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NSW Government

Department of Climate Change, Energy, the Environment and Water

Submitted via email: energysecurity@environment.nsw.gov.au

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2025 ESS and PDRS statutory reviews

AGL Energy (AGL) welcomes the opportunity to provide feedback on the *2025 Energy Savings Scheme and Peak Demand Reduction Scheme statutory reviews* draft reports.

AGL recognises the important role of both the NSW Energy Savings Scheme (ESS) and Peak Demand Reduction Scheme (PDRS) in achieving the Energy Security Safeguard objectives of ensuring the energy system is "more reliable, affordable and sustainable"[1]. As a liable entity within both schemes, AGL has proudly met its targets every year since the schemes' inception and is committed to its ongoing role in decarbonisation and supporting a more reliable and affordable energy system.

AGL broadly agrees with the outcomes of the reviews, and that the objectives of the schemes remain largely relevant.

We provide the following feedback on further matters for consideration within the reviews and future reforms:

- **Electrification:** As raised in our 2024 submission[2], AGL suggests the complementary objective of 'electrification' for consideration in the ESS.
- **Incentive stacking:** Incentive stacking across various schemes, and the impact on the PDRS, needs greater consideration and clarification. For example, impacts of stacking subsidies for batteries, as part of the new Cheaper Home Batteries Program, under both the Small-scale Renewable Energy Scheme (SRES) and the PDRS, will need to be clarified for industry and consumers.
- **Product end-of-life:** We urge the government to consider end-of-life management of products, particularly the disposal of batteries to reduce risks to consumers and the environment.
- **Consumer protection:** We recommend further consideration of consumer protection within the schemes' objectives. This encompasses product quality, warranties, installation, maintenance and after-sale support (i.e. product recalls etc).
    a. We support minimum standards for product quality and installation
    b. AGL is supportive of efforts to ensure that installers of CER are adequately trained to undertake relevant activities with an utmost focus on safety (for both the installer and the consumer) as well as quality. This training needs to be targeted and responsive to the specific activities undertaken by the CER provider, noting that a 'one size fits all' approach is not fit for purpose. NSW's Consumer Energy Strategy[3] outlines action to address training gaps and provide supports for energy saving technology installers, which AGL supports.
    c. We support collecting data on product performance and lifespan to verify savings and improve standards.

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[1] https://www.energy.nsw.gov.au/nsw-plans-and-progress/regulation-and-policy/energy-security-safeguard
[2] ESS & PDRS 2024 submission
[3] NSW's Consumer Energy Strategy, 2024, pg. 68

d. We support minimum warranty timeframes for products (such as heat pump water heaters) to improve reliability and consistency (see also our submission to Victorian Energy Upgrades Electrification Co-Payment and Warranty Requirements consultation[4]). In particular, there will need to be line of sight for batteries that require repair/recycling under warranty.

e. Increased transparency is needed around how technical specifications are developed and enforced. There is the opportunity to harmonise these requirements across jurisdictions and schemes so there is a level of standardisation around compliance.

- **Equity and accessibility:** As noted in the ESS statutory review draft report, regional areas typically experience higher electricity prices and challenges in accessing the scheme. Targeted supports for different customer cohorts, such as rural, low-income households and renters, may be necessary to achieve more equitable outcomes and ensure that all consumers benefit from the schemes.
- **Stronger engagement and communication:** Stronger and earlier industry engagement is vital to ensure that installers, as well as consumers, see value in scheme participation. We recommend that the government focus on supply chain development, improvement and satisfaction to improve outcomes for consumers. In addition, it is essential that information and program changes are shared promptly with scheme participants to avoid adverse impacts and uphold scheme integrity.
- **National coordination:** The ESS statutory review draft report mentions that 'Objective 2(b): complement national action to lower the cost of emissions reductions' remains valid but should complement NSW climate change policies. It's unclear whether other related national policies, such as the CER Roadmap, have been considered in the review. We recommend explicit consideration of related policies such as these. In addition, coordination at a national level should extend to the PDRS.

We look forward to further engagement on the outcomes of the statutory reviews and broader reforms to the ESS and PDRS.

Should you have any questions in relation to this submission, please contact Casey Barkla-Jones at cbarkla@agl.com.au.

Yours sincerely,

AGL Energy

About AGL

Proudly Australian since 1837, AGL delivers around 4.5 million gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia. AGL operates the largest electricity generation portfolio in Australia of any ASX-listed company, with a total operated generation capacity[5] of 7,982 MW as of 30 June 2024. Since 2006, AGL has invested billions of dollars in the construction and delivery of over 2 GW of renewable and firming capacity in the National Electricity Market.

We support Australia's ambition to achieve net zero by 2050 and recognise the large part that we must play in the transition to a low carbon economy. Our 2022 Climate Transition Action Plan outlines AGL's ambition for decarbonisation, including targets for new firming and renewable assets, and commitments to repurpose our large thermal generation sites into integrated industrial energy hubs.

[4] See: AGL submission to the VEU Electrification Co-Payment and Warranty Requirements consultation, April 2024

[5] FY24 installed capacity is the AEMO registered capacity, also taking into account the three 25MW upgrades to the Bayswater Power Station Units 4, 2 and 3 in FY20, FY22 and FY23 respectively.