

# Retailer Energy Efficiency Scheme

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## *Final decisions on Activity Specifications and Ministerial Protocol*

Energy Markets and Programs Division  
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### Introduction

The Residential Energy Efficiency Scheme, which has been in place since 2009, will continue from 1 January 2015 as the Retailer Energy Efficiency Scheme (REES). This new name reflects the expanded nature of the scheme, which will see energy efficiency improvements being delivered to small-to-medium business as well as households. The scheme will continue to have a particular focus on assisting low-income households.

This change to the scheme is the result of a review, which commenced in 2012. Background to this review can be found at [www.sa.gov.au/energy/rees](http://www.sa.gov.au/energy/rees).

On 6 November 2014, changes to the regulations under the *Electricity Act 1996*<sup>1</sup> and *Gas Act 1997*<sup>2</sup> were gazetted to enable the scheme to continue to 2020. The amended regulations commence on 1 January 2015.

On 11 December 2014, the Minister for Mineral Resources and Energy gazetted key elements for the operation of the scheme for the period 2015 to 2017<sup>3</sup>. Specifically:

- The thresholds that will be used to determine which energy retailers are set REES targets;
- The types of energy purchases, known as “designated purchases” that energy retailers are able to exclude when determining whether their energy purchases exceed thresholds;
- The overall energy efficiency, priority group and energy audit targets;
- The method that the Essential Services Commission of South Australia will use to apportion these overall targets to each energy retailer that is set REES targets.

On 18 December 2014, the Minister gazetted the specifications for the audits and activities that energy retailers can deliver to meet their targets.

The Minister has also released a protocol that guides the process for setting and amending these specifications and also specifies the type performance information that the Essential Services Commission of South Australia will collect and report on as part of its role as scheme administrator.

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<sup>1</sup> [http://www.legislation.sa.gov.au/LZ/V/R/2014/ELECTRICITY%20\(GENERAL\)%20VARIATION%20REGULATIONS%202014\\_262/2014.262.UN.PDF](http://www.legislation.sa.gov.au/LZ/V/R/2014/ELECTRICITY%20(GENERAL)%20VARIATION%20REGULATIONS%202014_262/2014.262.UN.PDF)

<sup>2</sup> [http://www.legislation.sa.gov.au/LZ/V/R/2014/GAS%20VARIATION%20REGULATIONS%202014\\_263/2014.263.UN.PDF](http://www.legislation.sa.gov.au/LZ/V/R/2014/GAS%20VARIATION%20REGULATIONS%202014_263/2014.263.UN.PDF)

<sup>3</sup> [http://www.governmentgazette.sa.gov.au/2014/December/2014\\_089.pdf](http://www.governmentgazette.sa.gov.au/2014/December/2014_089.pdf)

## Ministerial Protocol

Ahead of the REES commencing in 2009, a Ministerial Protocol was published, to guide the selection of activities available to obliged retailers to deliver under the scheme. The Protocol also outlined reporting requirements for ESCOSA.

It was proposed in the August 2014 consultation paper that those parts of the Protocol relating to the list of activities be revised.

On 15 December 2014, the Minister approved a revised Protocol<sup>4</sup> that includes the matters proposed in the consultation paper. The principles outlined in the revised Protocol will guide the Minister when maintaining and amending the list of eligible activities that obliged retailers can deliver to meet their targets.

The Protocol outlines reporting requirements for ESCOSA relating to energy saving activities and audits delivered and the penetration of the scheme across the residential and business sectors.

## Energy Audits

On 18 December 2014, the Minister gazetted the specification for a REES energy audit<sup>5</sup> that will apply from January 2015. This replaces the specification that was gazetted in November 2011.

This new specification is largely as was proposed in the August 2014 consultation document. Key changes from the November 2011 specification are:

- The need for a follow up call after an audit is completed has been removed.
- The auditor must provide the household in writing the name of the person and contact details of the entity undertaking the audit.
- The auditor must provide the household, at the start of the audit, a short written statement of what the audit will consist of, including, but not limited to the minimum duration of the audit, how the audit will be conducted and the type of information that will be provided during and after the audit
- The auditor must provide the household with a written record of the assessment and recommendations made. Where the Department has published a template for such reporting, this is to be used.
- All REES auditors must have qualifications commensurate with training modules described in the specification.

