



**Point.  
Advisory**

# **Stakeholder consultation report**

**Energy Efficiency Improvement Scheme (EEIS) 2017-18 Review**

Prepared for:  
**ACT Government**  
**Environment, Planning and Sustainable Development Directorate**

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## EXECUTIVE SUMMARY

Point Advisory and partnering organisation Sustainable Business have been engaged by the Environment, Planning and Sustainable Development Directorate (EPSDD) of the ACT Government (the Directorate) to conduct a post-implementation review of the Energy Efficiency Improvement Scheme (EEIS) to assess whether it remains appropriate, and how effective and efficient it has been in tackling the original policy problems and scheme objectives. The review also looks ahead to whether the scheme should be extended post 2020 and if so, what potential improvements could be made.

The primary goal of the stakeholder consultation process is to obtain insights on the operation of the scheme from a range of stakeholder perspectives. The stakeholder consultation process also provides an opportunity to continue to build on the positive stakeholder engagement that is a characteristic of the way in which the scheme has been delivered.

This report details stakeholder responses to the Energy Efficiency Improvement Scheme (EEIS) Review.

Key findings from a series of interviews, focus groups, surveys and workshops with a wide range of stakeholders are outlined below.

Overall, stakeholders were:

- generally supportive of the scheme;
- aware that it had delivered beneficial outcomes;
- supportive of the need to focus on improving energy efficiency in low income households.

Key benefits of EEIS reported by stakeholders included:

- energy and cost savings, including to low income, priority households;
- reductions in greenhouse gas emissions;
- confirmation that EEIS is driving energy efficiency upgrades, with most households and businesses confirming that the upgrades would not have been completed without the scheme;
- improved awareness of energy costs and potential savings;
- reducing the requirement for generation capacity;
- increased employment opportunities in energy efficiency;
- recycling of old equipment;
- improved electrical safety and awareness;
- improved work health and safety training of installers;
- acceleration of market transformations for efficient equipment.

Some issues of concern to stakeholders included;

- some consumers (including low income households) face higher electricity costs by contributing to the costs of the scheme without obtaining any direct benefits. This includes those who face barriers to accessing the scheme such as low-income households and people in rental properties;
- an uneven playing field with barriers to Tier 2 retailer participation;
- economic efficiency questions around the priority household target and exclusion of the largest energy users;
- the range of activities being delivered is relatively narrow and does not include options such as deep retrofits;
- whether gas upgrades should still be incentivised in light of the 100 per cent renewable electricity targets;
- the intermittent and uncertain nature of employment created by EEIS.

## INTRODUCTION

This report is structured as follows:

### Part 1: Direct consultation with stakeholders - Qualitative research

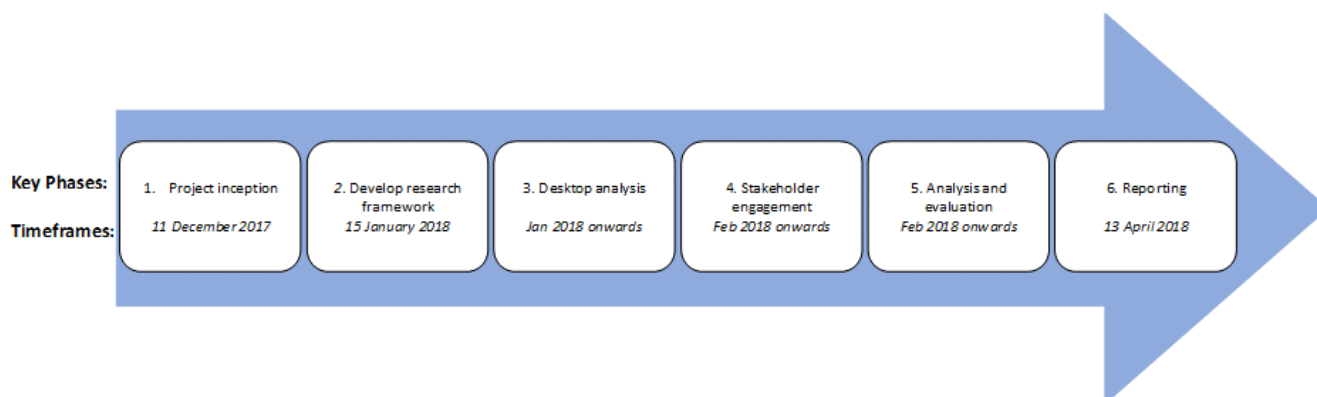
This part describes the approach and key findings from a series of interviews, focus groups and workshops that were carried out directly with stakeholders. These activities were conducted in accordance with the mapping and prioritisation of stakeholders outlined in the stakeholder engagement plan.

### Part 2: Post-implementation surveys - Quantitative research

This part describes the approach and key findings from post implementation surveys administered to both households and businesses during the period from 2013 to 2018. It includes 4 surveys of households and businesses conducted in previous years by Elton Consulting as well as a survey of businesses participating in ActewAGL’s Big Business Light Switch Program that was conducted by Point Advisory in February/March 2018.

