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Mr Tim Stock  
Manager Sustainable Energy Programs  
Operations and Programs Branch  
NSW Department of Industry, Resources and Energy Division  
[energysavings.scheme@industry.nsw.gov.au](mailto:energysavings.scheme@industry.nsw.gov.au)

Dear Mr Stock

**RE: PROPOSED RULE CHANGE CONSULTATION FEEDBACK**

Questions that are answered in this response are typed in **red font**. Not all requests from the consultation paper have been answered.

**Question 1. Is the proposal to require Electricity and Gas Savings data at an Activity Definition level for the HEER and HEAB sub-methods reasonable?**

Yes. Data is available and easy to report, which makes the proposal reasonable.

**Question 2. Do you think Electricity Savings and Gas Savings data should be reported at an Activity Definition level for the SONA and ROOA sub-methods?**

Yes.

The requirement to report at the Activity Definition level for all sub-methods should be consistent across the entire scheme, including the sale of new appliances (SONA) and the Removal of Old Appliances (ROOA). The advantages of reporting at the sub-method level (i.e. the rationale for reporting at the Activity Definition level) are also applicable for the SONA and ROOA activities. The Activity Definition level data is available for both the SONA and ROOA methods and reporting at the Activity Definition level is not an onerous reporting requirement, with potentially large benefits to reporting on the scheme.

**Principle: Consistency on reporting requirements for all activity definitions.**

**Question 8. Are there changes to ESS Rule requirements around the purchaser co-payment that could meet the objectives of consumer engagement and quality lighting outcomes while reducing red tape and compliance costs?**

The scope of this question is related to commercial lighting. However, the requirements of purchaser co-payment have encroached on the High Efficiency Business Appliance (HIAB) method, which are now acting as barrier to engagement in the HIAB deemed method for business customers.

In the HIAB method, there is the requirement to report on project cost, when uploading project data on the portal for the purpose of creating Energy Saving Certificates (ESCs). For example, the project cost for Liquid Chillers is up to hundreds of thousands of dollars, and participants in the supply chain, are reluctant to reveal project costs as this is market sensitive information. Additionally the customers are corporations that are managing projects worth hundreds of millions of dollars (especially for new build projects), which makes the ESCs value relatively immaterial in relation to the project costs, and any additional time required to obtain approval to release cost information to an ACP is a low priority (in comparison to completing the project on time). The unintended consequence of the requirement to report project cost for commercial lighting, and then applying that requirement to the HIAB method, is creating more red tape and barrier to engagement in the HIAB method.

For the HIAB method it is recommended to remove the project cost element from reporting, as the method was designed to offset a small fraction of the initial purchase price (e.g. 1% to 5%) and the risk of products being installed without customer engagement (i.e. payment) is zero. Understanding that evidence of the transaction is required, it is recommended to allow the dollar (\$) amounts on invoices to be 'blacked out' and to eliminate the need to report project cost for the HIAB business appliance method.

### **Question 9 Do you agree with the proposal to update the SONA Equipment Energy Savings tables?**

Questions and comments below relate to the SONA method.

Has the change to the definition of purchaser for SONA method translated to customer engagement in energy efficiency during the purchase of retail appliances?

Would requiring the actual purchaser (as opposed to the seller of the appliance) to sign a nomination form improve customer engagement (within the context of not requiring further evidence such as photos of installation)?

Comment: Requiring the customer (actual purchaser) of the appliance to sign a nomination form would 'force' the conversation about energy efficiency between the appliance seller and the appliance purchaser and would eliminate the 'free ride' windfall that appliance retailers have experienced over the last year, which dilutes the commercial business case of other methods in the scheme.

Obtaining a signed nomination form from customers of retail appliances is a reasonable requirement.

### **Question 18 Do you agree with the proposal to expand the eligible BCA classifications under the HEAB sub-method?**

Yes. Allowing all businesses to participate in activity F4 will remove red tape that is specific to activity F4 and give greater access to the scheme for small business.

The change could go a step further and also open up activity F4 to residential applications, but with reduced hours to reflect the decreased use of air conditioners in residential applications. Under the current rule, the only way to access the scheme for air conditioners in a residential application is through the HEER method, which may be suitable in some applications, but in others adds process, time and additional requirements to residents of NSW and may inhibit participation. The principle of letting the energy saver decide on their preferred method to access the scheme should be extended to residents (as well as businesses).

