



Review of Retailer Energy Productivity Scheme Code – Issues Paper

EEC Submission

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About the EEC

EEC is the peak body for Australia's energy management sector.

We are a membership association for businesses, universities, governments and NGOs that have come together to ensure Australia harnesses the power of efficiency, electrification and demand management to deliver a prosperous, equitable, net zero Australia with:

- People living and working in healthy, comfortable buildings;
- Businesses thriving in a decarbonised global economy; and
- An energy system delivering affordable, reliable energy to everyone.

EEC works on behalf of its members to drive world-leading government policy, support businesses to rapidly decarbonise, and to ensure we have the skilled professionals to drive Australia's energy transformation.

Summary

Thank you from providing the opportunity to comment on the Review of the Retailer Energy Productivity Scheme (REPS) Code Issues Paper.

The EEC notes that the South Australian Government will undertake a review of the framework for the REPS in early 2025, and that the issues paper is focussed on key areas which have been identified through early scoping work.

While this submission focusses on the questions asked in the issues paper, the EEC believes it is important to consider parallel issues that could impact on the REPS, Activity Providers, and Obligated Retailers. The EEC understands that Obligated Retailers are under significant pressure to meet their REPS targets this year, partly due to delays in the release of changes to schemes rules relating to priority groups by the Department of Energy and Mining.

The EEC would therefore be supportive of a temporary grace period (until 31 January 2025) for Obligated Retailers to meet their priority group category targets. This will help to avoid an outcome where Obligated Retailers—particularly smaller retailers—face an increased chance of financial penalties.

Thank you for your consideration of this submission. The EEC would welcome the opportunity to discuss these matters with you in detail.

For further information, please contact Amelia.Jarrett@eec.org.au.

Yours faithfully,



Jeremy Sung

Head of Policy,
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Review focus areas

Marketing and lead generation

Do you have any comments about how REPS activities are marketed to customers?

The EEC recommends that the Victorian government approach should be followed and a ban should be imposed on 'cold-call' telemarketing and doorknocking under the REPS and that businesses should obtain consent from consumers before telephoning or visiting them.

It is noted that many Activity Providers subcontract their work and that a ban (and any associated liability) would need to extend to the conduct of subcontractors.

Compliance auditing would need to be conducted to ensure that the ban is adhered to. Individuals promoting REPS services should also be required to disclose the Activity Provider they are contracted by, so that both parties can be held responsible for the conduct.

This approach would protect the integrity of the REPS and protect consumers from the harm caused by persistent or unwanted contact and pressure sales tactics.

The EEC supports raising consumer awareness of the REPS by other means (through government promotional activities, the Obligated Retailer's websites and a more accessible ESCOSA website) to account for any shortfall in activity once this marketing method is banned.

Information for consumers

Do you have any views on potential improvements to the REPS information on the Commission's website?

Update the website to make it more consumer friendly

The website should focus on the consumer experience and ensure that information is easily available. The website should describe the REPS in accessible language and set out how the REPS works in practice. Accessible fact sheets, in multiple languages, should also be provided for each activity.

Set out the role of the Activity Provider more clearly and set as first point of contact

The information on the website currently details Obligated Retailers as a key contact for the consumer. Although Obligated Retailers drive the upgrade activity through their need to meet annual targets, in practice the Activity Providers could be better placed to provide consumers with details about activities and the types of incentives or discounts offered.

Directing consumers to their retailer adds a further step for the consumer, and indicates the consumer is limited to activities that their retailer has on offer, which is not accurate. Consumers may also be wary taking advice from retailers due to the perceived conflict of interest their retailer may have when recommending energy saving upgrades.

If ESCOSA pointed consumers to Activity Providers as a first step, the consumer may feel more comfortable that an independent service provider is providing a quote that can be compared to those provided by other Activity Providers. ESCOSA could also consider advising consumers to seek multiple quotes from multiple activity providers.

Set out some of the eligibility requirements of the scheme more clearly upfront

Some limitations in eligibility which are known to lead to adverse outcomes should be highlighted to consumers. For example, the website could clearly note that some activities can only be claimed once at a particular site. This would put consumers on notice that if a former owner of their property has already claimed an incentive for that activity under REPS, they may be not eligible to do so.