### Part 3: Summary of findings from the stakeholder consultation process for input to the review’s integrated analysis

This part provides a summary of key findings from the stakeholder consultation process overall and against the Key Evaluation Questions as outlined in the analytical framework. This stakeholder consultation report is one of the inputs to the review process, but it is not the only one (see Figure 1). The findings will be analysed in conjunction with other research conducted as part of the review. The other research inputs are: empirical analysis of scheme performance data; comparative analysis of similar schemes and SWOT analysis of possible improvements to the scheme that could be envisaged post-2020. The overarching review methodology is outlined in the project plan.



**Figure 1. The review process showing phases and timeframes**

# 1. PART 1: DIRECT CONSULTATION WITH STAKEHOLDERS – QUALITATIVE RESEARCH

This part of the report outlines the approach and results from a series of interviews, focus groups and workshops that were undertaken directly with stakeholders in accordance with the mapping and prioritisation of stakeholders outlined in the stakeholder engagement plan which was an earlier deliverable for this project.

## 1.1. Methodology

The particular strength of direct consultation through interviews, focus groups and workshops is that it provides an opportunity to explore a wide range of stakeholder perspectives. It does not provide definitive answers - rather, it aims to obtain the breadth of stakeholder input to the review questions. It is important to note that some stakeholders may have a limited understanding of the scheme and their comments may reflect this. For that reason, it is important to consider the stakeholder perspectives outlined in this report as an input to the integrated analysis that will provide conclusions and recommendations from the review. Footnotes or other commentary are provided where reported stakeholder views have already been addressed through the EEIS program, or are based on significant misunderstandings, to ensure the dissemination of accurate information.

## 1.2. Approach

There are 4 phases to the direct stakeholder consultation.

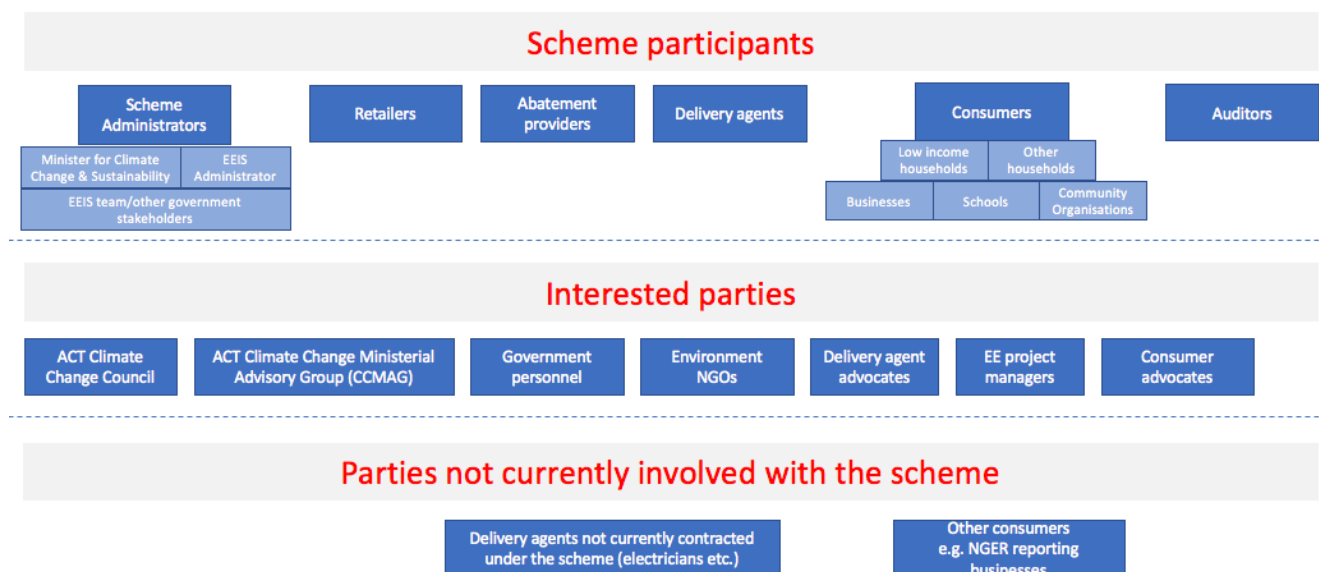
1. Mapping to identify the relevant stakeholders to consult with;
2. Matching the stakeholders with the most relevant consultation methods;
3. Conducting the consultation activities;
4. Analysing stakeholder input.

### 1.2.1. Stakeholder mapping

The consulting team worked closely with the EEIS team to identify the range of stakeholders that should be consulted for the review. Three broad stakeholder categories were identified:

1. **Scheme participants:** People and groups with direct involvement in the scheme, such as retailers, providers and consumers. Scheme participants provide input on the detailed aspects of scheme operation from a practical, operational perspective. With regard to participating households, we note that research that has previously been conducted will be used rather than directly consulting with a complete sample of consumers.
2. **Interested parties:** People and groups with an interest in influencing scheme design, operation and outcomes but who are not directly involved e.g. Government personnel without direct involvement in the scheme and environmental NGOs. These groups have specialist knowledge and/or represent groups that are directly involved in the scheme.
3. **Parties not currently involved with the scheme:** People and groups that do not have direct involvement or influence on the scheme but have the potential to contribute. These parties may want to become involved in the scheme in the future and could potentially provide a useful perspective on barriers to scheme participation. It should be noted that the general public that have not been involved in the scheme are not included in this group, as they are unlikely to provide insights about how the scheme is running.

