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Submitted by email to rees@escosa.sa.gov.au

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Review of the Retailer Energy Efficiency Scheme Code

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Review of the Retailer Energy Efficiency Scheme (REES) Code released by the Essential Service Commission of South Australia (ESCOSA).

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The Energy Council submits that the method of administering the REES is not seen as operationally efficient, and causes a substantial administrative burden for retailers. As REES continues to mature, costs can only increase as retailers inevitably move their focus from activities such as lighting and showerheads, to activities where compliance may prove more difficult to demonstrate. A standardised process built into the compliance framework of the REES Code would allow for ESCOSA to provide retailers greater upfront assurance of scheme compliance. This would be a more efficient process and remove duplication in the administration and compliance costs of the Scheme.

Obligations

The REES creates an energy efficiency target obligation on retailers and places an end to end compliance responsibility on the retailer for the delivery of the approved energy efficiency activities. Retailers are also obligated to ensure these activities and audits are undertaken in strict compliance with the specifications laid out in the REES Code even in the instance that these activities and audits are wholly out-sourced to a third-party. In contrast, other jurisdictional energy efficiency schemes place the obligation for activity compliance directly on the entity performing the activity. This is a certificate based scheme that REES should also embrace to avoid the duplication of audit and administration of both the contractor and the retailer.

Impact on electricity prices

Retailers must manage energy efficiency schemes such as the REES, with the cost of the scheme ultimately passed onto all customers. With electricity prices rising in South Australia the Energy

Council submits that every opportunity should be taken to streamline and simplify the REES scheme.

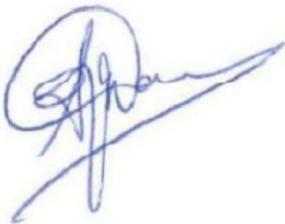
National Consistency

The Energy Council welcomes the efforts of ESCOSA to improve the design and the administration of energy efficiency schemes. We submit however that even greater public benefit would potentially flow from harmonisation of all current and future state and national energy efficiency schemes so that they are all similar and certificate based.

Any national energy efficiency scheme could be designed to replace all current state and territory schemes and to make any further state or territory schemes unnecessary. In general, the public interest is best served if jurisdictions seek to lead the nation towards harmonisation, rather than seeking to lead policy development in ways that result in greater variation of regulation between jurisdictions, with its attendant costs to consumers.

The Energy Council looks forward to working with ESCOSA to help make REES a more efficient and successful scheme. Any questions about our submission should be addressed to Panos Priftakis, Policy Adviser by email to panos.priftakis@energycouncil.com.au or by telephone on (03) 9205 3115.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Sarah McNamara', written in a cursive style.

Sarah McNamara
General Manager Corporate Affairs