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27 May 2019

### **South Australian Retailer Energy Efficiency Scheme Review – May 2019**

AGL Energy (AGL) welcomes the opportunity to provide comment on the Review of the South Australian (SA) Residential Energy Efficiency Scheme (REES) Issue Paper, published by the Department for Energy and Mining (the Department) in April 2019.

AGL has been a major REES participant since 2009 and has delivered positive outcomes for consumers. We have ten years of operating data and experience under the REES and other state-based efficiency scheme. We use this experience and this understanding to inform the services and supports that we provide our customers, including investment in renewable energy generation.

Consideration should be given to how REES can support a sustainable energy efficiency industry while keeping the costs of REES as low as possible should it be extended. We see benefits in retaining the broad objectives of the REES but moving towards greater flexibility in its operation, such as allowing for sites to be revisited, and expanding the scheme to all residential consumers. We are concerned that an attempt to extend targets after ten years (in a saturated market), or to try and substantially change the objectives would undermine the purpose of the REES. We therefore encourage a REES that supports improvements for all SA customers, irrespective of their size or circumstance.

#### *Scheme effectiveness*

Both residential and commercial energy users have a role to play in reducing energy demand. We are supportive of initiatives that assists consumers understand their energy usage and makes appropriate changes to improve it. We consider this is important for all customers irrespective of their size, usage or previous assistance. For this reason, we see a role for REES in supporting all South Australian energy users.

We also support exploration of opportunities to use REES to fund a stand-alone low-income program. The structure, governance and purpose of such a program would need to be carefully considered for alignment with the overall objectives of the REES scheme.

#### *Policy constraints*

The effectiveness of retailers operating under REES is hampered by policy constraints that we recommend be reconsidered by the SA Government. For example:



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- Site revisits – under REES, retailers are unable to revisit sites that have already benefited from REES. This is restrictive, particularly where tenancy has changed, or where approaches have changed (e.g. the customer may wish to have fluoroes installed after previously having highbay works).
  - Ability to undertake additional audits in the same household some years apart would allow for greater data and understanding on the effectiveness of REES activities.
  - Co-contribution requirements may mean that businesses will wish to stagger work over financial years but are unable to due to site revisit restrictions.

We also encourage the REES review to consider the existing rule changes, policies and programs in place and their role assisting consumers better manage their energy use going forward, including:

- SA Government Home battery Scheme subsidy
- Grid Scale Storage Fund
- Tesla and SA Government VPP roll out
- Shifts in the SA energy landscape including the uptake of technologies and renewable energy
- Demand management and Distributed Energy Resource markets changes – there is work underway nationally for DM and DER markets and this work should be considered in tandem with the REES review but should not be jeopardised or potentially contradicted through incorporation into REES.