Within each category, key stakeholders were identified. These are shown in Figure 2.



**Figure 2. Stakeholder mapping**

### 1.2.2. Matching stakeholders to direct consultation methods

Three direct consultation methods, supported by a discussion paper, were used to involve stakeholders:

- Interviews:** These were held for up to one hour either as face-to-face or telephone interviews. Interviews provided an opportunity to obtain detailed, individualised perspectives from key stakeholders.
- Focus groups:** Were held for 1-2 hours and provided an opportunity to actively explore the review questions in an interactive way with a small group of stakeholders.
- Workshops:** Were held for 2 hours and provided an opportunity to obtain a broad range of perspectives in a way that supported interaction between stakeholders to collectively explore the key review questions.

**Table 1. Direct consultation methods**

Direct consultation method	Stakeholders involved
1 Interviews	15 were conducted 3 additional interviews were sought but the stakeholders were unavailable
2 Focus groups	1 focus group with other government stakeholders (2 participants) 1 focus group with Low income focus group for consumer advocates (8 participants)
2 Workshops	1 workshop with EPSDD internal stakeholders (10 participants) 1 stakeholder forum open to all stakeholders (47 participants)

### 1.2.3. Conducting the stakeholder consultation activities

Prior to all consultation activities, stakeholders were provided with a discussion paper. The discussion paper included information on:

- Overview of the EEIS;
- Outcomes from initial analysis on achievements of the scheme to date;
- Initial analysis of the costs and benefits of the scheme;
- The review questions (at a high level, see below);
- Currently available activities.

The review questions were summarised and modified from the Key Evaluation Questions outlined in the analytical framework to ensure that they used language most relevant to stakeholders and to improve the flow of questioning within each of the activities.

The review questions as articulated in the discussion paper were:

- **Impacts:** What expected impacts has the scheme had on key stakeholders and the ACT economy? What unexpected impacts have there been (positive or negative)? What has worked well and what could be improved?
- **Role:** To what extent do barriers to energy efficiency remain? Is the EEIS the most appropriate way to address current barriers? How does the scheme complement other government initiatives that have similar goals?
- **Effectiveness:** To what extent has the scheme been effective in delivering energy efficiency, reducing GHG emissions and reducing energy bills? What changes to the scheme design would make it more effective?
- **Cost-effectiveness:** How could the scheme outcomes be achieved at lower cost?
- **Future scheme design:** Should the EEIS continue? If so, to what extent should the focus remain on reducing greenhouse gas emissions?

Each activity was supported by a research guide tailored, where required, for different categories of stakeholders. These guides supported consistency across the consultation. For example, the interview guide outlined a standard introduction and the sequence in which questions would be asked. For focus groups and workshops, slide presentations were used to support a consistent approach.

### 1.2.4. Analysing stakeholder input to the review

To analyse stakeholder input, the interview notes were reviewed and summarised. Key points were then categorised in accordance with each of the discussion paper questions and included in a spreadsheet consolidating all inputs, to facilitate analysis across interviews. The spreadsheet was then cross checked to ensure the full range of stakeholder perspectives were included in the report. In the case of one stakeholder who had particularly detailed knowledge of the scheme, the summary of key points was shared with that stakeholder to confirm our understanding.

## 1.3. Key Findings

This section of the report presents stakeholder perspectives on each of the 5 key questions outlined in the discussion paper.

Overall, stakeholders were:

- generally supportive of the scheme;
- aware that it had delivered beneficial outcomes;
- supportive of the need to focus on improving energy efficiency in low income households.

### 1.3.1. Impacts

The guiding questions used to explore scheme impacts were:

- What expected impacts has the scheme had on key stakeholders and the ACT economy?
- What unexpected impacts have there been (positive or negative)?

Stakeholders described a wide range of expected benefits that the scheme has contributed towards, in their views. The impacts that were referred by stakeholders typically reflected their particular interests.

**Consumer organisations and consumer advocates** emphasised:

- Energy cost savings achieved.
- Improved awareness of energy costs and potential savings for participants (although some described limited educational impact of the activities).
- Use of energy efficiency interventions as a means of engaging with low income households and assisting them with access to other government and social services.
- Potential health benefits through improved temperature control.

**Energy retailers** emphasised:

- Reduced energy costs.
- Improved relationships between the Tier 1 retailer and its customers.
- Improved skills and knowledge of tradespeople / suppliers leading to potential promotion of energy efficiency and energy efficient products outside of the scheme.

**Environment organisations** emphasised:

- Reductions in greenhouse gas emissions.
- Improved awareness of energy consumption, energy efficiency and climate issues.
- Reducing the requirement for generation capacity.
- Increased employment opportunities.
- Improved environmental outcomes associated with the recycling and decommissioning of:
  - Used light globes.
  - Old fridges including a reduction in refrigerant gases being released into the atmosphere.

**Government personnel** emphasised a wide range of benefits consistent with the impacts described above. Additional impacts described included:

- Increased electrical safety and awareness (e.g. lighting installers).
- Increased safety in homes due to pre-existing non-compliance fixtures being reported to property owners. This results in increased safety of the homes.

