current data. However, it is important that any move to change the Scheme and use more current data provides retailers with certainty. The certainty of the targets has been one of the aspects of this Scheme that AGL greatly prefers over the other state based efficiency schemes. We would only be open to suggested approaches to target setting which use more current data where certainty can be maintained.

The targets for activities and audits under the Scheme have increased gradually. The gradual increase and the certainty of the targets have assisted AGL to build a strong energy efficiency business through allowing planning and more effective costing measures.

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We believe that the approach in South Australia has been superior to that of some other state schemes where targets have been increased more aggressively.

The NSW Energy Saving Scheme (ESS) allows for a different model from the Scheme to measure efficiency and achieve targets. In brief, the customer's baseline consumption is measured and reductions from that baseline are attributed to the retailer's actions and counted towards their targets. We believe that there is potential for this kind of approach to be used to create a deemed value for audits that could count towards the activities target. We would support investigation and review of this type of option.

6.3 Greenhouse Gas Reduction Targets

Is the greenhouse gas reduction target an adequate measure to indicate progress towards all the scheme objectives?

The Scheme primarily focuses on improving the customers' level of energy use through energy efficiency products and services. As such, it is an energy efficiency scheme rather than a carbon reduction scheme. We believe it would be more consistent if the Scheme measured avoided energy consumption.

Should there be specific targets or incentives to encourage activities and audits in remote or regional areas, and how might this affect costs?

We support the application of higher multipliers or self installs in remote or regional areas to encourage the uptake of energy audit and/or activities in those areas.

Does the setting of targets achieve an appropriate balance between process-driven and outcome-based compliance?

In AGL's view, there needs to be a better balance between the process driven and outcome based compliance. The Scheme is very strong in prescribing the products and services covered but not as strong in the measuring of outcomes for efficiency activities. An example of this is the Standby Power Controller (SPC) which has a high rate of take up but a low abatement value. If IHDs are offered under the Scheme and the abatement values are reflective of the values under the Victorian Energy Efficiency Target Scheme then this could also be a situation where there is a high take up product with a low abatement value. We would like to see improvements in the measurement of efficiencies through a focus on the outcomes, rather than a heavily prescriptive process.

6.5 Energy Audit Targets

Is the framing of the energy audit target in terms of numbers undertaken appropriate in the context of the REES objectives?

Framing the audit target in terms of the number of audits undertaken does not take the value that the audit creates through behavioural change into consideration. There will be an element of change resulting from the audit and the information providing to the consumer during the audit. In AGL's view, there is scope for a deemed value to be assigned to the audit and counted towards the activity target. This has the ability to encourage the uptake of energy audits.

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AGL believes that consideration should also be given to whether audit numbers alone are an appropriate indicator. Balancing the depth of assistance provided through the audit against the number of audits may also be valid. The independent review should consider whether comprehensive assistance can be provided to a lower number of disadvantaged households and if such an approach would be appropriate. If this approach were to be adopted then indicators would be required to be able to monitor this appropriately.

6.6 Administration

Has the administration of the scheme been efficient, effective and equitable?

AGL is satisfied with the administration of the Scheme. We consider that ESCOSA has been effective and efficient in their role as Scheme administrator, responding to queries and updating any guidelines promptly where required.

6.7 Notification and Adjustment of Targets

Have the provisions for adjusting targets and applying credits operated effectively?

AGL are comfortable with the current provisions for the adjustment of targets and the application of credits. The current provisions operate effectively and do not require amendment.

6.8 Energy Audits

How should outcomes, in the form of effective energy efficiency improvements, as a result of energy audits, be verified?

AGL considers that the Scheme should move to a model more similar to the NSW ESS Scheme. There, the customer's baseline consumption is measured and reductions from that baseline are attributed to the retailer's actions and counted towards their targets. The energy audit could be the 'baseline' point and this baseline could then be included in an EPC. This would allow the Scheme to measure realised savings.

Is the 10% tolerance for energy audit shortfalls appropriate?

AGL considers the tolerance for energy audit shortfalls is appropriate.

6.9 Energy Efficiency Activities

What incentives could be provided to reduce the concentration on only a few activities on the approved list?