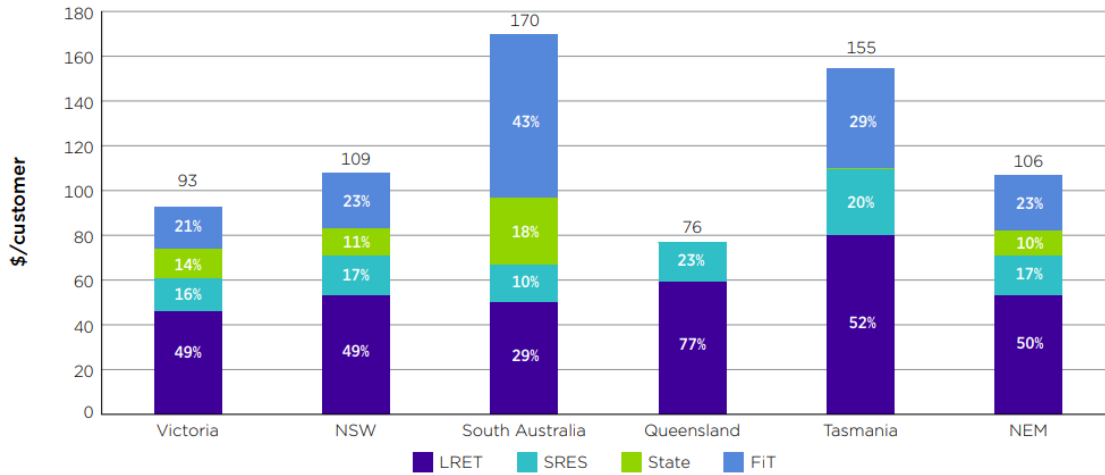
#### *Costs*

A revised REES will also need to consider what the right balance is between extending the REES and the costs borne by consumers. The key for the REES review then is to ensure that the REES minimises costs while simultaneously ensuring that those who will most benefit from demand reductions receive them.

The Australian Competition and Consumer Commission (ACCC) assessed the cost of environmental schemes in the 2018 Retail Electricity Pricing Inquiry (REPI) report. Retailers' cost information provided to the ACCC shows that on a NEM-wide basis, environmental costs accounted for 6 per cent of the retailer cost stack in 2017–18. The ACCC found that South Australian customers had the highest cost per customer than any other state:



Figure E: Environmental costs in residential customer bills by state, 20017-18, real \$2016-17



If the REES review incorporates AGL recommendations for adjustments to the governing rules, then costs of the program could be mitigated.

We have provided detailed responses to the SA government’s questions in the following attachment along with a number of recommendations. Should you have any questions please contact Kat Burela at [kburela@agl.com.au](mailto:kburela@agl.com.au) or 0498001328.

Regards

[Signed]

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## Appendix 1

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## Part A – Scheme objectives

### Consultation questions

- *If the scheme continues should the objectives be revised?*
- *If so, what changes should be made?*
- *Should REES continue to ensure that activities delivered are additional to 'business as usual'?*

### AGL response

We believe the existing REES objectives are appropriate and are in line with other mandatory energy efficiency schemes in Australia.<sup>1</sup> If the SA Government still aims to move towards a national program, continued consistency with other state schemes should be a key consideration in this review.

If REES was extended, there are opportunities to improve its operation without having to substantially alter the objectives, such as by gaining efficiencies from deploying technologies at scale.

#### *Demand management*

We do not consider REES should be expanded to demand management at this stage as we do not believe it can be effectively incorporated into the current structure of REES. While demand management tools can assist customers with their energy usage and overall energy charges, it is different to an energy efficiency mechanism as it is ultimately shifting the demand from one time to another rather than reducing demand.

REES can help to augment demand response (DR) schemes by increasing the gigajoule (GJ) allocation to white goods that are DR-enabled (that is, fitted with appropriate remote comms/control capability), such as high efficiency dryers, washing machines, electrical heating & cooling devices and refrigerators. But focusing on the management of these devices, as opposed to their value upon installation, will yield different results under REES.

#### *Business as usual*

We believe the REES should continue to ensure that activities delivered are additional to those that are considered 'business as usual' (BAU). Cost-effective energy savings potential will not be fully achieved because there are currently barriers to uptake, including customer preference and we are

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<sup>1</sup> Reduce household and business energy use, with a focus on low-income households, to provide associated energy costs and greenhouse gas emission benefits.



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seeing the global market and regulatory landscape is not developing at the same pace to be able to meet the expected uptake of these products.

Because of these market failures the uptake of energy efficiency products and services is not as quick as it should be, and the role of REES has been to try and address these failures and support faster uptake of energy efficiency products and approaches.

For example, in certain sectors, such as residential retrofits in the first six years of REES and commercial lighting since 2016, REES enabled faster market transformation than BAU. It reduced energy and CO2 emissions in SA across residential and business energy customers. To be able to continue this trend, high energy use activities need to be re-evaluated and accredited with GJ higher than BAU. For example, for heating and cooling devices, downlights and outdoor flood light replacements (all residential and commercial), so that these activities can be installed for a low or free cost, possibly with a sliding scale of subsidy / GJ value over 3 – 6 years. This was the case in the Federal Government's Solar Homes & Communities program, which saw a six-fold increase in PV installed 2007-2009.<sup>2</sup>

There is also an aspect of market saturation in certain market sectors which we address in responses to other questions in this Attachment.