Support for trades (electricians and plumbers) and encourage employment at all levels (marketing, administration, compliance and creation). One stakeholder with detailed knowledge of the program highlighted that the scheme has been instrumental in driving a market transformation with accelerated advancement of new technologies and greater focus on energy demand management.

Other sections of the review provide additional information on greenhouse gas emission reductions, reduced energy costs and other EEIS impacts reported here.

Stakeholders identified a number of unexpected impacts of the scheme.

**Consumer organisations and consumer advocates** emphasised:

- Some consumers (including low income households) face higher electricity costs by contributing to the costs of the scheme without obtaining any direct benefits. This includes those who face barriers to accessing the scheme such as low-income households and people in rental properties.

**Energy retailers** emphasised:

- The cost of the scheme is increased by not including NGER reporters and by having a priority household target.

**Abatement providers** emphasised:

- There are barriers to involvement in the scheme and to the provision of energy efficiency products and services in the market for some suppliers of energy efficiency goods and services – specifically those that have not been contracted by the Tier 1 retailer to deliver aspects of the scheme.

**Environment organisations** highlighted that:

- Deep reductions in energy efficiency are not being delivered through the scheme and deeper retrofits would be preferable (Germany plan over 10 years would be an example).



- There may be an environmental impact associated with shortening the life of working equipment. A life cycle assessment would be required to determine the degree of impact.
- Providing incentives for gas efficiency upgrades is perceived to contradict the government's long-term target of achieving net zero emissions.
- The use of standby-power controllers (SPCs) was reported by some as a negative experience for some consumers that could have flow on impacts on the degree to which they seek to implement additional energy efficiency products and services<sup>1</sup>.

**Other impacts** include:

- Some consumers may remove the installed technology<sup>2</sup>.

### 1.3.2. Role of the scheme

Guiding questions associated with the role of the scheme were:

- To what extent do barriers to energy efficiency remain?
- Is the EEIS the most appropriate way to address current barriers?
- How does the scheme complement other government initiatives that have similar goals?

It should be noted that most stakeholders did not have a broad enough understanding of the suite of energy policies in the ACT to be able to critically assess the role the EEIS should play in relation to other policies. The responses provided below should therefore be considered in this context.

Stakeholders highlighted that a number of persistent barriers to energy efficiency remain. These include:

- Split incentives between landlords and tenants.
- Information and knowledge about energy efficiency.
- Perceptions of the benefits of energy efficiency relative to the costs.
- Access to capital to fund energy efficiency improvements.
- Resistance to behaviour change.

There was consistent feedback from stakeholders that the scheme overcomes many of these barriers through the roll-out of relatively simple technologies and it is particularly effective at using the retailer network to access a large number of households.

Feedback also suggested that many stakeholders see the scheme as a potential vehicle for delivering on other policy goals that are outside of its scope. For instance, although education on energy efficiency is not an EEIS objective, and some stakeholders noted that the scheme is less effective educating consumers on the full range of energy efficiency actions they can take. Actsmart is a complementary initiative of the ACT government, focusing on education and behaviour change and was generally considered to be very important and useful alongside EEIS.

The implementation of multiple energy efficiency initiatives in single households or businesses (so called 'deep retrofits') were of interest to some stakeholders.

Several stakeholders mentioned that, from a structural point of view, there is a potential conflict of interest in placing an obligation on retailers, whose business model relies on selling electricity. One stakeholder mentioned that the business model of retailers would have to eventually evolve to incorporate the provision of energy efficiency services

One of the main barriers that stakeholders considered that the scheme did not address effectively was the split incentive between landlords and tenants<sup>3</sup>:

- For community organisations and consumer advocates this was considered a particularly important issue in relation to low income households.

<sup>1</sup> See Part 2 for statistics on the proportion of items removed and left in place.

<sup>2</sup> See Part 2 for statistics on the proportion of items removed and left in place.

<sup>3</sup> EEIS records confirm show that 22.5% of all households supported by EEIS were rental households. In 2016, 31.8% of ACT households were rental households.

[http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/CED801](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/CED801)

- The initiatives being undertaken by ACT Housing were generally supported, but stakeholders expressed concern for renters on low incomes whose energy bills would be higher due to the levy but for whom the scheme was difficult to access beyond standby-power controllers and lighting due to the split incentive with landlords.

### 1.3.3. Effectiveness of the scheme

Guiding questions associated with the effectiveness of the scheme are:

- To what extent has the scheme been effective in delivering energy efficiency, reducing GHG emissions and reducing energy bills?
- What changes to the scheme design would make it more effective?

Overall, stakeholders were supportive of the scheme. They generally mentioned that they felt the scheme contributed to some extent to one or more of the main scheme objectives. These and other impacts reported by stakeholders are described in detail in section 2.2.1 of this report. This section of the report focuses on general perspectives of stakeholders on scheme effectiveness and the specific suggestions that stakeholders have suggested as possible improvements.

#### *General perspectives on scheme effectiveness*

##### **Factors contributing to the success of the scheme**

A frequently cited reason for the success of the scheme was the use of the Tier 1 retailer network to recruit participants. This was seen to enable the widespread roll out of energy efficiency technologies across a large number of households and, recently, businesses.