## Energy Efficiency Activities

On 18 December 2014, the Minister gazetted the specifications for the set of energy efficiency activities<sup>6</sup> that energy retailers can deliver through the REES from January 2015. This list of activities replaces the list of activities published by ESCOSA in its February 2014 REES Code.

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<sup>4</sup> [www.sa.gov.au/energy/rees/](http://www.sa.gov.au/energy/rees/)

<sup>5</sup> [www.governmentgazette.sa.gov.au/2014/december/2014\\_090.pdf](http://www.governmentgazette.sa.gov.au/2014/december/2014_090.pdf)

<sup>6</sup> [www.governmentgazette.sa.gov.au/2014/december/2014\\_090.pdf](http://www.governmentgazette.sa.gov.au/2014/december/2014_090.pdf)

The following requirements apply for all activities:

- All activities must be undertaken in accordance with all laws, regulations and codes of practice applicable to that activity
- A REES approved activity may only be performed once in premises, unless specifically permitted in the specifications.
- Obligated retailers must be satisfied with the fitness and propriety of any person providing energy efficiency activities in a customer's premises as per the requirements of a REES Code published by ESCOSA.
- Any reference to a standard or code is those in force at the time the activity is undertaken and includes relevant successor legislation and standards.
- All reasonable endeavours should be used to recycle components removed from the premises in the course of undertaking the activity.
- Activities undertaken in buildings or relating to assets owned by the South Australian Government are not eligible activities under the REES unless:
  - The recipient is a residential tenant, and
  - The activity is not a standard service provided by the manager of the property.

**Details of the individual activity specifications are as follows:**

- **Insulation of uninsulated roof-space (residential only)** - This is an existing REES activity. Key changes from the specification that applied to the end of 2014 include:
  - The introduction of a requirement for the recipient of the activity to cause payment to the installer for the goods and services provided, with a lower payment required for low-income households.
  - The exclusion of reflective foil laminate sheeting and blow-in cellulous-based products.
  - Savings factors based on two climate zones.
  - The insulation needs to be R3.5 or above in the temperate and warmer parts of the state or R5 in the colder parts.
  - Several additional quality assurance requirements have also been introduced, including a requirement for the installer to sign an "Insulation Acknowledgement Form" to indicate that the installation is installed in accordance with relevant Australian Standards.
  - Persons installing the insulation must hold a construction industry "white card".
- **Installation of Top Up Ceiling Insulation (residential only)** - This is a new activity. It incorporates similar safety and quality control requirements as the uninsulated roof activity. The Activity can only occur where the existing insulation is of an R-rating of 1.5 or less. The top-up insulation needs to be R3.0 or above in the temperate and warmer parts of the state or R4.5 in the colder parts.
- **Insulating external walls (residential only)** - This is a new activity. It incorporates many of the safety and quality control requirements from the uninsulated roof activity. The installed insulation must be at least R1.0 per 45mm thickness.
- **Insulating floors (residential only)** - This is a new activity. It incorporates similar safety and quality control requirements as the uninsulated roof activity. Insulation must be at least R2.5.