Other limitations also need to be considered by the SA Government, such as:

- the fact that not all customers are able to afford replacing existing appliances and lights with higher efficiency products. There are split incentives between landlord and tenants, especially in the residential sector, and
- most customers do not equate paying a higher upfront cost with long-term energy reduction from a high quality, low energy product.

#### Part A recommendations

- REES should remain an energy efficiency scheme, with modifications to make it more effective from implementation, financial and delivery perspectives (this is further explored in other recommendations below).
- REES review should reflect the cost-effectiveness in achieving both access to and scale of energy efficiency products in the market.
- Reward high performing products and appliances based on their ability to reduce energy per household/business, as this will have several outcomes:
  - reduce cost of scheme (and thus cost to SA customers),
  - increase abatement and reduce energy use over a shorter timeframe, and

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<sup>2</sup> See [http://www.tai.org.au/sites/default/files/PB%2021%20SHCP%20final\\_4.pdf](http://www.tai.org.au/sites/default/files/PB%2021%20SHCP%20final_4.pdf)



- increase local employment in emerging areas at a faster rate than market mechanisms (e.g. high efficiency heating and cooling retrofits).

## Part B – Commercial or Residential

### Consultation questions

- Should the REES focus on energy use in the residential sector, or the commercial sector, or both?
- Has the expansion of REES to allow commercial activities been a success?
- Should additional commercial activities be included? If so, which activities?
- Should there be a residential sector target to prevent commercial activities 'crowding-out' residential activities?
- Should REES retain rules to focus commercial activities on small business, such as the restriction on energy savings from each lighting upgrade?

### AGL response

AGL supports the REES being applied to both residential and commercial sectors. We consider that the expansion to allow commercial activities has been a success and should continue to be included if the REES is extended beyond 2020. The residential and commercial energy sectors in SA both have an important role to play in reducing the state's energy demand, and both need incentives and behaviour change information to do so across the board.

Thousands of particularly small businesses have been able to upgrade free to LED lights, thus lowering their energy consumption. The free component is of particular relevance for small businesses and this is made possible through payment schedules of retailers to their REES contractors. This can mean that small businesses, who may not have access to affordable capital<sup>3</sup> are able to reap benefits, particularly where other business costs (such as payment of wages, rent, materials) also need to be considered.

We also support commercial lighting being allowed in REES to meet annual targets allows retailers to fulfil targets in a cost-effective manner and we would encourage a continued REES to include these activities going forward.

### *Issues impacting effectiveness*

Adjustments to the commercial lighting GJ values by the SA Government have had a negative impact on the ability to undertake commercial lighting activities. The GJ value allocated to commercial lighting has been downgraded twice in the last two years. These changes have occurred while REES

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<sup>3</sup> **SME access to finance: recent experiences of SMEs in accessing finance**, CPA Australia, May 2012



is live and without proper consultation with impacted stakeholders. This is having impacting retailers' deliverables and ability to meet the 2019 and 2020 annual targets.

We also recommend that clear, consistent guidance on compliance management and expectations be developed in relation to AS/NZS1680. Without this, the SA commercial lighting upgrade market may continue to operate against a very high, and at times inconsistent, obligation. For example, as compliance is required against the most current version of AS/NZS 1680, existing buildings comply to the standards current at the time of their original installation, not the current standard. In a partial lighting retrofit under total compliance with AS/NZS 1680, this means that often area/s adjoining the area to be upgraded also needs to be upgraded, and/or associated wiring /switchboard configurations need to be upgraded to the new standard.

#### *Scheme caps*

The REES is the only scheme in Australia to have a cap on amount of claimable savings 900 GJ per site. From 2015 – 2018, this had the desired effect of targeting REES to small business operations. However, after years of operating under REES, many of the 'high value' properties have been upgraded.

For large site, large energy users, AGL has found that a 900 GJ lighting upgrade can be a very small percentage of the site upgrade, and not worth the contracted electricians' time to undertake the REES documentary requirements. Thus, the SA Government is not capturing these lighting upgrades in its reporting. Further, REES requires a \$1.40/GJ installed from large energy users which is an investment cap in itself.