Other frequently cited factors that contributed to the success of the scheme include:

- Supporting the implementation of energy efficient technology in a way that is safe and to a high standard of quality.
- Interaction with Actsmart - providing education and engagement in order to 'help people to help themselves'.
- Adaptability / evolution of activities over time, for example from lighting and standby power controllers to rolling out heater upgrades.
- Ease of access to information, through the government website and promotional activities by the participating retailers.
- Continuity of the scheme since it does not rely on annual budget decisions to continue its operation year to year.
- Application of the scheme to cover ACT housing.

##### **Perspectives on less successful aspects of the scheme**

Aspects of the activities that were seen to constrain the success of the scheme include:

- Although behaviour change is not an EEIS objective, many stakeholders thought it could do more to achieve such change. Comments included:
  - Activities that require behavioural changes are problematic. Several stakeholders mentioned SPCs as having created "hassles" for participants, which led some of them to remove them.
  - While some people felt that the scheme attracted attention to energy efficiency in general, others felt that the focus on "equipment-based" activities did not promote long term changes.
  - There were a variety of opinions on energy awareness activities such as in home displays as to whether they would contribute significantly to energy savings.
- Having a large number of activities available but few activities being provided by the retailer can create confusion with people not realising that most available activities are not offered by retailers on the basis of a commercial assessment.
- A few stakeholders suggested that the GHG reduction resulting from the scheme were not "deep enough" to support the substantial changes required to minimise the impacts of climate change
- Some mentioned uncertainty around energy savings because of a rebound effect. This effect occurs when expected energy performance outcomes are not achieved because people spend the savings in increasing their

comfort level by making the house a bit warmer<sup>4</sup>. Stakeholders recognised that complementary measures are necessary alongside EEIS to support the ACT efforts at climate change mitigation. These include Australia's Minimum Energy Performance Standards (MEPS) which were considered not strong enough to drive energy efficiency on their own since inefficient halogens lights are still cheaper to buy than efficient lights such as Light Emitting Diodes (LEDs).

#### *Suggested improvements to the scheme (up to end 2020)*

Stakeholders were asked about possible improvements. Suggested improvements to the scheme were mentioned across the spectrum of stakeholder categories. These improvement suggestions have been listed below in the following categories: priority households, activities, harmonisation, co-contributions and the compliance process.

The suggestions presented by stakeholders will be reviewed in conjunction with the empirical and comparative analysis to inform recommendations from the review for scheme improvements.

#### **Priority households**

From the point of view of community organisations and consumer advocates, there remain substantial opportunities beyond EEIS to reduce energy costs for priority households. They typically felt that while good structure is in place through charities and Actsmart, more could be achieved through:

- More resources.
- More referrals.
- Better information channels since people are very unlikely to turn to available online resources.
- Improved Interaction with Actsmart including stronger coordination when new activities are introduced to EEIS.
- Providing education and engagement in order to 'help people to help themselves'.

From the perspective of the participating retailers (Tier 1), changes to the scheme's definition of Priority Households (extending the reach of this category) in recent years have been valuable. Their preference would be for the priority households target to be removed in order to enable the lowest cost abatement to be achieved but they also acknowledge that this is a policy priority of the government.

#### **Activities**

Suggestions regarding future activities were proposed. These were:

- insulation
- heating
- battery storage
- smart systems
- building envelope activities
- energy audits
- hot water
- solar PV
- demand management

Table 2 provides post-stakeholder consultation notes on how the ACT government is currently addressing each of the above suggested activities.

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<sup>4</sup> Note that EEIS calculations take account of rebound effects, so this issue does not affect the reported outcomes from the scheme.

**Table 2. ACT Government initiatives addressing stakeholder suggested activities**

Suggested activity	Current ACT government initiatives
<b>Insulation</b>	EEIS is currently developing ceiling and under-floor insulation activities and considering wall insulation activities.
<b>Building envelope activities including draught proofing and curtains for priority households.</b>	EEIS has a range of building envelope activities including draught proofing and curtain activities and has delivered draught seals and exhaust fan sealing activities. Proposed new insulation activities will further add to the building envelope activities available. The Actsmart Low Income Energy Efficiency Program assists with building sealing activities including curtains <sup>5</sup> .
<b>Heating activities, especially reverse cycle heating (split systems) for priority households</b>	EEIS has a range of heating activities available. Efficient electric split systems are being delivered by the Tier 1 retailer with additional incentives for priority households and a program delivering split systems to ACT public houses. New activities are being developed to provide efficient electric split systems to small and medium businesses.
<b>Smart systems and demand management</b>	Smart systems such as in-home displays have been considered for EEIS, but options explored to date, speedy technological change and uncertain emission savings have constrained development of stand-alone smart system activities. However, they may be of benefit when associated with solar generation and energy storage. Demand management capacity is being considered as a technological requirement for efficient electric heating activities. Improving the energy efficiency of data centres has also been suggested.
<b>Hot water systems</b>	EEIS has a range of hot water activities available to retailers, and hot water systems have been delivered to households under the scheme.
<b>Project Impact Assessment with Measurement and Verification (PIAM&amp;V)</b>	EEIS continues working towards the introduction of PIAM&V methods integrated with the NSW Energy Savings Scheme <sup>6</sup> . Stakeholders have suggested that these methods are unlikely to be taken up in the ACT unless EEIS becomes available to National Greenhouse and Energy Reporting organisations <sup>7</sup> .
<b>Solar photovoltaic systems</b>	The ACT government solar for low income program provides subsidies of up to 60% for eligible households to invest in rooftop solar panels and help reduce energy costs. The program is funded through EEIS Energy Savings Contributions.
<b>Eliminate gas to gas or electricity to gas activities (in the context of a transition away from gas)</b>	Electric to gas activities and most gas to gas activities were removed from EEIS at the end of 2015. The only gas to gas activity which remains is upgrading central ducted gas heating. Electric ducted reverse cycle heating systems have not been delivered yet, as they are less cost effective than ducted gas heating systems.
<b>Energy audits to help move to more targeted activities</b>	Actsmart works alongside EEIS and delivers energy audits to identify priority energy saving activities for individual households and businesses. These programs are largely funded through EEIS Energy Savings Contributions.
<b>Battery storage</b>	ACT's \$25M Next Generation Energy Storage Program is one of the largest household battery projects in the world and is on track to provide batteries to over 5,000 households and businesses by 2020 <sup>8</sup> .