- **Building Sealing (residential only)** - This is an existing REES activity, with an expanded list of sealing activities – doors, windows, chimney/fireplaces, exhaust fans and wall vents. Savings factors are based on two climate zones. Any work requiring modification to electrical wiring, such as in relation to exhaust fans must be undertaken by a licenced electrical worker under the supervision of a licenced electrical contractor. Warranty periods now apply to each type of sealing product. Based on stakeholder feedback, the proposal, in the August 2014 consultation paper, to require caulking of gaps has been removed and the energy savings attributed to the door and window activities have been reduced. For removable chimney seals, photographic evidence is required to demonstrate that the device has been installed and appropriate safety information is visible. The installation requirements for wall vents include ventilation considerations.
- **Replace an Inefficient Window with a Thermally Efficient Window (residential only)** - This is a new activity. It involves the replacement of a pre-existing window in the external wall of a residential premises with a new higher thermal performance window.
- **Secondary Glazing Retrofit (residential only)** - This is a new activity. It involves the application of a second sheet of glazing (including air gap) to a pre-existing single glazed window in the external wall of a residential premises.
- **Install an Efficient New Flued Gas Space Heater (Non-Ducted) (residential only)** - This activity covers the installation of any upgraded efficient new gas heater in a house. The Activity now provides savings factors for two climate zones. Energy savings are provided for space heaters of 4-star rating or better.
- **Install an Efficient New Reverse Cycle Air Conditioner (Non-Ducted) (residential only)** - This is an existing activity. There are no significant changes to the specification. Energy savings are provided for air conditioners of 2.5-star rating or better.
- **Install an Efficient New Reverse Cycle Air Conditioner (Ducted) (residential only)** - This is a new activity. It involves the installation of an efficient new ducted reverse cycle air conditioner in a house.
- **Install Efficient New Ductwork (residential only)** - This activity is intended to encourage installation of ductwork in either a ceiling or a subfloor space with an insulation value higher than might otherwise occur. It is anticipated that the higher performance ductwork will be installed at the time of installing a heating/cooling system; however, retrofitting is not precluded. Changes include calculating energy savings factors based on the output capacity of the space conditioning equipment to which the ductwork is attached, and two levels of duct insulation are now available, R1.5 or R2.0, each attracting different levels of savings. Also different savings are provided for two climate zones.
- **Replace Ductwork with an Enhanced Ductwork System (residential only)** - This activity is focused on the replacement of pre-existing ductwork (rather than upgrading the specification of ductwork to be newly installed) and is applied exclusively to reverse cycle ducted air conditioner systems. In addition this particular activity features a measurement (before and after) and verification process as a means for ensuring that the benefits obtained match the energy savings. Key specifications remain as those pre 2015, with the addition two climate zones, and energy savings factors are calculated based on

the output capacity of the space conditioning equipment to which the ductwork is attached.

- **Replace or Upgrade Water Heater** (residential only) - This is an existing activity. The key change is the factors that determine the level of energy savings. Different savings are provided for water heaters installed to service class 1 dwellings not connected to reticulated gas and class 2 dwellings; and those installed to service class 1 dwellings connected to reticulated gas. Water heaters installed to service new class 1 dwellings are excluded from the activity.
- **Replace an Inefficient Showerhead with an Efficient Showerhead** (residential or commercial) - This is an existing activity. The activity involves the removal from the site and disposal of what is termed an “inefficient shower head”. This activity can be undertaken in residential and commercial premises. Different energy savings are provided for showerheads that are 9 litres per min or less or 7.5 litres per min or less. Also different energy savings are provided for two climate zones. There is a requirement that the product carries a minimum 2 year warranty.
- **Install CFL or LED General Purpose Lamp** (residential only) - This activity involves replacing a mains voltage incandescent or halogen lamp (non-directional or directional) with a compact fluorescent integral lamp (CFL) or light emitting diode integral lamp (LED). Higher energy savings are provided for the installation of higher efficiency LEDs. The number of installations can now exceed 20, provided there is an installation payment. All products must come with a 2 year warranty.
- **Install LED Down-light Lamp or LED Down-light Luminaire** (residential only) - This activity involves :
  - Activity L2A: replacing a 35-50W extra low voltage (ELV) halogen lamp with an integral ELV LED lamp (for clarity, this is a “plug-and-play” lamp which allows the existing transformer and fitting to be retained); or
  - Activity L2B: replacing a 35-50W ELV luminaire (where the halogen lamp, and transformer are removed, and where removal of the fitting is optional) with an integral mains voltage (MV) LED lamp or MV LED down-light luminaire; or
  - Activity L2C: if an MV LED down-light luminaire is installed (L2B), there is an option to reinstate the ceiling insulation around the down-light and where permitted by the relevant standards, over the new replacement down-light.

The option of installing CFL down-lights is no longer available, as well as option of replacing lamp and magnetic transformer with electronic transformers. The LED lamps must now be certified to the NSW energy saving scheme or relevant Energy Star specifications. The activity, including lamp only replacements and ceiling insulation reinstatement, must be performed by a licensed electrical worker under the supervision of a licensed electrical contractor. The LED lamps must have a minimum lighting level of 500 lumens.

