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Dear Phil,

Please find below the SACOSS response to your questions relating to the review of the SA Residential Energy Efficiency Scheme (REES) on behalf of the SA Department of Manufacturing, Innovation, Trade, Resources and Energy (DMITRE).

EXISTING SCHEME

What are your impressions of the effectiveness of REES in promoting additional energy savings in South Australian homes?

SACOSS is very supportive of the REES scheme and its focus on improving energy efficiency and reducing total energy costs for households, particularly low income households.

Has your organisation directly participated in REES? If so, what has your experience been with its design and administration?

No.

How do you think householders view REES participation?

Householders would appear to be generally positive towards REES participation.

Is it targeting low income and disadvantaged households effectively?

SACOSS is concerned that the benefits of the REES scheme are not being equally shared with regional and remote consumers. SACOSS proposes consideration of a separate target for regional and remote consumers to improve access to REES activities and audits.

Are there opportunities to make REES more user- or participant friendly? Please elaborate.

In relation to energy audits, SACOSS is concerned about how they are delivered in vulnerable households where significant disadvantages may be present. SACOSS proposes the duration of the audit as well as the number of audits being offered to each household for further consideration. Specifically, SACOSS considers that longer time periods should be required for audits in low income households and that multiple visits would enhance the behavioural change aspect of the audits.

On a scale of 1-10 (with 10 = excellent), what grade would you give REES in terms of its design and effectiveness?

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FUTURE OF THE SCHEME

Do you support the continuation of the scheme in its current form? If not, why?

SACOSS strongly supports a continuation of the REES scheme until the National Energy Savings Initiative is operational, while acknowledging that the NESI discussions so far have highlighted the value of defining a priority group and setting targets. However, as highlighted by the delayed commencement of the National Energy Customer Framework in all jurisdictions, the future of a national scheme which requires the support of all jurisdictions is by no means guaranteed. SACOSS does strongly support the continuation of State-based targets under any eventual national scheme, to ensure that South Australian consumers are not disadvantaged by national targets which promote activities which have already reached saturation in South Australia.

If yes, are there key things you would change about REES, if you could?

In terms of the objectives of the scheme, SACOSS propose placing emphasis on improving system load factor and consequent provision of incentives for energy efficiency activities which would impact positively on system load factor. SACOSS believes that these activities should be accessible by both the priority group households and general households. SACOSS notes the report prepared by Oakley Greenwood which considers this issue including the following proposals:

“Examples of the types of approaches that could be considered in this regard include:

- Separate incentives for the take-up of measures that improve system load factor; or
- An adjustment factor that increases the certificate value of (or incentive available for) energy efficiency measures that improve system load factor and reduces the certificate value or incentives available to energy efficiency measures that reduce system load factor”¹.

SACOSS supports current activity by the Commonwealth Energy Saving Initiative Secretariat to consider incentives for energy efficiency measures based on their impact on the utility’s load factor and strongly proposes that the Department incorporate these findings in the review of the REES.

Do you support the auditing component of REES? Could it be improved?

SACOSS supports this component but is concerned about how they are delivered in vulnerable households where significant disadvantages may be present. SACOSS proposes the duration of the audit as well as the number of audits being offered to each household for further consideration. Specifically, SACOSS considers that longer time periods should be required for audits in low income households and that multiple visits would enhance the behavioural change aspect of the audits.

Would you support or do have a have a preference for any of the following variations to The REES? Please comment.

(ii) A tightly focused scheme targeting households most in need;

(iii) A tightly focused scheme targeting households most in need and business.

As SACOSS supports the current scheme being amended to place emphasis on improving system load factor and consequent provision of incentives for energy efficiency activities which would impact positively on system load factor, SACOSS considers that a variation to the REES as above would reduce the impact of improving system load factor through REES activities. Further, SACOSS believes that these activities should be accessible by both the priority group households and general households.

¹ Oakley Greenwood (2012) “Policy options for maximising downward pressure on electricity prices” at http://www.aigroup.com.au/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/LIVE_CONTENT/Publications/Reports/2012/electricityreport_221012.pdf pg.64.

What do you see as the challenges and opportunities for REES going forward?

See comments under “Do you support the continuation of the scheme in its current form?”

Are there opportunities to make REES more user- or participant friendly? Please elaborate.

See above

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ross Womersley', with a large, sweeping flourish at the end.

Ross Womersley
Executive Director

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The views expressed in this document do not necessarily reflect the views of the Consumer Advocacy Panel or the Australian Energy Market Commission.