

11 November 2013



Energy Savings Scheme Rule  
Change Consultation 2013  
Department of Trade and Investment  
GPO Box 3889  
SYDNEY NSW 2001

By email: [ess@dwe.nsw.gov.au](mailto:ess@dwe.nsw.gov.au)

Dear Sir/Madam

### **Energy savings scheme rule change consultation 2013**

The Public Interest Advocacy Centre (PIAC) appreciates the opportunity to comment on changes to rules governing the Energy Savings Scheme (ESS). The ESS is an important program that encourages energy savings by residential and business consumers. The scheme also encourages broader savings as reduced consumption has the potential to lower investment in costly energy infrastructure that is ultimately reflected in NSW energy prices. PIAC's comments respond to the NSW Government's consultation paper, *Unlocking Energy Savings in NSW Enhancing the NSW Energy Savings Scheme*<sup>1</sup> (the consultation paper).

#### **Bundling energy efficiency measures and co-payments for low-cost activities**

PIAC agrees that bundling energy efficiency measures in home energy efficiency retrofits increases the impact of the activity while maximising the value of delivery/installation charges.<sup>2</sup> The consultation paper notes a requirement for consumers to pay a minimum co-payment of \$150 and a proposal to set a minimum sales amount per transaction.<sup>3</sup>

PIAC does not oppose the co-payment per se, given there are current audit and retrofit schemes that offer free services to low income and vulnerable consumers. PIAC believes this measure is a reasonable response to compliance issues that arose in the past where it was difficult to gain evidence of whether free services or equipment had actually been delivered to consumers.

It is important that the value of the service provided exceeds the co-payment and that there are standard prices for retrofit activities so that the value of the service is verifiable. PIAC wants to avoid the risk that a service provider could charge \$160 to install relatively low-cost items such as shower heads and draught excluders while seeking a co-payment of \$150.

PIAC recommends the compliance framework attribute a value to each of the low-cost items on the list of home energy efficiency retrofit activities so consumers can be sure they are receiving products that have not been over-valued by suppliers. PIAC also urges the NSW Government to consider setting the minimum sales amount at a level that:

- maximises the value of the co-payment relative to the overall cost of providing the service or product; and

<sup>1</sup> NSW Government, *Unlocking Energy Savings in NSW Enhancing the NSW Energy Savings Scheme, Rule change consultation paper 2013*, 2013.

<sup>2</sup> *Ibid*, 17.

<sup>3</sup> *Ibid* 19.

- encourages providers to maximise the number of energy efficiency installations per visit.

### **Highlighting requirements for co-payments**

Co-payments will be a new feature of the ESS and consumers may have greater knowledge of free energy audit and retrofit schemes that were available in the past or those that are currently available. As such, it is important that any requirement for co-payment is clearly communicated to the consumer prior to seeking their agreement to proceed. PIAC recommends the ESS compliance framework require service providers to include information about co-payments prominently in all marketing materials and that any sales agents be obliged to disclose the requirement for co-payment clearly and early in interactions with potential customers.

### **Maximising the consumer benefits of home energy retrofit activities**

The consultation paper includes a proposed list of retrofit activities including the installation of window film and draught proofing of windows. PIAC would also like to see the installation of external and internal blinds that have insulating capacity added to this list. Window coverings that have insulating properties can assist in reducing the need for air conditioning in hot weather by keeping the heat out and space heating in cold weather by helping to retain the heat. These products have not traditionally been offered by past schemes and may provide new opportunities for households to save energy and money through energy efficiency retrofitting.

PIAC also urges the NSW Government to consider how the scheme could be used to encourage providers of private tenancies, public and social housing to engage in the Scheme. Tenants struggle to gain the benefits of energy efficiency programs because they do not have the capacity to approve retrofits even though they are, in most cases, responsible for the energy bills. Similarly, landlords are not incentivised to invest in energy efficiency, as energy costs are not their responsibility. If the scheme could encourage innovative ways to overcome these split incentives it would optimise its capacity to deliver real energy and financial savings that would benefit many in the community. In PIAC's view, the replacement of inefficient hot water systems would be an ideal addition to the list of approved activities.

Thank you again for the opportunity to comment. If you require any more information, please do not hesitate to contact myself or Carolyn Hodge, Senior Policy Officer, on 02 8898 6520 or [chodge@piac.asn.au](mailto:chodge@piac.asn.au).

Yours sincerely



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