



Review of the South Australian Retailer Energy Efficiency Scheme

Directions Paper October 2019

Uniting Care Wesley Bowden (UCWB), the lead organisation for the ConnectEd program, and the South Australian Financial Counsellors Association (SAFCA) welcome the opportunity to provide comments on the Review of the South Australian Residential Energy Efficiency Scheme (REES) Directions Paper, published by the Department for Energy and Mining (the Department) in October 2019.

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.

SAFCA is the professional body for Financial Counsellors in South Australia. Its 150 members across the state see first-hand the difficulties faced by financially vulnerable energy consumers.

South Australians face the highest electricity prices in Australia. These prices have increased dramatically ahead of wages and CPI. Financially vulnerable customers have few choices other than reducing the electricity they use, often at a cost to health and wellbeing.

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Future of the Scheme

UCWB and SAFCA are pleased to read that the Department supports many of the key findings from the Independent Evaluation (undertaken by Common Capital and published in July 2019) which suggests there is a strong case for continuing the scheme after 2020. The REES is a valuable and welcomed program that assists those who otherwise could not afford energy saving products or retrofits.

Energy efficiency remains a key challenge in South Australia, the Evaluation Report claims, and *“the scheme has demonstrated its ability to overcome barriers that households and business face in saving energy”* (p. iii). Going forwards, *“REES can play a key role in improving the reliability and security of the energy system, while delivering energy bill savings to households, including low-income households...”* (p. iv).

We support the Directions Paper’s stronger focus on *“addressing current and emerging challenges to affordability for consumers”* (p.3) and, in particular, the objective *“to improve energy productivity for households ... with a focus on low-income households. This will reduce energy costs and greenhouse gas emissions, whilst improving human health”* (p.4). We would welcome the addition of “and wellbeing” to human health in this objective to capture the broader social and financial benefits of energy efficiency standards.

Deeper Energy Retrofits for Households

UCWB and SAFCA particularly support the *Deeper energy retrofits* opportunities for improvement identified in the Evaluation and the Directions Paper - *“delivering deeper energy savings for households—moving beyond energy audits (for low-income households) and low-cost, low-energy-savings activities, and refocussing efforts on upgrades that can deliver greater bill relief for those in need”* (p. vi Evaluation). It is important, however, to specify the nature of the upgrades. As the Directions Paper further pinpoints in section 3.2 on page 9, *“Improvements to building fabric are widely recognised to have important health co-benefits.”* We would recommend the following upgrades are therefore embedded as key activity targets: replacement of inefficient heating and cooling appliances, installation of ceiling fans, draught proofing, installation or replacement of insulation and window glazing (double or triple).

As suggested on page 16 of the Directions Paper, REES obligations should ensure that the activities that deliver significant energy savings such as draught proofing, replacement of inefficient heating and cooling appliances, installation of ceiling fans and improved insulation and glazing, are used to meet targets.

We support the Proposed Directions and in particular the decision to incentivise deeper retrofits to priority group households.

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Targeting peak savings and preparing households for cost-reflective pricing

Activities could be designed to reward upgrades based on their demand management capabilities. Potential activities could include demand response enabled air conditioners, load controlled pool pumps and the control of other significant loads that can be shifted or turned off for short periods such as water heating. We recommend that demand response obligations be structured in way that could improve the access of priority groups to demand management enabled appliances.

Priority Group Targets

We certainly welcome the inclusion of rental households within the definition of priority groups and the recognition that tenants have limited ability to make the necessary energy efficiency improvements to their home. The greatest stress is experienced by low-income renters due to a shortage of appropriate low-cost rental housing. In this environment, landlords lack incentive to improve the energy efficiency of housing stock. Measures to incentivise landlords to undertake deeper retrofit activities in order to ensure adequate energy efficiency standards of their properties are critical in the effort to overcome the 'split incentive' barrier.

Energy Audits

UCWB and SAFCA recognise that in the context of REES, home energy audits may have limited outcomes and uneven results when accompanied only by low-energy saving follow-up activities. However, it is our experience that there is significant potential for sector development in this area. ConnectEd energy auditors are knowledgeable, qualified, community-based experts who understand the financial strain experienced by low-income households. They are ideally placed to support priority group households, finding often low-cost solutions to energy needs and providing enormous value in the community.

We therefore support the recommendation in the Independent Evaluation that *"the Department could look to the range of innovative next generation low-income energy efficiency programs, such as those rolling out across the ACT, NSW and Victoria. These provide examples of how the Department, in consultation with community groups, could reform low-income household audit and priority target offerings to help these groups to achieve deeper energy savings. Opportunities exist for such programs to be delivered in partnership with community groups, no-interest loan scheme providers, public housing authorities and energy retailers (through hardship programs)"* (p. 27). The suggestion that such programs *"be delivered in*

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partnership with community groups” is an important element of delivering these higher impact low-income household energy efficiency programs.

Should you wish to discuss any aspect of our submission to the REES Review, please do not hesitate to contact Stephen Graham, Coordinator, ConnectEd Program at UCWB or Wendy Shirley, Executive Officer, SAFCA. Contact details are provided in the footer.

Sincerely,

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