More information on Priority Group eligibility is also needed to provide clarity on who qualifies as a priority customer. Anecdotally, some EEC members report that some Priority Group customers assume that they are not eligible to receive incentives under the REPS as they do not own their own homes. Conversely, some general customers incorrectly believe that the REPS is *only* targeted at priority group customers and have therefore not applied for rebates under the REPS.

This suggests that better information on eligibility could increase scheme participation and unlock greater energy savings,

Clearly link to the contact details for Activity Providers

Clearly providing the contact details of Activity Providers would provide confidence to the consumer that they are formally part of the scheme. They are currently listed on a webpage but their role is not sufficiently set out.

What sort of information should obliged retailers be required to provide consumers and how should retailers make this information available?

All Obligated Retailers should provide information about the REPS on their website to increase awareness the scheme. Retailers currently have vastly different approaches to providing information to their customers (with some not appearing to reference the REPS at all).

A link to the ESCOSA website could be useful for further information and to reinforce the government's involvement but directing consumers to Activity Providers will help them take the next step to action.

Retailers could also be asked to provide generic information about the REPS on consumer bills, or via other means, noting that this would take some time for retailers to implement.

Should obliged retailers (and by extension their activity providers) be required to stop marketing and inform potential customers when activities are no longer available for the REPS year? Would there be any unintended consequences with establishing this type of obligation?

The EEC understands that some consumers are experiencing unexpectedly long wait times for installation and increased costs.

However, rather than placing restrictions on marketing, to avoid this issue arising the EEC recommends that ESCOSA addresses the cause. The EEC notes that in practice the REPS year runs from February (once compliance plans are approved) to October as there is a hard deadline to complete activities by the end of the calendar year. This cycle does not lead to good outcomes for consumers. Once targets and/or this deadline are met, Activity Providers are not able to provide upgrades under the REPS, which can either lead to consumers needing to wait for installation and potentially higher costs, or consumers installing less efficient (and cheaper) equipment.

A period of six months after the REPS year to register activities (as is currently the case in NSW), and an ability to carry over a small percentage of credits into the next REPS year could help ensure that consumers do not miss out on upgrades during the summer months (a key time of year for upgrading air conditioning units which support peak demand management and ensure the comfort of consumers).

Inappropriate activity provision

The intent of the REPS is to improve energy productivity for households and businesses. Are there any REPS activities that do not meet this intent?

Refrigerated display cabinets

The EEC has heard that the installation of some refrigerated display cabinets (RDCs) has not been in line with the intent of the REPS.

The REPS currently has one activity relating to RDCs which does not adequately differentiate between the two different types of RDCs: Low-cost 'plug and play' units which are simply plugged in (and can easily be inappropriately installed); and higher cost units that are hardwired in by licenced professionals, that are generally installed in larger commercial settings. The latter are much better aligned with the REPS's aim to make meaningful reductions in load.

The EEC recommends the two products are differentiated more clearly in the scheme. Low-cost 'plug and play' units should be partnered with enhanced compliance measures, including specific product and installation standards and increased minimum co-payments. This would help ensure these units deliver genuine energy savings while being fit for purpose.

Conversely, to encourage higher uptake of hardwired units, and help balance their higher cost, a transition factor could be introduced that recognises the greater energy productivity benefits these RDCs deliver to the grid.

Fit for purpose appliances

The EEC heard that there may be an issue with some heat pump hot water systems being installed that are not fit for purpose, due to the hard water in SA. In these cases, we reasonably expect the equipment to work less efficiently, and have a shorter lifespan.

As a commonsense option to address this and other issues relevant to product application, the EEC recommends that the 'Installed Product Requirements' for the relevant activity include direct reference to fit for purpose application of products.

Dispute management

Are the Code's dispute resolution requirements providing appropriate protection for consumers?

The Code requires the Obligated Retailer to ensure that a customer has access to complaint handling and dispute resolution procedures in accordance with AS/NZ 10002:2014. It is noted that the Activity Provider is usually the primary point of contact for, and has the relationship with the consumer. The dispute resolution process should be updated to reflect this.

