



9 August 2013

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RE: Residential Energy Efficiency Scheme Review — Directions Paper

To whom it may concern,

Please accept our submission regarding the Review of the South Australian Residential Energy Efficiency Scheme (REES) Directions Paper July 2013.

Conservation Council of South Australia is an independent, non-profit and strictly non-party political organisation representing around 50 of South Australia's environment and conservation organisations and their members. Conservation Council SA has developed a comprehensive view of environment policy in *South Australia in a Changing Climate: A Blueprint for a Sustainable Future*¹. This document sets out, at a strategic level, policy positions in six key environmental areas, including energy issues.

The Conservation Council SA plays an active role in energy efficiency programs and policy matters. In 2012, the Conservation Council SA commented on the Federal Government's discussion paper regarding the National Energy Savings Initiative, and later the REES Review Issues Paper.

The Residential Energy Efficiency Scheme is an important policy initiative to assist energy consumers to reduce their costs as well as to reduce their greenhouse and ecological footprint. We previously welcomed a broader focus across energy consumers in addition to the important work undertaken to assist low income households.

Whilst there are several areas where we make comment, our main focus is to reiterate that energy efficiency programs such as this must retain the co-objective of reducing greenhouse gas emissions. The depth of concern by the Conservation Council SA has not been reflected in this Directions Paper. The consequences of abandoning the emissions reduction objective are not fully discussed.

¹ <http://www.conservationsa.org.au/blueprint.html>

2.1 Stakeholders' Views

The views of the Conservation Council SA are not properly reflected – if indeed they are reflected at all – in this section. This is particularly surprising as our concerns have been discussed in detail with DMITRE staff in relation to the REES Review.

In our previous submission we specifically referred to issues relating to the COAG Climate Change Complementarity Principles, that these were being inappropriately interpreted to eliminate the objectives of reducing emissions in state government policies and programs. Our recommendation 3 was that : *"The REES include and support the co-objective of reducing emissions as well as other objectives, in line with the assurance provided by Minister Greg Combet."*

The Conservation Council SA does not accept that the rationale behind abandoning the emissions reduction objective is taken simply to have a clearer and more focussed objective. The removal of emissions reductions from federal and state government language and policy initiatives is now wide spread and relates back to the thinking behind the creation of the COAG Climate Change Complementarity Principles.

The objective of reducing emissions is in fact disappearing from most climate policies, with a view by some that the 'cap' in Australia's proposed emissions trading scheme is the primary, if not the only, greenhouse gas emission control. In contrast, the Conservation Council SA advocates that whilst carbon pricing and any cap may be important, there is also a necessity for many more actions and initiatives throughout the economy, to make it easier to tighten emissions caps and targets through time and as quickly as possible.

Context of South Australia's Strategic Plan

This Directions Paper fails to set energy efficiency within the greater context of how important it is for energy efficiency actions to contribute to tackling climate change. So important is energy efficiency, that it is recognised in South Australia's Strategic Plan in primary targets as follows:

Environment

Vision:

South Australians think globally, act locally and are international leaders in addressing climate change.

Goal: *We reduce our greenhouse gas emissions.*

Primary Targets

59. Greenhouse gas emissions reduction

Achieve the Kyoto target by limiting the state's greenhouse gas emissions to 108% of 1990 levels during 2008-2012, as a first step towards reducing emissions by 60% (to 40% of 1990 levels) by 2050

60. Energy efficiency – dwellings

Improve the energy efficiency of dwellings by 15% by 2020 (Milestone of 10% by 2014)

61. Energy efficiency – government buildings

Improve the energy efficiency of government buildings by 30% by 2020 (Milestone of 25% by 2014)

We therefore ask that the following questions be considered:

- Given that the consultation of South Australia's Strategic Plan involved over 9000 stakeholders, what right does DMITRE now have to extinguish the purpose of reducing emissions as being an important co-objective of energy efficiency?
- If the objective of reducing emissions is removed from the REES, from State Government language, and from many policies and programs that have a long and natural association with reducing emissions, what message is the State Government communicating to South Australians about their personal contributions to tackling climate change?
- Would this change, together with other similar decisions, ultimately result in the loss of a greenhouse reduction section in South Australia's Strategic Plan, and the abandonment of South Australia's climate change legislation?

Keeping the objective of reducing emissions need not require ongoing quantification

The Conservation Council SA recognises that many factors cause annual changes to the average emissions intensity of electricity supply. We are not suggesting that the quantification of emissions reductions should continue as a requirement of the REES (though it can always be calculated). We agree that the overall success of the program can be indicated through the units of MWh/year of energy saved. We do, however, argue that the co-objective of reducing emissions must remain and be reflected in near equal status of the program.

Recommendation 1

The REES include and support the co-objective of reducing emissions as well as the objective of reducing energy use

3.4 Expanding the Scheme

It is not possible to recast the scheme objective as 'to reduce energy use, with a particular focus on low-income households', whilst at the same time looking to expand the scheme to cover commercial customers. This direction needs work to separate the objectives of the scheme from the targeted participants of the scheme.

Indeed, there is the opportunity to look to a number of potential segments of the market that should be explored. The Conservation Council SA supports expanding the scheme as follows:

- Low income households
- Other households experiencing financial vulnerability or stress
- Community organisations

Community organisations are not mentioned in this suggestion to expand the scheme, an oversight considering they arguably face equal or greater barriers than business in adopting cost-effective energy efficiency activities. In addition, many community organisations provide valuable services to households that are themselves struggling with energy costs. Participation in a scheme such as REES would enable community organisations to reduce their energy costs, and concentrate their limited funds on providing services to the community. They would also function as an example of energy efficiency action to the community members who use their services.

Conservation Council SA's Green Hubs Energy Efficiency Program is currently providing energy efficiency information and energy audits to a small number of community organisations, and will continue to do so until mid-2015. Our contract under the Federal Government administered Energy Efficiency Information Program (EEIG) precludes us from providing or funding energy saving devices such as those provided under the REES. If the REES were expanded to include community organisations this would fill a gap in current service provision to this sector.

- Small and medium-size businesses, with the intention of targeting the scheme to businesses facing the greatest barriers to adopting cost-effective energy efficiency activities
- GreenPower electricity customers (from 50% to 100% GreenPower)

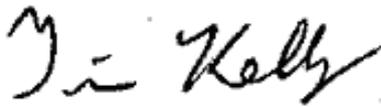
These customers pay considerably more for electricity compared with other customers, yet receive no financial reward or assistance. Given they face much higher costs, many may benefit from being assisted through an expanded REES.

Recommendation 2

If the REES Scheme is expanded it should include community organisations and residential and small to medium GreenPower customers (with 50% to 100% GreenPower commitments)

I would be happy to discuss our submission in more detail.

Kind regards,

A handwritten signature in black ink that reads "Tim Kelly". The signature is written in a cursive style with a large initial "T" and a stylized "K".

Tim Kelly

Chief Executive
Conservation Council of South Australia