- **Replace Halogen Floodlight Luminaire** (residential only) - This is a new activity, which involves replacing a halogen floodlight luminaire with an LED luminaire. The activity must be performed by a licensed electrical worker under the supervision of a licensed electrical contractor.

- **Replace Linear Fluorescent Luminaire** (residential only) - This is a new activity, which involves replacing a T8 or T12 fluorescent luminaire with a T5 fluorescent luminaire or LED luminaire. The activity, including lamp only replacements and ceiling insulation reinstatement, must be performed by a licensed electrical worker under the supervision of a licensed electrical contractor.
- **Install Standby Power Controllers - Audio Visual (AV)** (residential only) - This is an existing REES activity. Savings factors have been reduced, and not more than 3 SPCs (AV and IT) can be installed in any one premises.
- **Install Standby Power Controllers - Information Technology (IT)** (residential only) - This is an existing REES activity. Savings factors have been reduced, and not more than 3 SPCs (AV and IT) can be installed in any one premises.
- **Purchase High Efficiency New Refrigerator or Refrigerator-Freezer** (residential or commercial) - This is a new activity, which involves the purchase of an energy efficient appliance for use by households or businesses in South Australia.
- **Purchase a High Efficiency New Freezer** (residential or commercial) - This is a new activity. It involves the purchase of an energy efficient appliance for use by households or businesses in South Australia.
- **Purchase a High Efficiency New Clothes Dryer** (residential or commercial) - This is a new activity. It involves the purchase of an energy efficient appliance for use by households or businesses.
- **Purchase a High Efficiency New Television** (residential or commercial) - This is a new activity. It involves the purchase of an energy efficient appliance for use by households or businesses in South Australia.
- **Remove and Dispose of an Unwanted Refrigerator or Freezer** (residential or commercial) - This is an existing REES activity. Savings factors have been introduced based on the type of refrigerant in the appliance being removed. Volume restrictions have been removed. Proof is required that the appliance has been degassed.
- **Installation of a High Efficiency Pool Pump** (residential only) - This is an existing REES activity. The specification remains largely similar.
- **Aggregate Metered Baseline Method (AMB)** (residential or commercial) - This method is new to the REES. It allows for the calculation of energy savings from behaviour change and a range of other activities that are not suitable for default savings factors. These are best suited for;
  - the energy savings are small on a site by site basis; and/or
  - the energy savings can vary greatly from site to site; and/or
  - there is insufficient evidence that the energy saving activity will not be reversed.

Examples suitable for the AMB method include; how-to websites, direct mail campaigns, community engagement, household assessments, energy bill benchmarking, innovative pricing structures, and installing in-home displays.

The AMB method is based on the method used in the NSW Energy Savings Scheme.

- **Commercial Lighting Upgrade** (commercial only) – This is a new activity. It involves upgrades to lighting in commercial premises, roads, public spaces and traffic signals. To maintain the focus on small to medium business sectors, the specification limits the energy saving from each eligible activity to 900GJ over the life of the new lighting equipment. The specification draws closely on the requirements under the NSW energy saving scheme (ESS). The energy saving from the activity will be calculated using the ESS lighting calculator, and these calculations will need to be retained by the energy retailer for audit purposes. Products available for installation under the ESS will be eligible for installation under the REES.

The activity includes a requirement for larger customers (those consuming greater than 160MWh per year) to cause payment to the installer for the goods and services provided. This is to ensure quality of the installations and products, to improve customer buy-in and to promote longevity of the business models of the activity providers.

Installation of T5 adaptor kits are excluded from the activity, in line with the recommendations made during a review of this activity under the ESS.

Installation of LED linear tubes are permitted under the activity, providing the product is listed under the Victorian Energy Efficiency Target (VEET) scheme, and complies with the all relevant requirements of the South Australian Office of the Technical Regulator.

All installations under the activity must be completed by performed by a licensed electrical worker under the supervision of a licensed electrical contractor. There are specific quality safeguards for smaller customers (those consuming less than 160MWh per year), such as a requirement to re-instate equipment in the event of customer dissatisfaction, and the requirement to inform the customer of the steps that can be taken if the equipment is sub-optimal or unsatisfactory.

As part of the reporting requirements, proof is required that all removed lighting equipment (including lamps and control gear) has been properly decommissioned including proof of correct recycling or disposal.