The ESCOSA website notes that where a matter cannot be resolved directly with the Obligated Retailer or their activity provider, customers also have the option to contact the Commission. The website does not set out that the consumer could also refer the matter to Consumer and Business Services (for matters covered by Australian Consumer Law) which would be helpful. The website does not make it clear what steps the Commission can take to resolve the dispute.

Where disputes cannot be resolved by the Activity Provider and/or the Obligated Retailer, the EEC recommends that the SA Government establishes an independent dispute resolution body to assist. Alternatively, the government could formally assign dispute resolution functions to an existing body and allocate sufficient additional resources for it to conduct these services.

Are there any alternative dispute resolution models that could be considered?

As above, The EEC recommends that the SA Government establishes an independent dispute resolution body to assist with disputes that cannot be resolved directly.

Compliance, audit and assurance requirements

Do you have any comments about the compliance, audit or assurance requirements for obliged retailers established by the Code?

Data sharing

The EEC commends the South Australian Government's publishing of the Annual Report and the REPS Time Series Data spreadsheet which provides valuable information to industry stakeholders and researchers.

More data on complaints would be useful to identify potential issues. It is noted that consumer complaints are referred to in the Annual Report, but more information on complaint volumes and topics would increase transparency, enabling industry, academia, consumer groups and other stakeholders to discern the severity (or lack thereof) of quality issues related to the installation of products.

ESCOSA to increase the level of field audits

The EEC understands that ESCOSA has been more active in auditing REPS activities this year and supports this increase in compliance activity. The EEC recommends an increase in field audits by ESCOSA. Ideally, Obligated Retailers should be notified that they will be audited annually to ensure compliance with the REPS.

ESCOSA to set the standard for Activity Providers

Currently, Activity Provider compliance with the REPS is the responsibility of Obligated Retailers. This can lead to inconsistent standards in quality. The EEC therefore recommends ESCOSA takes a more active role in audits and assurance to ensure that consumers experience a consistent level of service across the market.

Would you support a requirement for compliance plans to be submitted to the Commission earlier, for example, prior to commencement of the REPS year? Is there any information currently required in compliance plans that is not feasible to be submitted to the Commission earlier?

The EEC questions the feasibility of compliance plans being submitted to the Commission earlier. Obligated Retailers would need to be notified of targets months prior to the end of the REPS year to have sufficient time to liaise with Activity Providers and submit the compliance plans before the next REPS year.

Requiring compliance plans to be submitted in the period before the next calendar year (i.e., at the end of the current calendar year), would also increase the administrative burden on Obligated Retailers and Activity Providers at a particularly busy time of the year, when they are working hard to meet annual targets and finalise year-end reporting.

Administrative efficiencies

Do you have any suggestions that could improve the clarity, efficiency or effectiveness of administration of the REPS?

In addition to points raised above the EEC recommends the following actions be taken.

Improve information sharing

- Information about the REPS should be made more user friendly and reference the role the Activity Providers, and their ability to support consumers, more accurately.
- Activity Providers should be included in correspondence directly from ESCOSA about the scheme to ensure transparency and compliance.
- ESCOSA should be transparent when raising concerns about scheme participants and/or equipment to avoid confusion and to deal with any concerns in a timely manner.

Reduce response times

ESCOSA should be sufficiently resourced to ensure that when an Obligated Retailer updates a compliance plan to add or change activities it is able to respond in a timely manner. As the REPS year is currently very short, any delays in approval can add significant pressure to Obligated Retailers and Activity Providers.

Provide longer term targets to assist with the smooth running of the scheme

To reduce adverse outcomes for consumers, and the pressure on Obligated Retailers and Activity Providers, the EEC recommends that Obligated Retailers are informed of the targets in tranches of two to three years, along with a framework for adjustments. This change would enable Obligated Retailers

to have longer term contracts with Activity Providers, assisting Activity Providers with their business model and project planning.

This measure, alongside the ability to carry over credits and an extension in the period to register activities, would reduce the adverse outcomes scheme participants are experiencing from having a limited time to offer and complete installs.



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