#### *Other commercial activities*

AGL supports other commercial activities being incorporated, these could include:

- Small scale commercial heating, ventilation and cooling system (HVAC) upgrades, size to be determined, with enough GJ allocated to make it viable.
- Insulation of warehouses, data centre, depots, manufacturing premises and the like, with enough GJ allocated to make it viable.
- Level 2 & 3 site energy audits.
- Lighting control systems additional to lighting upgrades
- Building management systems.

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  - Level 2 & 3 site energy audits.
  - Lighting control systems additional to lighting upgrades.
  - Building management systems.

#### *Crowding out*

If the review determines that crowding out is occurring, we recommend the revised REES consider placing a residential sector target (rather than a Priority Group (PG) target) to help prevent this crowding out from occurring. By taking this approach, the revised REES will be able to ensure that all types of residential households are getting assistance (not just those classified as PG) to incentivise lowering energy usage.

Further, this approach would lead to a sustainable long-term workforce that is currently difficult to ensure when trying to meet PG targets in a shrinking PG market where consumers captured within the PG classification have not already received a visit under REES (see our comments regarding multiple site visits).

#### Part B recommendations

- A revised REES should be broadened across SA residential and commercial sectors.
- Consult with industry and provide written instructions/guidance for compliance requirements under AS/NZS1680 which could include allowing multiple site visits against one consistent standard.
- Multiple site visits need to be considered, for example uncapping the number of visits allow for a site but put appropriate protection measures in to ensure that the same lighting is not being upgraded in the same way twice.
- Reconsider caps and efficiency requirements, including:
  - Removal of 900 GJ cap, as a number of small and medium sized enterprises (as defined <sup>4</sup>) are large energy users (as defined under the national retail energy code), and thus are not able to have / are able to afford whole site lighting upgrades. Thus, hampering ability to participate in REES.

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<sup>4</sup> ASIC administers the *Corporations Act 2001*, and this defines a 'small proprietary company' or small business as one that has:

- an annual revenue of less than \$25 million
- less than 50 employees at the end of the financial year, and/or
- consolidated gross assets of less than \$12.5 million at the end of the financial year.

For taxation purposes, the Australian Taxation Office defines a small business as one that has annual revenue turnover (excluding GST) of less than \$2 million. For employment purposes, Fair Work Australia defines a small business as one that has less than 15 employees. Many regulators use the Australian Bureau of Statistics (ABS) definition which is a business that employs fewer than 20 people.



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- Large energy users with large site – mandate a 2<sup>nd</sup> level site audit before upgrade over 900 GJ – this will prioritise that activities to be undertaken at site.
  - Recommend that Level 2 energy audits are funded through REES.
  - Retain \$1.40 co-contribution for upgrades over 900 GJ.
  - Consider setting a residential target (rather than PG target) if this review determines there is crowding out.
  - Activities need to have enough GJ to incentivise market uptake as Greenhouse and Energy Minimum Standards (GEMs) ratings are not enough in an imperfect market – these are discretionary cost purchases; additionally, at present, the higher the energy stars the less choice and higher the product costs. REES should be assisting to increase supply and lower the costs by increasing demand for these products.
  - AGL believes that keeping the \$1.40/GJ for large energy users but removing the 900 GJ cap would not flood the market with large energy user projects but would allow SMEs to have whole of site upgraded, require large energy users to have at least a Level 2 site energy audit and pay the \$1.40/GJ over 900 GJ for the upgrades.

## Part C - Lighting Activities

### Consultation questions

- Have lighting upgrades become business as usual?
- If REES continues as an energy efficiency scheme, should lighting upgrades remain an eligible activity?
- If lighting upgrades remain, should they be restricted to certain sectors or regions where LED upgrades are less likely to be business as usual?

### AGL Response

Lighting upgrades are an important part of the REES as it reflects a cost-effective way of providing energy efficiency upgrades to customers. Allowing revisiting of sites already assisted under REES may also yield further outcomes as we noted above.

