

9th August 2013

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

Dear Mr Duffy

REES Review – Issues Paper

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

PGA agrees with many of the recommendations in the Directions Paper. We see benefits in moving the Scheme towards the measuring of avoided energy consumption, and advocate that business energy efficiency should be included in the Scheme on the basis that the annual target is also expanded.

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

If you require any additional information or wish to discuss any of the contents in further detail don't hesitate to contact me on 1300 894 745.

Kind regards,

Chris Cowan
Director
Priority Group Australia Pty Ltd

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1. Priority Group Australia Overview

Priority Group Australia (PGA) is one of the leading suppliers of environmental services in Australia. We provide turnkey solutions to utilities and other partners allowing them to provide branded environmental services to their customers. We are also an accredited party (AP) under the VEET Scheme and Energy Saving Scheme, creating energy efficiency certificates through PGA branded services and solutions.

PGA has offices in Adelaide, Sydney and Melbourne and is a significant creator of Energy Efficiency Certificates in each of those jurisdictions, either directly as an AP or indirectly via services contracts with Energy Retailers. We are focussed on delivering energy efficient solutions and outcomes to consumers and businesses. We do this by ensuring the following:

- Quality products and materials: we ensure the products we install will deliver an energy efficient outcome over their lifetime.
- Effective training and processes: we ensure our products are installed to specifications to deliver an energy efficient outcome.
- Quality customer service and product understanding: we ensure our customers understand how our products work so they can ensure an energy efficient outcome.

As a result, our approach to supplying and servicing our customers is fully aligned with the compliance requirements of the various government schemes under which we operate.

2. Priority Group Australia Overview

PGA's response to the Proposed Directions listed in the Directions Paper is detailed below.

3.1.1 Continue a South Australian energy efficiency scheme beyond 2014

PGA agrees with the stated direction

3.1.2 From 1 January 2015, set the scheme for three yearly target re-sets and reviews each six years

PGA agrees with the stated direction

3.1.3 Allow carryovers beyond 2014

PGA agrees with the stated direction

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

PGA agrees with the stated direction. PGA recommends that a link to tackling climate change through carbon abatement should be maintained. While consumers are currently very focussed on energy costs, over time we believe consumers will shift their attention back towards measures that reduce the impact or speed of climate change. Hence the Scheme should continue to advocate that energy efficiency is an effective, low cost action to help reduce the impacts of the pressing global issue that is Climate Change.

3.3.1 Retain a priority group target

PGA agrees with the stated direction, however the target should be relative to the proportion of "priority group" premises or households in South Australia that can be targeted by the scheme. If only 15% of premises targetable by the scheme are occupied by 'priority group' customers then the target should be 15%. PGA would also caution how 'priority group' households are targeted with many being in groups or communities that might be more susceptible to poor marketing and/ or compliance practices.

3.3.2 Retain the current definition of 'priority group'

PGA agrees with the stated direction

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.

PGA agrees with the stated direction

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.

PGA agrees with the stated direction

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.

PGA agrees the Scheme should be expanded to include small and medium sized businesses. They are clearly under the same economic energy stress as consumers and face the same barriers to uptake of energy efficient measures that many households do. PGA recommends the Scheme target be expanded, similar to the Victorian approach, if business activity is included.

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.

PGA agrees with the stated direction

3.5.1 Retain a separate target for the delivery of energy audits to low-income households.

PGA agrees with the stated direction. However there needs to be some scope to either reaudit customers or reduce the target as the 'audit pool' is finite and becoming increasingly saturated.

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.

PGA agrees with the stated direction

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.

PGA agrees with the stated direction

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.

PGA agrees with the stated direction

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.

PGA agrees with the stated direction

3.5.6 Transfer administration of the minimum specification from the Minister for Mineral Resources and Energy to ESCOSA.

PGA agrees with the stated direction

3.6.1 Maintain engagement with the Commonwealth on its investigations into a national energy savings initiative

PGA agrees with the stated direction

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.

PGA agrees with the stated direction

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.

PGA agrees with the stated direction

3.6.4 Enable, in the regulations, a mechanism for transition to a national scheme.

PGA agrees with the stated direction

3.7.1 Work with energy retailers and service providers to increase regional participation.

PGA agrees with the stated direction

3.7.2 Consider the use of a multiplier, if needed, to increase participation in regional areas.

PGA agrees with the stated direction

3.8.1 Amend the REES Protocol to increase flexibility in the approval process for energy efficiency activities.

PGA agrees with the stated direction, however PGA is very uncomfortable with the approach all the State based energy efficiency schemes have taken regarding the accreditation of activities and products. It has effectively amounted to government bodies trying to pick energy efficient technology 'winners', something Government is notoriously bad at. In the case of energy efficient lighting in Victoria, it has amounted to a bureaucratic minefield that has left many parties disgruntled and financially impacted as the ESC continually amends its requirements and criteria while it tries to understand and keep abreast of developments in the LED lighting industry.

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.

PGA agrees with the stated direction

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.

PGA agrees with the stated direction

3.9.2 Establish a cut-off date for pre-2015 activities to be reported, to enable transition to 3.9.1.

PGA agrees with the stated direction

3.9.3 Establish a requirement on retailers to make-good noncomplying activities.

PGA agrees with the stated direction, although the regulator should be mindful of the customer impacts associated with retailers making good. PGA is aware that in Victoria the ESC's compliance requirements to audit, re-audit and make good perceived compliance failures can create a very negative customer experience simply due to the number of customer interactions and constant questioning and clarification required to satisfy the regulators requirements. In several instances PGA has had 4-5 interactions with a customer attempting to clarify what has been installed at the premise for the Regulator only to later find out that the "original" install was an address incorrectly submitted by another accredited party.

3.9.4 Clarify that some activities (such as standby power controllers) are associated with the householder and not the dwelling.

PGA agrees with the stated direction, however PGA believes there needs to be clear guidelines around how this is interpreted and tracked to prevent installers 'gaming' the system.

3.10.1 Change the metric of the scheme to energy reduction.

PGA agrees with the stated direction

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

PGA agrees with the stated 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.

PGA agrees with the stated direction. An alternative would be to ban doorknocking activity from generating REES abatement, especially now that 2 of the major retailers have committed to refrain from residential doorknocking activity. This would likely increase the cost associated with the scheme.