

Mr Stephen Procter
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Re: Energy Savings Scheme Rule Change 2018-19 Consultation Paper

23 August 2019

Dear Mr Procter

Thank you for the opportunity to comment on the Energy Savings Scheme (ESS) Rule Change Consultation Paper 2018-19 (hereafter referred to as the 'Consultation Paper'). The Energy Efficiency Council (EEC) congratulates the Department of Planning, Industry and Environment (DPIE) for their ongoing efforts to enhance the effectiveness of the ESS.

The EEC strongly supports the ESS. The ESS addresses a combination of market failures and distortions in the energy market that result in over-investment in energy supply and under-investment in demand-side solutions. The ESS has delivered substantial improvements in energy efficiency and lowered peak demand, reducing energy bills for homes and businesses, including non-participants.

The EEC has set out responses to some of the issues raised in the Consultation Paper. In addition, the EEC:

- Strongly recommends that the ESS reintroduce incentives for insulation. A research report by *pitt&sherry* on energy efficiency of Australian homes (attached) has found that retrofitting a house with insulation is cost-effective and generally pays for itself through savings on energy bills in less than 8 years; and
- Has significant concerns about the Independent Pricing and Regulatory Tribunal (IPART)'s current interpretation and implementation of the rules with regards project-based methodologies. While we welcome IPART's efforts to ensure that the ESS is robust, we believe that the current interpretation and implementation of the ESS rules have created a significant barrier to legitimate projects. The EEC looks forward to working with IPART and DPIE to address these issues.

If you require any further information on the matters set out in this submission, please contact me at any time on 0414 065 556 or rob.murray-leach@eec.org.au

Yours sincerely



Rob Murray-Leach
Head of Policy
Energy Efficiency Council

Response to questions in the Consultation Paper - 2018-19 Rule Change

Part 2.1 Commencement date and transitional arrangements

Questions 1, 2 and 3

Some EEC members have some concerns about the timeframe for transition of existing PIAM&V projects to the new rules, given that some current projects developed under the old rules will not be complete by mid 2020.

Part 2.3 Generating system limit adjustments

Questions 5 and 6

Some EEC members support the proposed changes to Section 5.4(i)(ii) but suggested that sites be allowed to export up to 5% of the energy that they generate, in order to avoid unnecessarily excluding sites that might occasionally export small quantities of energy due to changes in onsite generation and demand (e.g. ramp rates of embedded generation are slower than changes in site load).

Part 3.1 Clarification of Energy Savings included in the PIAM&V method

Question 9.

Some EEC members had concerns that the proposed changes to 7A.1 could further complicate a method that is already difficult to implement.

3.2 Baseline energy model measurement procedures

Questions 10, 11 and 12

While there could be theoretical benefits in having M&V professionals sign off on the M&V plan before the end of the baseline period, in practice this is not always either practical or necessary. Some EEC members believed that this requirement is excess to requirements.

Part 3.3 Method Requirements Published by the Scheme Administrator

Question 13

There is currently widespread concern among EEC members about the manner in which the Scheme Administrator has been introducing requirements without appropriate checks and balances. The EEC strongly recommends that the Department consider how to best balance the need for flexibility and clarity in the PIAM&V method.