The Scheme should shift its focus to building a longer term relationship with customers through mechanisms like the EPCs of abatement values which encourage retailers to work with customers whilst they are with that retailer. The use of an EPC would also allow for a baseline consumption to be set and for the avoided energy consumption that follows to be effectively captured and counted towards the targets. This approach will also allow for savings that are realised from energy efficiency activities that fall outside the Scheme.

AGL considers that both retailers and consumers could benefit under this type of approach. The retailers, having created a longer term relationship with the consumer, would be able to respond more effectively to the consumer's needs with offerings of energy efficiency

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products and services at times when they are required. For example, the customer could be sent a price increase notification within which we also offer the customer access to energy efficiency products and services which may assist in negating that price increase.

It is our belief that a retailer would be more incentivised to invest time in a consumer with whom they have a longer term relationship, in addition to the commercial benefits of a customer being satisfied with a retailer's services. We foresee that the consumer's awareness and understanding of the products and services would increase, making it more likely that the customer would engage with the energy efficiency products and services.

Is there a place in an energy efficiency scheme for technology that facilitates and enables energy management, understanding and behaviour change rather than directly reducing energy use, for example in-home displays or energy management controllers? If so, how should it be credited?

AGL supports the inclusion of IHDs and energy management controllers, as they can empower consumers and enable longer term energy efficiency responses. We would also support the application of higher multipliers where energy efficiency activities are part of a longer term program.

The understanding and behavioural change that results from such devices could be credited via deemed methodology. The baseline consumption of a control group of consumers could be measured, with their avoided energy consumption over the course of that year also being measured. The average avoided energy consumption could then be applied for period of time considered appropriate (without additional measurement being required) as a deemed value.

By providing REES energy efficiency activities at the same time as an audit, is the outcome for the householder enhanced? Is this a cost effective delivery format?

AGL's recommended approach is to perform activities if they are applicable following the audit. The outcome for the householder can be enhanced where they receive both the audit and the product. We believe that it provides the consumer with an immediate ability to use the information they have received to reduce their consumption. However, there is no guarantee that consumers who have audits will need activities.

Is the linking of activities to an address rather than an account holder effective in the context of meeting REES objectives?

AGL is generally satisfied with the current approach towards the linking of activities to the address rather than the account holder. We note that as energy efficiency products become more expensive, there is a risk that householders may take these items with them when they move address. In those circumstances, the current approach may produce instances where the activities should be performed again at a particular address but cannot be under the Scheme. We are of the opinion that if the approach were to change and activities were linked to account holders, then there would be significant additional complexity and any benefit would be outweighed by the cost of addressing this complexity.

6.10 Energy Efficiency Activities for Priority Group Households

Is the 35 per cent target for priority group households manageable? Would it be more effective to have a separate target or program specifically for priority group households?

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AGL views the current target as being sufficient. Only 28% of South Australian households are priority group households and we believe that over time, it will become more difficult to achieve the 35% target.

Retailers should be able to refer their hardship customers for assistance under the REES Scheme. There is no guarantee however, that the customer would avail themselves of such assistance. Hardship households are high need households and consideration should be given to applying multipliers to activities and audits under the Scheme for these customers. This approach has the capacity to facilitate a greater level of activity.

Is there a need to integrate REES with other assistance programs, such as No-Interest Loans, or the Home Energy Saver Scheme, to encourage priority group households to engage more in REES activities and implement audit recommendations?

AGL would support a government move to incentivise this integration but we would not necessarily expect government to be directly involved.

Is there potential for community welfare organisations to refer their eligible clients for prioritisation in receiving REES activities and audits?

AGL considers that where there is a waiting list, higher priority groups could be targeted for service first. In our view the higher priority groups should include customers on retailer's hardship programs. We believe that a retailer's hardship customers should have the highest priority, given the connection between energy audit and energy hardship issues.

6.11 Determination of Energy Efficiency Activities

Is the methodology for determining deeming values in South Australia robust, relevant and effective?

