

Director, Climate Change and Energy Savings Policy
NSW Department of Planning, Industry and Environment
By email to: energysecurity@environment.nsw.gov.au



Re: Energy Efficiency Council submission to the – ESS Statutory Review

18 May 2020

Dear Cris

Thank you for the opportunity to comment on the Energy Savings Scheme (ESS) Draft Statutory Review Report.

The EEC strongly supports the ESS. The ESS addresses a combination of market failures and distortions in the energy market that result in over-investment in energy supply and under-investment in demand-side solutions. The ESS has delivered substantial improvements in energy efficiency and lowered peak demand, reducing energy bills for homes and businesses, including non-participants.

The EEC agrees with the key findings of the Draft Statutory Review Report, specifically:

- Objective 1 - to create a financial incentive to reduce the consumption of electricity by encouraging energy saving activities
 - The objective remains valid.
 - The ESS is meeting the objective.
- Objective 2 (a) – to assist households and businesses to reduce electricity consumption and electricity costs
 - The objective remains valid.
 - The ESS is meeting the objective, delivering over \$3.9 billion in energy savings over the lifetime of the measures supported by the program.
- Objective 2 (b) - to complement any national scheme for carbon pollution reduction by making the reduction of greenhouse gas emissions achievable at a lower cost.
 - While objective to reduce emissions remains valid, in the absence of a meaningful national framework for reducing carbon emissions, Objective 2 (b) of the ESS should be reframed to a simpler objective of 'supporting greenhouse gas emissions reductions at lowest cost.'
 - The ESS is meeting the objective, reducing Australia's annual emissions by 2.2 megatonnes of carbon dioxide equivalents.
- Objective 2 (c) - to reduce the cost of, and the need for, additional generation, transmission and distribution infrastructure.
 - The objective remains valid
 - The ESS is meeting the objective, reducing peak demand and reducing the need for over \$720 million of expenditure on networks and generation.

If you require any further information on the matters set out in this submission, please contact me at any time on 0414 065 556 or rob.murray-leach@eec.org.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Murray-Leach', with a stylized flourish at the end.

Rob Murray-Leach
Head of Policy
Energy Efficiency Council

Response to questions in the Consultation Paper - 2018-19 Rule Change

Part 2.1 Commencement date and transitional arrangements

Questions 1, 2 and 3

Some EEC members have some concerns about the timeframe for transition of existing PIAM&V projects to the new rules, given that some current projects developed under the old rules will not be complete by mid 2020.

Part 2.3 Generating system limit adjustments

Questions 5 and 6

Some EEC members support the proposed changes to Section 5.4(i)(ii) but suggested that sites be allowed to export up to 5% of the energy that they generate, in order to avoid unnecessarily excluding sites that might occasionally export small quantities of energy due to changes in onsite generation and demand (e.g. generation switches on shortly prior to changes in load).

Part 3.1 Clarification of Energy Savings included in the PIAM&V method

Question 9.

Some EEC members had concerns that the proposed changes to 7A.1 could further complicate a method that is already difficult to implement.

3.2 Baseline energy model measurement procedures

Questions 10, 11 and 12

While there could be theoretical benefits in having M&V professionals sign off on the M&V plan before the end of the baseline period, in practice this is not always either practical or necessary. Some EEC members believed that this requirement is excess to requirements.

Part 3.3 Method Requirements Published by the Scheme Administrator

Question 13

There is currently widespread concern among EEC members about the manner in which the Scheme Administrator has been introducing requirements without appropriate checks and balances. The EEC strongly recommends that the Department consider how to best balance the need for flexibility and clarity in the PIAM&V method.