

Department for Energy and Mining Response to Feedback from Consultation on Retailer Energy Productivity Scheme (REPS) regulatory framework and activities

Key Issue	Detail	Response
Carryover	Concerns about the amount of carryover allowed and how it would be calculated, with some participants calling for REES activity specifications to apply.	It is proposed that the regulations will provide for Retailers to carryover activities performed in 2020 to the first year of the REPS scheme, up to 20 per cent of the Retailer's energy efficiency target. It is proposed to limit carryovers from one year of the REPS to the next year of the REPS to 30 per cent, by Gazette notice.
Cost of the scheme	The scheme costs should be more transparent.	It is proposed that the regulations will require ESCOSA to report on average costs of activities and measures in its annual report.
Targets	Many stakeholders argue that the targets should be increased substantially.	DEM notes there are a range of views on this issue. Development of the future REPS targets, eligible activities and scheme rules will be mindful of containing costs to residential customers to similar levels to REES.
Sub-targets	Concerns with the amount and complexity of sub-targets.	It is proposed that the regulations provide flexibility for sub-targets, however, the only sub-target which will be required by regulation is the priority group target. Part of the REPS objective is to include a focus on the priority group sector.
Scheme administration	Can the administration of this broadened scheme be effectively managed by ESCOSA?	In preparation of scheme rules and activity specifications, potential administrative impacts have been important considerations. DEM will continue to work with ESCOSA to ensure the new activities can be delivered efficiently.
Soft start/Transition period	Delay the implementation of new DR activities for 6 – 12 months. Commence the scheme with a lower target in the first year and ramp up accordingly.	It is proposed that the regulations include flexibility for target setting, with targets set by the Minister by notice in the Gazette. It is proposed that many existing activities delivered under the REES will continue to be deliverable under the REPS. New demand response activity specifications will seek to build on the early programs and trials that have been progressed.
Reporting the cost of activities/Greater transparency	Many stakeholders were concerned that this reporting would identify the costs of individual contractors. Others were concerned about the additional administration involved.	It is proposed that the regulations will require reporting on activities and measures being undertaken and the average cost of those activities and measures to provide transparency to consumers. The consumer benefit of the transparency outweighs the administrative concerns.

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Gas targets	The gas targets should be removed as the goals have shifted toward electricity productivity.	Gas productivity is considered as relevant as electricity productivity and it is proposed that the REPS will include activities which provide credits for gas and electricity productivity.
Ministerial protocol	Is the proposed protocol appropriate?	The majority of the stakeholder feedback suggested the protocol is appropriate.
Deeper retrofits	Deeper retrofit energy efficiency activities provide significant benefits to households. The REPS should ensure that deeper retrofits are incentivised.	It is proposed that the activity specifications will be developed to incentivise delivery of deeper retrofit energy efficiency activities under the scheme.
Top up ceiling insulation	Some stakeholders would like this activity retained in REPS	It is proposed that a top up ceiling insulation activity specification will be developed for stakeholder consultation.
Time of Use Tariffs	The rules should ensure customers that receive REPS activities are no worse off, including from activities that shift customers onto ToU tariffs – and particularly if a co-payment will be required.	Participation in any REPS activity is voluntary for customers. Retailers are not incentivised to offer activities than are not of benefit to their customers.
Smart meters	Include smart meters as a REPS activity.	Consideration of whether there is energy productivity benefits from the installation of a smart meter will be considered during the consultation on activity specifications.
Co-payment	A co-payment is a barrier to delivering activities and for some activities (such as fridge buy-back) doesn't make sense.	Co-payments will be managed through the activity specifications and further consideration of the whether they are appropriate for all activities will be considered during the consultation on activity specifications.
Shortfall penalty	The shortfall allowance may need to be higher in the first few years of the new scheme, to mitigate against delays in developing new demand response activities. A level of around 20 per cent would be reasonable. Concerns also with the dollar value proposed.	It is proposed that the concern that retailers will have a high shortfall in the first few years of the scheme will be mitigated through the target setting and activity specification process.
Rental properties	Inclusion of rental properties in the scheme as a priority group A rental cap of \$500 has been suggested.	It is proposed that the regulations will provide the Minister will the role of determining priority group householders. The inclusion of a rental cap will be considered in setting the priority group households.
Compliance with the New Energy Tech Consumer Code	The New Energy Tech Consumer Code (the Consumer Code) sets minimum standards that suppliers of 'New Energy Tech' products (e.g. solar panels, energy storage systems and other emerging products and services) must comply with when interacting with customers, including from initial marketing and promotion through to installation and complaints handling. The	It is proposed that this matter will be considered in the development of the activity specifications.

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	<p>Consumer Code operates alongside a range of existing legal and regulatory protections.</p> <p>Stakeholders recommended that all third-party providers are signatories to the Consumer Code.</p>	
<p>Battery installation activity</p>	<p>Incentivising battery installation risks a double subsidy with the existing home battery scheme.</p>	<p>It is proposed that an activity specification for connection of a battery to a Virtual Power Plant (VPP) be developed, which would subsidise value of a managed battery rather than the battery installation itself.</p>