

CONSULTATION PAPER ON PROPOSED RETAILER ENERGY PRODUCTIVITY SCHEME (REPS) REGULATORY FRAMEWORK AND ACTIVITIES June 2020

UCWB – ConnectEd Response July 2020

Uniting Care Wesley Bowden (UCWB), the lead partner for the ConnectEd program, welcomes the opportunity to provide comments on the Consultation Paper on the proposed Retailer Energy Productivity Scheme (REPS), published by the Department for Energy and Mining in June 2020.

ConnectEd provides information and support to South Australian households to help them better understand and manage their energy, water and telecommunications services. ConnectEd program staff work with community members to understand bills, identify opportunities to use less and save, look for better deals, and talk with utility companies to get better, fairer outcomes.

The program provides:

- training for community sector workers and volunteers to help them provide better assistance associated with utilities and hardship to their clients and community members
- information and education sessions for members of the public
- individualised assistance from financial counsellors and via drop-in sessions offered by qualified educators
- home energy assessments conducted by energy advisors including tailored household energy advice
- an information-rich website resourcing community workers and the broader public.

ConnectEd is delivered across South Australia by its partners UnitingCare Wesley Bowden, Uniting Communities, and Uniting Country SA, with funding from the State Government Department of Human Services.

Response to Consultation Questions

5. Obligation thresholds

No comment on consultation questions in this section.

6. REPS targets

No comment on first 2 questions.

Are the sub-targets appropriate or should others be considered?

The 10 subgroups mentioned cover all the subgroups UCWB would like to see included.

Is inclusion of rental properties as a priority group the best way to incentivise delivery of activities to this group or should a separate sub-target be considered?

The inclusion of rental properties as a priority group is a key improvement to the scheme. For simplicity of administering the program, rental properties should be retained as part of the priority group rather than creating a separate sub-target.

9. Normalisation Factors

Are the proposed REPS normalisation factors appropriate?

The proportions appear reasonable. Unable to comment on derivation from Wholesale and Network factors.

Does the low demand normalisation factor provide enough incentive to move energy consumption away from other periods (including off-peak) to the low demand period?

Given the large difference between the normalisation factors for Maximum compared to High demand (max = 4 times high), the difference between Off peak and Low Demand is very small, and provides very little incentive to move from Off Peak period to Low Demand period.

Are there other alternative factors that should be considered?

No comment.

11. REPS credit program

The information does not provide clarity about exactly what is proposed under this program, so we are unable to comment.

12. Determining and maintaining activities and methods

Is the proposed Ministerial Protocol appropriate for the purpose in guiding the selection of energy saving activities and calculation methods for the REES?

Yes – it seems reasonable to allow flexibility for the Minister to alter the calculation methods as knowledge and experience builds over the 5+5 year program.

A further reason to build in flexibility is the need to integrate REPS with other emerging policies such as the current work being done by AEMO, AEMC and ESB on changes to National Electricity Rule to monitor, control and appropriately incentivise exports from Distributed Energy Resources to the NEM grid.

13. Costing and delivery of activities

No comment on consultation questions in this section.

14. Eligible activities and methods

Which of these activities and methods do you think will be implemented through the REPS, and which will not? Please provide reasons.

Under “Proposed REPS activities – developed specifically for REPS”, dot point items 2,3 & 4 all have merit as they appear to have the potential to shift energy consumption from high to low demand periods.

Dot point 1 is unclear. If there is no remote monitoring or control, there may be limited ability to shift energy from high to low demand periods.

Dot point 5 is unclear as to how the deemed benefits would be measured or calculated. Additionally, switching to a time-of-use tariff does mean the customer pays more for energy used in peak times, but does not necessarily cause any behaviour change in the use of energy.

Is there a strong case for retaining any of the current REES activities that are currently not planned for inclusion in REPS? If so, please provide reasons.

In line with comments in our submission on the Directions Paper (October 2019) as part of the REES Review, UCWB particularly supports the deeper energy retrofit opportunities for improvement identified in the Evaluation and the Directions Paper. We therefore encourage the REPS framework to include additional incentives to Retailers with the goal of delivering a suite of measures that will collectively achieve significant savings and improved wellbeing for priority group households.

The shift in emphasis from energy efficiency to energy productivity indicated by the shift from REES to REPS is very likely to reduce the benefits for priority group households without significant incentives for Retailers to deliver deeper retrofit activities to this target group. Priority group

households typically have little capacity to invest in technology that facilitates shifting loads from high to low demand periods.

Given the high value to priority group households of structural changes that don't solely rely on behaviour change while improving the energy efficiency of the dwelling, we recommend the inclusion of top-up ceiling insulation. Given that ceiling insulation in many older houses may well be upwards of 15-20 years old, there would be significant value in replacing or providing additional ceiling insulation in priority group households.

As per our earlier comments, some measures should *“incentivise landlords to undertake deeper retrofit activities in order to ensure adequate energy efficiency standards of their properties”*.

The value of the retrofits would be enhanced by an experienced auditor who is able to facilitate the understanding and provision of retrofits that best fit the needs of the particular household and its residents. If home energy audits could be delivered to priority households in tandem with deeper energy retrofits, there is potential for significant savings to priority household energy budgets.

ConnectEd already provides home energy audits to vulnerable and low-income households and we welcome the opportunity to work with the Scheme if the new REPS no longer offers home energy audits as part of its list of activities for priority group households. Community-based experts who understand the financial strains experienced by priority group households would be well placed to identify energy efficiency opportunities and facilitate the provision of appropriate services from the suite available via REPS.

No comment on the other questions in this section.

16. Shortfall penalties

No comment on the consultation question in this section.