The methodology for determining the deeming values in South Australia is conservative, in AGL's opinion. The deeming values for activities have often been derived from the deeming values applied for the same activities under other state based schemes. We perceive this as producing a nested conservative approach across all states. Each government that deems a value wants to ensure that they are not exposed by a value that is higher than the actual value associated with the activity. To this end, each government includes a reduction amount in their value, to cover the risk. The value that is eventually used by a later adopting scheme may in fact have had a reduction amount applied several times over to cover this risk. This covers more than just the reduction evaluation, as it also extends to installation requirements. It is not difficult to cover installation risk by specifying that activities should be carried out by registered plumbers and electricians. It may, however be costly.

AGL believes that moving to measuring the avoided energy consumption that results from energy efficiency activities and audits, rather than carbon reduction, would improve the methodology. The avoided energy consumption approach would require less manipulation of actual efficiency data and hence there would be less scope for the data to be distorted within the methodology. Similarly, a process for evaluating installation risk and best means of addressing should be included.

How should energy efficiency improvements, as a result of installation of approved products, be verified?

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AGL is concerned that, without appropriate study, the energy efficiency improvements deemed for a particular product may not be an accurate reflection actual energy efficiency improvements. We would support a comprehensive study that is similar to the recent study conducted by the Victorian Essential Services Commission for SPCs. It is our recommendation that ESCOSA conducts the study to verify the energy efficiency improvements resulting from the installation of approved products.

Does the determination process encourage innovation in commercialising energy efficiency activities?

The determination process fails to encourage innovation in commercialising energy efficiency activities. However, it is important that the balance between the need for products to be of an appropriate standard, and the need for the introduction of new products, be maintained.

Has the determination process operated effectively and practically?

The determination process has not always operated effectively. Specific brands of SPCs, for example, have been grouped into bandings and a value assigned for each banding. Unfortunately, due to the variance between the actual performance of the relevant SPC and the other SPCs in that banding, and the variance between bandings, a particular device may receive a low abatement value compared with its actual performance.

AGL also has concerns about the creation of monopolies over products, by prescribing particular brands or the assigning of deeming values to particular brands. This could make those brands the only commercially viable product for installation. The determination process needs to consider the effect on competition.

Are the timeframes for the determination of new activities adequate?

Currently the Scheme allows for applications for new activities once a year. This restriction on applications for new activities combined with the timeframe for determinations has resulted in delay in a number of activities being available under the Scheme. We support the Scheme allowing more frequent applications for new activities.

Are there barriers to seeking determination of a new energy efficiency activity?

Independent consultants are part of the determination process and there currently appears to be a lack of these consultants. This can pose a significant barrier where a party is seeking a determination of a new energy efficiency activity.

6.12 Retailers' Arrangements

Are trading provisions sufficiently open, transparent and effective?
Would a more formal trading model (as used in NSW and Victoria) provide any benefits over the existing REES model?

In AGL's view, the current model is adequate for the size of the scheme. Given the current size of the Scheme there is not enough value in the market to support a formal trading model. If a National Energy Savings Incentive (NESI) was to be implemented then there may be enough value in the market to support a formal trading model.

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Has there been adequate management and quality control by retailers or contractors who undertake energy audits and energy efficiency activities on their behalf?

AGL believes the controls in place currently are adequate.

Is there a more effective and timely way to ensure REES activities are reported and recorded by ESCOSA to minimise disallowance of activities?

Administrators of other state based schemes provide real time snapshots of an obligated entity's certificate position. We would like to see similar information available under this Scheme. This will provide retailers with a better understanding of their position and assist them with managing costs and planning activities, to assist with meeting Scheme targets.

6.14 Energy Efficiency Shortfalls

Are the penalties for shortfalls appropriate and do they provide adequate incentive for compliance?

AGL submits that the penalties for shortfalls are relatively high compared with other state based schemes and hence they adequately incentivise compliance with the scheme.

7 Consumer Protection

If demand for REES services is exceeding supply, how should access to the services be rationed in the absence of a commercial response to the demand?

AGL supports prioritisation through the use of a priority group target. Where there is a waiting list, we consider that higher priority groups should be targeted for service first. In our view, the higher priority groups should include customers on retailer's hardship programs. As previously stated within this Submission, the Scheme objectives should include consideration of the need to develop a sustainable energy efficiency industry beyond the legislated scheme.