<sup>5</sup> [https://www.assistance.act.gov.au/adult/utilities/outreach\\_energy\\_and\\_water\\_efficiency](https://www.assistance.act.gov.au/adult/utilities/outreach_energy_and_water_efficiency)

<sup>6</sup> [http://www.environment.act.gov.au/\\_data/assets/pdf\\_file/0008/857789/ACT-EEIS-Stakeholder-Consultation-on-2016-activities-update-report-2.pdf](http://www.environment.act.gov.au/_data/assets/pdf_file/0008/857789/ACT-EEIS-Stakeholder-Consultation-on-2016-activities-update-report-2.pdf)

<sup>7</sup> [http://www.environment.act.gov.au/\\_data/assets/pdf\\_file/0005/909113/2016-Stakeholder-Forum-Report-ACCESS.pdf](http://www.environment.act.gov.au/_data/assets/pdf_file/0005/909113/2016-Stakeholder-Forum-Report-ACCESS.pdf)

<sup>8</sup> <https://www.actsmart.act.gov.au/news-events/news/battery-storage>

## Harmonisation

A variety of perspectives were provided on harmonisation. These included:

- Some stakeholders saw harmonisation as providing an opportunity for the delivery of activities accepted in other jurisdictions within the ACT scheme while others appear to see an opportunity in harmonising the schemes by using certificates created elsewhere to support ACT compliance.
- Concerns about additionality if EEIS made use of the NSW Energy Savings Certificates
- The ACT market and climate are different to Victoria, meaning that the same activities cannot be adopted with equal benefits across jurisdictions.
- The ACT would not have the volume to operate its own stand-alone certificate trading scheme.
- The ACT cold climate and small scale also means that it may be possible to do things that other schemes cannot do, such as house-retrofits.
- A lesson from the South Australian Retailer Energy Efficiency Scheme (REES) is that the proportion of renewable energy generated changes every year, so it is difficult to predict abatement on an absolute basis. This contributed to the REES administrator deciding to retain an energy metric.
- A national scheme could improve efficiency of scheme delivery dramatically, in relation to:
  - Training processes
  - Certificate processes
  - Warranty levels for products
  - Building changes (allowing different classifications in compared to others).

## The participation of Tier 2 retailers

**Tier 2 retailers** provided an important perspective on their participation which could potentially be enhanced through harmonisation with other schemes. They highlighted that:

- There is a “level playing field issue” and a barrier to participation is that the Tier 1 retailer’s penalty rate is much higher than the ESC cost to retailers and hence the Tier 1 retailer’s business case for delivering activities is much better than Tier 2 retailers’. Because of this, they can afford to offer some activities for free.
- The administrative burden in providing compliance documentation when participating in the scheme is a “big step up”.
- Tier 2 retailers generally support tradeable schemes, although it was noted that a drawback of certificate schemes is that pricing fluctuations can impact on the rollout of particular technologies.

## Co-contributions

Co-contributions were discussed from various angles.

- They can ensure customer engagement by requiring some ‘skin in the game’.
- Several stakeholders noted that co-contributions support quality products and can potentially reduce the risk of having poor quality products flooding the market.
- Others emphasise that the non-certificate nature of EEIS means that retailers are accountable for the quality of products they deliver, and this mitigates the risk of low quality products.
- Co-contributions may negatively impact conversion rate, increase the marketing requirement and create a barrier to uptake.
- Additionally, a particular risk in implementing a co-contribution model lies in the method of providing appropriate evidence that the transaction took place. The additional work involved to prove that money indeed changed hands can create excessive administrative burdens for participants and reduce uptake of the scheme.
- There was a suggestion that co-contributions for business could be scaled according to savings.
- Mandatory co-contributions such as those required in some other schemes could also impede activity delivery to priority households, who often can’t afford a payment.

## Compliance processes<sup>9</sup>

Independent auditors working to support audit and compliance activities in multiple schemes had some suggestions for improvements to compliance processes. These include:

- Activity Documentation issued by the EEIS such as the *Energy Efficiency (Cost of Living) Improvement (Eligible Activities) Determination 2016 (No2)*, *Energy Efficiency (Cost of Living) Improvement Act 2012* and the *Energy Efficiency (Cost of Living) Improvement (Record Keeping and Reporting) Code of Practice 2017* could be consolidated to provide a single point of reference for EEIS participants which will also reduce the risk of transcription errors, contradictions, duplications and/or multiple updates when a change occurs.
- Recommend expansion of field audit teams and greater scrutiny applied to in field installations versus submitted paperwork to ensure risk is minimised and EEIS abatement claims reflect what has been achieved in field.