### **Question 19 Do you agree with the proposed hours? If not please indicate why not and provide us with an evidence base to support your justification.**

Yes.

### **Additional feedback on Activity F7 – High Efficiency Motors**

With regards to the baseline for motors, it is recommended to simplify the calculation by standardising the baseline for all motors (regardless of the motor being replaced if any). The rationale for this recommendation is that the customised baseline based on the existing motor adds complexity and 'red tape' to what should be a simple deemed method. Customised (project specific) baselines are available through measurement and verification.

Motors lose efficiency over time, and even if the old motor is listed on the GEMS Registry, the current (existing) energy consumption may be much higher. Further, motors are often re-wound, which impacts efficiency. The extent to which energy efficiency is impacted by rewinding motors depends on the quality of the workmanship (see

attached study: The Effect of Repair/Rewinding on Motor Efficiency by the Association of Electrical and Mechanical Trades). The point is that the history of each motor is not known, and that using the GEM efficiency of a new motor, is not necessarily reflecting the actual energy consumption of the existing motor, and by extension the energy savings of the project.

Additionally, the 'custom' baseline approach of identifying the existing motor on GEMs adds a significant administrative burden on the High Efficiency Motors method, which is reflected in the relatively low number of ESC generated using the High Efficiency Motors method.

A simpler, more streamlined, approach to the High Efficiency Motor method would be to remove clause in the Equipment Energy Saving Calculation that reads:

~~*the Full Load Efficiency of the existing motor as determined using AS1359.5:2004 and recorded in the GEMS Registry; or*~~

and to simply have a standardised baseline that reads:

***Baseline Efficiency, in %, is the corresponding value for the number of poles and rated output of the new electric motor from Table F7.3.***

If there are projects where the savings are much higher, then the measurement and verification methods can be employed.

Finally, the approach recommended above for motors would reflect the approach proposed for boiler replacement in the proposed rule changes, where boilers use a standardised baseline (as new motors are designed to be more efficient and motor efficiency degrades over time). Using a standardised baseline would be more consistent with the other deemed methods in the rule.

#### **Additional Feedback - Motor Sizes**

In addition to the above feedback on motors, it is recommended that the method is extended to motors above 185 KW (i.e. above the range represented by MEPs) by using a conservative baseline. Larger motors are currently not covered by the scheme unless they are picked up through measurement and verification projects, which has a larger project overhead. Having a deemed method related to business appliances that are not on MEPs is aligned to the approach proposed for boilers. Additionally, letting the energy saver decide on using a deemed approach or measurement and verification approach is consistent with the principle that is emerging in relation to activity F4.

#### **Additional feedback on Activity F3 – Close Control Air Conditioners**

With regards to Activity F3 it is recommended to update the formula so that more appliances can access ESCs by reducing the minimum performance threshold of 20% to 10% (above the average). Changing the threshold to 10% will make the method more consistent with the threshold established in Activity F2 for chillers, and does not detract from the scheme in anyway as the energy savings are still be achieved (albeit with fewer ESCs created as the energy savings are lower). By reducing the threshold to 10% it will have more chance of promoting energy efficiency into the close control air conditioner market as, with the 20% threshold, there is a very small subset of appliances that are eligible to create ESCs.

#### **Additional Feedback - Clarification on Energy Rating Data for Activity F1 – Equipment Requirement for Refrigerated Display Cabinet (RDCs)**

The equipment requirement wording in the rule currently states that:

*The RDC must be a registered product under GEMS and comply with the Greenhouse and Energy Minimum Standards (Refrigerated Display Cabinets) Determination 2012.*

The energy rating website for RDCs has appliances listed under both standards:

- Greenhouse and Energy Minimum Standards (Refrigerated Display Cabinets) Determination 2012, and
- AS 1731.14:2003 - amendment 2 dated 9 July 2012

The current wording indicates that RDCs registered under the energy rating website and listed with the standard of "AS 1731.14:2003 - amendment 2 dated 9 July 2012" are not eligible for the creation of ESCs.

**Is the intention of the wording in the rule to ensure that appliances listed under the standard "AS 1731.14:2003 - amendment 2 dated 9 July 2012" on the energy rating website are ineligible for the creation of ESCs?**

Please feel free to ask me any questions about the above and thanks for all your hard work to improve the scheme.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Craig Jones', with a stylized flourish at the end.

Craig Jones

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