We also restate our earlier concerns about the value of lighting upgrades being downgraded, particularly while retailers are attempting to achieve their targets and without consultation.

Other jurisdictions have noted that their energy efficiency programs have been able to accelerate the adoption of efficient lighting and support increased building codes through the

successful implementation of the energy efficiency programs.

### Part C recommendations

- A revised REES, with reinstated GJ values in line with the ESS and VEU schemes will incentivise the market to install quality residential LED lighting system.



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- Do not change the value of lighting targets while REES is live as it impacts retailers' deliverables and planned work.

## Part D – Priority Group Households

### Consultation questions

- If the scheme continues, should it retain a focus on assisting low income households?
- Are priority group households sufficiently clearly defined and easily located?
- Should there be specific targets or incentives to encourage activities in remote or regional areas? How might this affect costs?
- Have the changes to the definition of priority group adequately covered those households most in need of assistance from the REES?
- What is the best way to increase the opportunities for low income households to benefit from 'deeper' retrofit activities through REES?
- Is there a more effective way to define the customers who are most likely to benefit from receiving REES activities and audits?

### AGL response

Should REES continue, we consider that it should retain a focus on assisting low income (PG) households as it can be the first touch point for many households having difficulties managing their energy usage. This gives retailers the opportunity to offer free home energy audits and advice, as well as free energy savings devices.

A household's energy usage can be lowered through behavioural changes as well as building retrofit, material quality and white good upgrades. However, there is a limit to the effectiveness of retrofits, particularly where the property is a rental (we note that there is a split incentive between the owner and the renter in these circumstances). The difficulties faced by PG households also extend beyond energy efficiency and therefore there is a role for other bodies including government, consumer groups and industry (such as the building industry) to play in assisting these households.

PG households may not have available capital to finance energy efficiency upgrades or audits themselves and there is a limit to how effective current activities can be on the overall efficiency of these households (with the exception of low flow showerheads). This can mean that to continue to be effective, particularly for these PG households, more costly approaches may need to be undertaken. As we noted in our cover letter, increased costs to fulfil annual targets increase the overall cost of the REES, which is then spread across all energy consumers.

The comments we have made above regarding the restrictions on multiple site visits are also relevant for PG households and should be considered under a revised REES.

*PG definition and identification*



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We consider that PG households are clearly defined but there is a limit to how these customers can be identified. After 10 years of REES, we consider that primarily marginal households remain that require assistance and are eligible for that assistance due to restrictions on multiple site visits. To identify PG households now, retailers predominantly rely on hardship programs and door knocking activities to find these households which can be restrictive and leave some consumers in need unidentified.

However, doorknocking can be problematic, and due to the smaller pool of PG households, the remaining consumers may be approached several times or feel as though they are being harassed.

PG also face other difficulties that need to be acknowledged during this review. The thermal quality of housing stock for renters (both public and private) will restrict the outcomes of these consumers. Without landlord approval and contribution these properties are unlikely to get the building upgrades or changes that are required for effective energy efficiency outcomes. This has been identified as a major issue in other schemes (EEIS, VEU), due to split incentives discussed further in this attachment.

#### *Remote/regional support*

We encourage research be undertaken to understand the extent of the regional PG pool before deciding to set a target. Without the research then a target may be set too high or too low which will either increase the cost of REES unnecessarily or not reach enough PG customers in regional areas. We also note that these populations are more dispersed geographically and therefore have a much higher cost to serve.

AGL has already trialled undertaking residential and commercial activities in regional areas but have found the cost to convert to be prohibitively high. This was due to:

- much lower conversion numbers compared to metropolitan areas despite advertising channels;
- lower jobs per day meant lower daily incomes per installers and auditors, therefore either higher day rates or less availability of professional staff.

As we note above, the ACCC noted the cost of these schemes and how these costs are applied to all consumers. Hence our recommendation that a proper assessment of the potential regional PG market is carried out before a decision on whether target should be set is made.

The alternative to setting a regional PG target is to introduce multipliers in activities for regional PG customers, however this will not address our initial point on the need for research to understand the extent of PG consumers in regional areas.

