

Energy Markets and Programs Division
GPO Box 1264
Adelaide SA 5001
Via email: to DSD.REESReview@sa.gov.au
ATT: John Denlay, REES Program Manager

8 September 2014

Dear John,

REES Consultation paper on proposed thresholds, metrics and activities specifications

Thank you for the opportunity for Priority Group to meet with yourself and Inty Khan recently to discuss and clarify the proposed 2015 REES program.

Please find attached our response to the consultation. As a third party service provider within the scheme we have restricted our comments to more operational matters and have not provided comment on the proposed energy thresholds, targets, large customer calculations or netting out of large customers, as we see that more of a Retailer matter. Where there is no section or questions identified, we have no comment or concerns with these sections.

If you require any further clarification or which to discuss or response please don't hesitate to contact me.

Yours sincerely,

Chris Cowan
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Responses to REES Consultation questions, Sections 1 - 7

General comments

Priority Group Australia Pty Ltd (PGA) is a third party service provider working within the REES and other State based white certificate programs for the past three years. Our response to the consultation paper is based on our operational experience, and as such we have not provided comments on the following:

- Section 3 (3 to3.3) - The proposed thresholds, and targets.
- Aggregated Metered Baseline Methodology (AMB) and possible future Projects methodologies and compliance.

Key points:

While we understand the intent and reasoning behind the proposed changes to the deeming methodology we believe that these changes are overly complicated and will be very difficult to work through the exact credits for many activities as well as managing the compliance and reporting requirements of the program.

Should these changes be adopted and the resulting credits be applied it would result in most of the current activities either being withdrawn from offer (not financially viable) or requiring a contribution from the householder to complete the installation. Either of these scenarios would create significant barriers to the uptake of the program over the next phase of the REES.

The additional requirement included in the “Minimum Installation Requirements “ that states that we would have to potentially label and store all removed products from the home for a period of 20 days to allow us to reinstate individual households removed products should they require us to do so is not realistic.

We believe that the proposed energy audit specifications are appropriate, however we would encourage a standard template be provided to ensure that all Retailers and third party providers are delivering a consistent product and service.

We would also encourage the inclusion of the installation of low flow showerheads to commercial properties (similar to activity 17 in the current VEET scheme), this activity would be of considerable benefit to a large range of small businesses and community clubs and recreational businesses.

The table below contains the PGA comments on the various activities

Activity No., Name	PGA Comments
7.5 – 7.9, Insulation	This activity would require a co contribution from the householder and as such PGA does not believe that this activity would be taken up by many concession card households or any rental properties. This activity would be of benefit to owner occupied properties, however we doubt that sufficient credits would be generated to stimulate or encourage additional business within this sector.
7.9, Building sealing activities	This activity would require a co contribution from the householder and as such PGA does not believe that this activity would be taken up by many concession card households or any rental properties. This activity would be of benefit to owner occupied properties, however we doubt that sufficient credits would be generated to stimulate or encourage additional business within this sector.
7.10 – 7.11, Replace an inefficient window with a thermal efficient window	We support the inclusion of both replacement of existing windows and secondary glazing activities, but as with the other activities above, this would require a significant co contribution from the householder and as such PGA does not believe that this activity would be taken up by many concession card households or any rental properties. This activity would be of benefit to owner occupied properties, however we doubt that sufficient credits would be generated to stimulate or encourage additional business within this sector.
Heating and Cooling Systems	No Comment
7.13, Install efficient new ductwork	This would require a significant co contribution from the householder and as such PGA does not believe that this activity would be taken up by many concession card households or any rental properties. This activity would be of benefit to owner occupied properties, however we doubt that sufficient credits would be generated to stimulate or encourage additional business within this sector
7.16, Replace an inefficient showerhead with an efficient showerhead	We believe that many commercial properties would benefit from the inclusion of this activity into the business sector. It is currently available to businesses in the VEET program.

7.17, Install CFL or LED general purpose lamp	If the proposed deeming methodology and minimum installation requirements are adopted it would require a considerable co contribution from householders to undertake any of these activities, as such we believe that this activity would not be as successful as in the previous REES years.
7.18, Install LED down-light Lamp or LED down-light luminaire	This would require a significant co contribution from the householder and as such PGA does not believe that this activity would be taken up by many concession card households or any rental properties. This activity would be of benefit to owner occupied properties, however we doubt that sufficient credits would be generated to stimulate or encourage additional business within this sector
7.21, Standby power controllers	<p>We disagree with several of the proposals relating to SPC's :</p> <ul style="list-style-type: none"> • With the reduction in the credits for both AV and IT SPC's as the methodology used as the basis of the savings when these products were introduced have not changed. • limiting the number of IT SPC installed to one per premise, as many homes now have several computers or IT appliances in the home • Having different credits for secondary AV's as it is very difficult in many homes to establish what TV is the "main" TV.
7.22, High efficiency appliances	From past experience interstate the credits that are proposed for these activities will be far too small to change a consumers mind when selecting new appliances. The uptake would be very minimal as there are far more inexpensive options available across the entire range of appliances. The incentive to select a more expensive high efficient appliance (even with the available small discount created from REES credits) would not create additional demand.
7.23, Remove and destroy an unwanted household (style) refrigerator or freezer	This would require a significant co contribution from the householder and as such PGA does not believe that this activity would be taken up by many concession card households. These activities would be of benefit to householders that can afford to purchase a new Fridge/Freezer, however once again this would only be of benefit to those households that require a new fridge anyway and the proposed credits would not stimulate additional activity in this sector.
7.26, Commercial lighting	<p>We agree with the proposed methodology in CL1, however there needs to be some clarity on the eligibility criteria of individual customers (below 2000 MWh)?</p> <p>Based on our participation in the NSW and Victorian scheme, we believe that there will be customer co-payments for this activity, due to the cost of the LEDs and electrical services required.</p>