8 A National Energy Savings Initiative

How could the REES transition if a national scheme is established? What would be an appropriate timeframe for transition to minimise the costs of change?

AGL suggests that having the ability to create a specified proportion of tradeable certificates, which can be traded across the other state schemes, is one way that REES could transition to a national scheme.

Transitioning to a NESI would require the agreement of all the states and implementation by all the states. Our recent experience with the National Energy Customer Framework (NECF) would suggest that this could be a lengthy process. From our perspective an appropriate timeframe for us to transition our services, and minimise the costs of such change, would be 6 to 12 months. However, this timeframe and our ability to minimise the costs of change, will vary greatly if the NESI framework and the timeframe for its implementation follow a similar political trajectory to the NECF and its implementation.

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We would want the NESI to contain only very limited state based derogations (i.e. derogations setting out the minimum volumes for the relevant state). This would limit the administrative and compliance costs.

9 National Consistency

Should the REES allow for tradable certificates?

In the context of the transition to the NESI, AGL would support the Scheme allowing for tradeable certificates (as detailed above).

Should the REES be expanded to include non-residential sectors?

Please refer to our response to section 6.1 (The Application of Regulations).

Are there other elements of interstate schemes that it would be beneficial to incorporate in the REES?

AGL does not have specific feedback on other elements of interstate schemes that would be beneficial to be incorporated into the Scheme. However, we are supportive of amalgamating the existing State-based energy efficiency schemes and introducing a National Energy Efficiency Scheme. Such a Scheme should be targeted at achieving more than just energy conservation, but should aim to encompass cost and price efficiencies as well.

10 Complementary to a Carbon Price

Does the introduction of a carbon price remove the need for a greenhouse gas reduction objective in the REES?

We do not support the proposition that the carbon price removes the need for the greenhouse gas reduction objective under the Scheme. The carbon price increases the overall cost which drives some energy saving behaviours. However, these behaviours tend to be less pro-active or to involve less investment in energy efficiency products and services. The impediments to the take up of energy efficiency products and services will all remain. As such there will still be a need to drive energy efficient behaviour through energy efficiency products and services. Issues caused by the introduction of a carbon price could be addressed through redefining the Scheme.

Is the REES complementary to the carbon price in that it will achieve greater reduction of emissions than could be achieved through a carbon price alone?

As detailed above, AGL submits that a greater reduction of emissions will be achieved by a REES scheme that complements the carbon price because the carbon price drives only a limited number of energy efficiency behaviours.

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11 Funding

If the scheme continues beyond 2014, how should it be funded?

AGL supports the Scheme continuing to be funded as it currently is.

12 Communications and Public Awareness

Who is best placed to undertake communications about the REES?

To maximise the effectiveness of communications, both retailers and the government should accept joint responsibility for communicating about the Scheme. AGL maintains that formal scheme communications like amendments, targets and activities and any communications about overall scheme awareness should be issued by the Government. Communications that relate to a specific campaign a retailer may offer under the Scheme are appropriate for the retailer to issue. We believe that the nature of each communication should be assessed and the party who will be most effective in delivering the information should be used.

How can communications about the REES be improved?

The focus of the Scheme is on priority group households and reducing energy costs for low income households. The consumers that fall into these categories often interact with government through multiple points of access to government services. We suggest that the communications could be improved by better utilising a range of communications across these points of access. In this way information to the priority group households and low income households is far more likely to penetrate the target groups and be acted upon.

Is there a risk of demand for REES activities and audits exceeding the capacity of service providers or the willingness of retailers to supply?

As the activities offered are without cost to the consumer (excluding the assignment of certificates) there is a risk that the capacity of service providers or the willingness of retailers to supply may be exceeded by the demand for audits of activities. The Scheme and the energy efficiency industry need to work towards a situation where consumers both want and value the audit and activity. As a result, they will be willing to pay. It's our belief that the actual cost to the consumer and the cost to fund the activity need to be balanced. This will support sustainability of the Energy Efficiency industry beyond the existing legislated scheme.

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