#### *PG Fund*



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We would support exploration of opportunities to use REES to fund a stand-alone low-income program. The structure, governance and purpose of such a program would need to be carefully considered for alignment with the overall objectives of the REES scheme.

Interventions could include upgrades to rental properties (private and public), such as insulation, external shading and heating and cooling devices.

#### Part D recommendations

- Government assistance in identifying new PG households, perhaps on a postcode allocation to obligated retailers, would be a substantial assistance.
- Make REES activities and home energy audits available for all residential consumers, including renters (new metrics).
- Consider the roles others, such as community groups, could play to help identify low-income households in crisis and to facilitate appropriate interventions.
- Multipliers should be in place to incentivise activities in regional PG households. This needs to be complemented by additional GJ allocations for high energy reduction activities, such as high efficiency heating and cooling devices, in order to facilitate deeper energy savings.
- Consider establishing a PG fund that may assist PG consumers in a targeted and efficient way.

#### Other comments

##### *Opportunities for low income households*

- Increase the GJ allocated to certain activities, such as replacement of heating & cooling devices, so that there are either no residual costs left to cover (e.g. upgrade of halogen lighting with LED globes and transformers, high efficiency white good replacement) or any large replacement items could be cross subsidised by an energy retailer's hardship scheme or the fund suggested in answers to recommendations in d) I (e.g. heating & cooling devices such as reverse cycle heat pumps).
- SA Government could work with Thriving Communities to consider how low/no interest loans and schemes can be used across various providers/participants in the program to achieve beneficial outcomes.<sup>5</sup>

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<sup>5</sup> Consider international examples of soft (low/no interest) loans, such as:

- **California** - <https://www.energy.ca.gov/efficiency/>; <https://database.aceee.org/state/california>
- **Massachusetts** - *Massachusetts Joint Statewide Electric and Gas Three-Year Energy Efficiency Plan, 2019 – 2021*, published October 31, 2018
- **Bank of America** - *Lending for energy Upgrades in Low to Moderate-Income Communities: Bank of America's Energy Efficiency Finance Program*, James Barrett and Brian Stickles, July 2016, Report F1601,
- **Germany** - *Green Paper on Energy Efficiency, Discussion Paper of the Federal Ministry for Economic Affairs and Energy*, 2016; <https://www.eeef.eu/home.html>



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- SA government could work with appropriate Federal finance department to advertise to landlords the tax benefits of upgrading public housing stock (scheme already in existence).
  - REES to incentivise more effective energy reducing retrofit activities (e.g. insulation, high efficiency cooling devices) in public housing stock.

## Part E – Energy Audits

### Consultation questions

- How should energy efficiency outcomes from energy audits be verified?
- Are the current qualifications requirements for energy auditors appropriate, and are auditors adequately trained to deal with priority group households?

### AGL Response

It is well documented that the effectiveness of any information on behaviour change diminishes over time (regardless of subject) and as the household dynamics change.<sup>6</sup> Thus, the results from undertaking a survey directly after an audit is likely to return very different results from one conducted a year later.

We consider that the current qualification requirements for energy auditors are appropriate. The Victorian Scorecard qualifications and home energy assessment are the ‘gold star’ and review the whole of house scenario. They take about two hours to perform, and give a detailed explanation of what is possible, and recommendations. However, for REES:

- Many of the actions typically recommended by Scorecard are not possible for PG households as they may not have the financial capacity to upgrade. For example, cooling and heating devices are high cost and are unlikely to be affordable to PG households.
- Scorecard takes about double the time to undertake compared to the current REES home energy audits which can be both intrusive for the customer and increases the cost for retailers.

### Part E recommendations

- Ability to undertake second or third audits in same households some years apart and grow body of learning for REES about what activities and audit suggestions have the most effect. Repetition will also keep energy behaviour top of mind and therefore occupants more likely to be more careful with their energy use.
- Continue with the current REES qualifications and recommendations: fit for purpose for households (recommendations) and by cost (retailers).