### 1.3.4. Cost-effectiveness

The guiding question associated with the cost-effectiveness of the scheme is: How could the scheme outcomes be achieved at lower cost?

The key factors highlighted as impacting on cost effectiveness were:

- Requirements around product quality and training.
- Degree of involvement of Tier 2 retailers to broaden competition.
- Harmonisation with other schemes to enable wider competition in the ACT market.
- Extent to which there is a specific target on priority households.

Stakeholder responses on cost effectiveness mostly came from retailers and activity providers working across multiple schemes. Stakeholders reflected that, when comparing schemes, there is a trade-off between quality, risk and the cost of delivery. There were a diverse range of opinions as to whether the appropriate balance has been achieved through the EEIS. In general, however, further harmonisation of the scheme with those in other States was encouraged. At the same time opinions were divided as to the cost effectiveness of white certificate schemes:

- Some stakeholders suggested that they are working well and achieving lowest cost energy savings and greenhouse gas abatement.
- Others point out inherent risks in terms of poor quality product delivered and fluctuation in certificate prices, which creates uncertainties for retailers as well as certificate providers.

One stakeholder with detailed knowledge and experience with the scheme highlighted that the EEIS has benefitted from a highly collaborative environment between players compared to other schemes. They suggested that the ACT's higher compliance rates and lower overall costs may be due to the scheme design that leverages existing retailer capability (internal compliance teams, quality control and brand risk/exposure)<sup>10</sup>.

### 1.3.5. Future scheme design (beyond 2020)

The guiding questions associated with future scheme design is:

- Should the EEIS continue?
- If so, to what extent should the focus remain on reducing greenhouse gas emissions?

Overall, there was strong, general acknowledgement that the EEIS was an effective mechanism that should be part of a broader set of measures designed to address energy affordability and reductions in greenhouse gas emissions. A

<sup>9</sup> Due to timing issues the Commissioner for Sustainability and the Environment was not available for an interview. However, we note that in a 2017 report titled "Implementation Status Report on ACT Government's Climate Change Policy", the Commissioner reported that the EEIS has a high-level business plan to ensure that the program operates effectively, including audits, compliance, target reviews and stakeholder engagement. Further detail is provided in the 'policy context' section of the final report developed for this review.

<sup>10</sup> It should be noted that in the ACT the administration cost of the scheme borne by government is ultimately financed through the ESC.

contrasting opinion was provided by one stakeholder who outlined an alternative approach involving deep retrofits through direct investment.

Comments that supported the continuation of EEIS beyond 2020 included:

- Many referred to the need to keep working on energy efficiency, regardless of the cost of energy and the GHG emission factor, so as to reduce supplier and distribution system costs.
- Energy affordability will be an ongoing concern for businesses post-2020.
- Energy efficiency is a smart way of addressing multiple energy related issues.
- Even achieving the target of 100% renewable electricity there will be an ongoing need for infrastructure to be built and so energy efficiency has a role to play in reducing the need for future infrastructure.

Difficulties anticipated by stakeholders are:

- Transition out of gas could be problematic if secure and ongoing electricity supply becomes an issue.
- If complexity of the activities increases, it will not be economically viable to deliver them.
- Retailers will need to become energy efficiency providers in the future.

Additional considerations for shaping the future of the scheme include:

- Peak demand management is a growing issue and is worth considering.
- The current Priority Household Target is not sufficient to support hardship customers. Other measures such as a multiplier could be considered.
- Some people and buildings require personalised case management to improve energy efficiency.
- Improving appliances may need more stringent buildings standards and minimum energy performance standards.
- EEIS could support a transition away from gas to support net zero emissions.
- Transport and waste are of interest to some stakeholders.
- Some tradespeople / abatement providers that are not directly involved in the scheme currently express some concern that they will not be able to provide services if the scheme is only delivered by a single retailer.
- With regard to the focus of the scheme on greenhouse gas emissions beyond 2020, stakeholders were more readily commenting on energy efficiency and energy affordability. Greenhouse gas emission reductions were seen as a valuable co-benefit of these objectives.

## 2. PART 2: POST IMPLEMENTATION SURVEYS – QUANTITATIVE RESEARCH

This part of the report outlines the approach and key findings from research based on post-implementation surveys.

This part covers:

1. A desktop review of four post implementation surveys conducted by Elton Consulting in 2014, 2015, 2016 and 2017.
2. A post implementation survey conducted by Point Advisory in February/March 2018.
3. Analysis of trends across all surveys (Elton Consulting and Point Advisory).

The strength of the post-implementation surveys is that they provide quantitative data based on scheme participants' views of the impacts of the scheme. This data provides an understanding of the level of satisfaction with energy saving activities and potential areas for improvement, directly from beneficiaries. Conversely, the depth of insight provided by these quantitative analyses is less than that provided by the qualitative analysis.

