

# THE REES MINISTERIAL PROTOCOL

## MAINTAINING AND REVIEWING THE LIST OF ELIGIBLE ACTIVITIES AND SPECIFICATIONS

### Introduction

Pursuant to regulation 28(2) of Part 4 *Electricity (General) Regulations 2012* under the *Electricity Act 1996*, and regulation 22 (2) of Part 4 *Gas Regulations 2012* under the *Gas Act 1997*, the Minister has the function of maintaining and amending the list of eligible activities or measures for the Retailer Energy Efficiency Scheme (REES). This Protocol establishes the key principles which the Minister will have regard to in fulfilling this function.

This Protocol is not intended to be exhaustive. In particular, it is not intended to prescribe the process by which the Minister will determine the energy efficiency activity.

The Minister may add new eligible activities or measures, or amend existing activities or measures, at any time, provided these are consistent with the principles outlined in this document.

The purpose of maintaining and reviewing the list is to ensure it contains the most relevant activities or measures.

### Reviewing Eligible Activities - General Principles

In reviewing eligible activities the Minister will have regard to the following general principles:

- Consider any activities that reduce household or business end-use energy consumption
- Ensure that there are sufficient activities to provide a focus on low-income households, and facilitate increased delivery to remote and regional areas.
- Maximise the number of activities that obligated Retailers can implement to foster competition, innovation and market efficiency.

### Reviewing Calculation Methods – General Principles

In reviewing calculation methods the Minister will have regard to the following general principles:

- Calculation methods can include activity-specific default savings factors or formulas, or activity-independent specific measurement approaches.
- Calculation methods using default saving factors or formulas are appropriate for an activity where there is:
  - low or known variability of the activity and its resulting savings
  - robust, independent, empirical data on baseline and post implementation activities and energy consumption
- Calculation methods can deem future energy savings:
  - once the initial savings of an activity have been verified, and
  - if there is robust, independent, empirical data on the likely persistence of savings.

If the above principles cannot be met, calculation methods will be based on empirical measurement and verification of actual delivered savings.

- Measurement and verification based calculation methods may be developed so as to apply at the level of implementation of an activity at an individual site, or based on aggregate measurement across multiple sites.
- Specifications for calculation methods will include, but are not be limited to:
  - the specific activity or categories of activity for which the method can be used
  - the detailed calculation steps to be undertaken, and
  - specifications about how activities are to be conducted and calculations made, including, but not limited to, product and installation requirements, and records kept for audit.

## **Reviewing Activities and Calculation Methods – Specific Principles**

In reviewing activities and calculation methods, the Minister will have regard to the following specific principles:

- Activities and calculation methods should be capable of being defined in ways such that they can be objectively audited simply and cost effectively.
- Activities and calculation methods should align with other schemes as far as possible, where this is consistent with scheme principles.

### Activity Principles

- The activity should be capable of uptake by households and/or businesses within South Australia.
- The specification should provide a means for ensuring quality assurance and participant satisfaction, typically through product or installation standards and guidelines.
- Activities should leverage existing, state, national or international standards and accreditation frameworks wherever possible.
- Specifications should require that:
  - activities are undertaken by suitably qualified professionals
  - appropriate levels of training are required for service providers
  - products comply with relevant safety standards
  - installations are in accordance with relevant installation standards, guidelines and/or manufacturer's instructions
  - activities are designed and implemented in a way that minimises risks to service providers and participants
- Activity specifications should offer options to utilise good practice such as recycling and compliance with best practice installation guidelines.

### Calculation Methods Principles

- Calculation of energy savings from an activity should be evidence based and applicable to South Australia.
- Calculation methods should provide a credible means of calculating energy savings that balances compliance costs with accuracy of calculations.
- Energy savings should be additional to base case and the calculation method is designed in a way that minimises the scope for free riders<sup>1</sup> through the use of appropriate baseline assumptions.
- The calculation method should recognise and provide greater rewards for products that deliver higher levels of performance and energy efficiency (for example, scalability of default energy savings to reward products with higher performance to maximise potential saving).
- Calculation methods using default saving factors should:
  - be informed by credible research and a defensible methodology
  - adjust energy savings to account for South Australia's climate zone/s, typical housing stock and energy use practices
  - adjust energy savings to account for: the extent to which the energy savings will be taken as improved thermal comfort; likelihood of performance changes over time; changing business as usual scenarios; free riders; persistence; or planned future regulation

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<sup>1</sup> Free riders are households or businesses that would have undertaken a REES activity even if REES did not exist.

## **REPORTING REQUIREMENTS**

Regulation 34(3) of Part 4 *Electricity (General) Regulations 2012* under the *Electricity Act 1996*, and regulation 28(3) of Part 4 *Gas Regulations 2012* under the *Gas Act 1997*, requires a retailer to report on compliance with the REES in accordance with any Code published by ESCOSA. The Minister may specify that this Code accord with certain requirements.

To facilitate ongoing evaluation of the scheme, and to inform future target setting, the Minister requires that ESCOSA collect information sufficient to advise on the following, for each calendar year of the REES:

- *Energy efficiency activities* - the number and location of energy efficiency activities implemented. This includes:
  - a breakdown of products, activities and measures delivered
  - a breakdown of benefiting households into Priority Group and non-Priority Group, and each of these groups by the nature of household tenure (owner-occupied, public rental, private rental)
  - a breakdown of benefitting businesses (classified by ANZIC codes at the divisional level, and by the amount of energy saving per benefitting business)
- *Energy audits* - the type (in-home, phone or interview), number and household location of energy audits undertaken in Priority Group households. This includes a breakdown into the nature of household tenure (owner-occupied, public rental, private rental)
- *Estimated penetration of the scheme*:
  - the total number of households and businesses benefiting under the REES, recognising that some will receive multiple activities over the life of the scheme. This should be both an annual estimate and a cumulative estimate over the life of the scheme; and
  - for each calendar year of the REES, an estimate of the total number of Priority Group and non-Priority Group households benefiting under the scheme, and a breakdown by the nature of household tenure (owner-occupied, private rental, public rental).