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<sup>6</sup> See for example [http://www.sustainability.vic.gov.au/-/media/resources/documents/publications-and-research/publications/c-f/energy-efficiency-and-behaviour-change\\_dec15.pdf?la=en](http://www.sustainability.vic.gov.au/-/media/resources/documents/publications-and-research/publications/c-f/energy-efficiency-and-behaviour-change_dec15.pdf?la=en)



- Although national harmonisation is a good ideal, Scorecard audits via REES will not be cost effective unless funded by the revised REES and backed by landlord actions and potentially a soft (low or no interest) loan scheme.

## Part F – Demand Management

### Consultation questions

- Should REES primarily focus on reducing energy use or managing energy demand?
- Is there a place in an energy efficiency scheme for technology that enables energy management rather than directly reducing energy use? If so, what activities should be included, and how should they be credited?

### AGL response

As outlined above we do not believe that REES is an appropriate tool to encourage the take up of demand management. Demand management is being considered by the AEMC and we believe that the SA government should wait for the outcome of this review and the AEMC's recommendation(s) on the most efficient and effective way to incentivise the uptake of demand management.

However, increasing the GJ value of high efficiency higher energy appliances (e.g. reverse cycling air conditioners) which can help augment a separate demand response program (for example, by being communications enabled) would be appropriate to incentivise the market, thus assisting the ability of customers to participate in separate DM/DR programs.

Increasing the GJ value of high efficiency higher energy appliances (e.g. reverse cycling air conditioners) which can help augment a separate demand response program would be appropriate to incentivise the market, thus assisting the ability of customers to participate in separate DM/DR programs.

### Part F recommendations

- Consider the appropriateness of existing and proposed regulatory and policy changes before including demand management in REES.

## Part G – Funding

### Consultation questions

- If the scheme continues beyond 2020, how should it be funded?

### AGL Response

As we have mentioned before, the ACCC REPI report outlined how the REES is highly expensive for SA energy consumers. This is largely due to the relatively small and less dense SA population, leading to REES pass-through costs being higher per customer than for other mandatory energy



efficiency schemes (VEU, ESS), even though the other scheme total scheme costs are higher than for REES. Therefore, AGL recommends that if the SA Government continues with the REES the carefully cost the revised REES to ensure the revised REES does not lead to the perverse outcome of increasing SA consumers' energy bills to accommodate an energy reduction scheme.

We have outlined alternative co-funded options, such as no or low interest loans schemes to support the continuation of the REES. We also consider, given the maturity of the market that the SA Government allocate funding to advertise and promote the REES. This we believe is a cost-effective way to promote increased awareness of the REES.

#### Part G recommendations

- Government budget increased, for advertising of the REES scheme, co-funding activities and strengthening the institutional capability of ESCOSA to become more in line with other jurisdictions.
- Facilitation of non-interest loans for REES activities (e.g. insulation, hot water replacement etc).

#### Part H – Deeper Retrofits

##### Consultation questions

- To reduce scheme costs and encourage a 'whole-of-house' integrated approach to energy efficiency, should there be a 'bonus' added to the deemed value when multiple activities are carried out at the same house?
- Should REES require a minimum number of activities or a minimum amount of energy savings to be delivered at each home or business? How would this be done?
- Should the Victorian Residential Energy Scorecard, or similar, be introduced to REES to measure deemed savings from whole of house upgrades? How would this be done?

##### AGL Response

We do not support adding a bonus to encourage 'whole of house' approaches as this is already occurring. It is already in the interest of the approved contractors to do as many activities in each home as possible.

The market is saturated for currently undertaken residential retrofit activities (not including hot water), and different trades are required for deep cut interventions (e.g. hot water replacement compared to SPC installation).

We recommend that the GJ value for REES activities be considered to change the co-contribution requirements from customers.

#### Part H recommendations

- A residential Measurement & Verification protocol could be appropriate for the future, coupled with an accessible soft loan scheme.





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- There should not be a minimum number of activities introduced for each home/business.
  - Additional GJ values to be considered for priority activities which could achieve deeper energy bill and emission cuts, in order to incentivise market uptake