It is important to note that this approach also has limitations. In particular:

- Point Advisory and Sustainable Business were not part of the team who conducted the household and business surveys for the 2013, 2014, 2015 and 2016 compliance periods. Therefore, we have had to interpret the results presented by Elton Consulting, without guidance from the original research team or targeted stakeholders.
- As with the direct consultation with stakeholders, the participants targeted by Elton Consulting and our team may have a limited understanding of the impacts of the scheme, and their comments may reflect this.

Given these limitations it is important to consider the stakeholder perspectives outlined in this report as an input to the integrated analysis that will provide conclusions and recommendations from the review.

### 2.1. Approach

#### 2.1.1. The desktop review

The EPSDD provided EEIS audit reports for the 2013, 2014, 2015 and 2016 compliance periods carried out by Elton Consulting. Each of these reports contain the results of short phone surveys carried out in the year following the roll-out of different activities at households (all years) and businesses (2016 only). These surveys were conducted between 8 and 20 months after EEIS products had been installed. They used stratified random sampling to ensure that key issues could be explored, and results extrapolated to the population of EEIS recipients. The surveys were carried out as part of the annual audit and compliance processes, to confirm activity delivery consistent with the retailer's abatement claims. The surveys also provide some insights about consumer satisfaction and the savings delivered by EEIS. These aspects are relevant to the EEIS Review and have not previously been published, and so are presented here.

In terms of participation:

- 2013 compliance period: 516 scheme participants were interviewed, 34% of which were priority households.
- 2014 compliance period: 620 scheme participants were interviewed, 34% of which were priority households.
- 2015 compliance period: 667 scheme participants were interviewed, 24% of which were priority households.
- 2016 compliance period: 468 scheme participants were interviewed (both households and businesses), 13% of which were priority households.

Many survey questions were repeated to support analysis across years. The figures presented here make use of this feature in showing patterns in responses to EEIS from 2013 until 2017.

#### 2.1.2. Business survey conducted by Point Advisory

This business survey was sent out in February 2018 to over 1,300 businesses, including all of the 2017 participants in in ActewAGL's Big Business Light Switch program. The survey consisted of 12 questions, aimed at extracting feedback



on how well EEIS has worked to reduce business energy consumption and bills, and how the scheme could be improved.

152 businesses responded to the survey. This is a specific group of stakeholders for one activity type that was mostly delivered throughout 2017.

### 2.1.3. Analysis of trends across all surveys

Similar questions were asked across all surveys to support comparison of key trends between the four post implementation surveys conducted by Elton Consulting, and the 2018 business survey conducted by Point Advisory. Key Evaluation Questions were asked across all surveys and themes outlined in the analytical framework (see Part 3 for the detailed Key Evaluation Questions), are provided below:

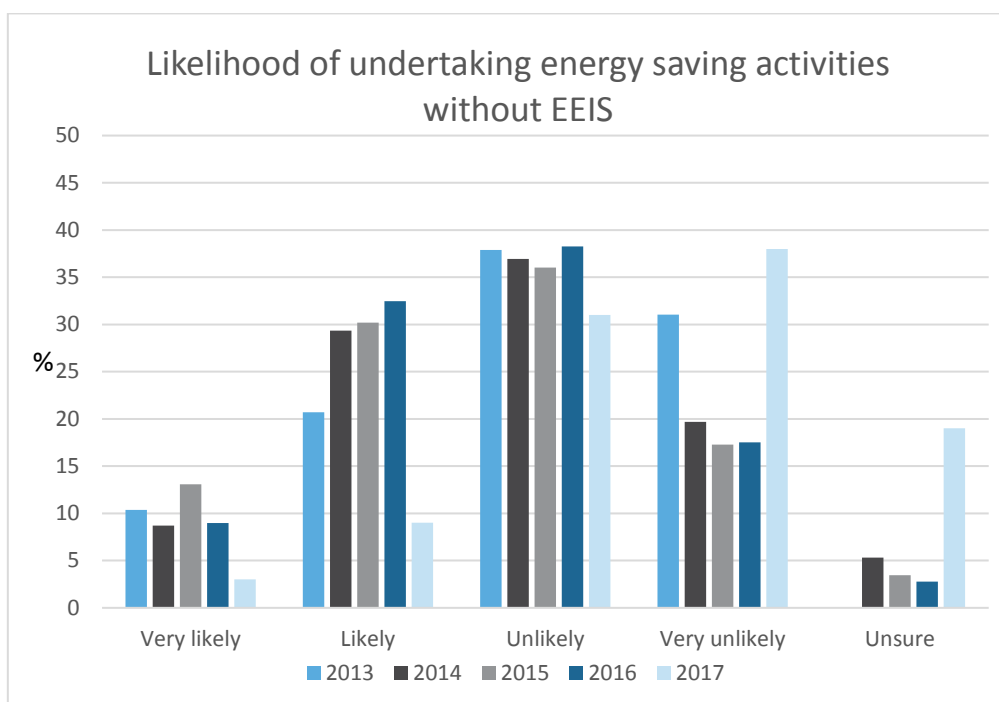
- Is the EEIS working well as a key policy option for tackling market failure in energy efficiency?
- How well did the EEIS reduce household and business energy use and costs?
- Where has it not worked well?

## 2.2. Key findings

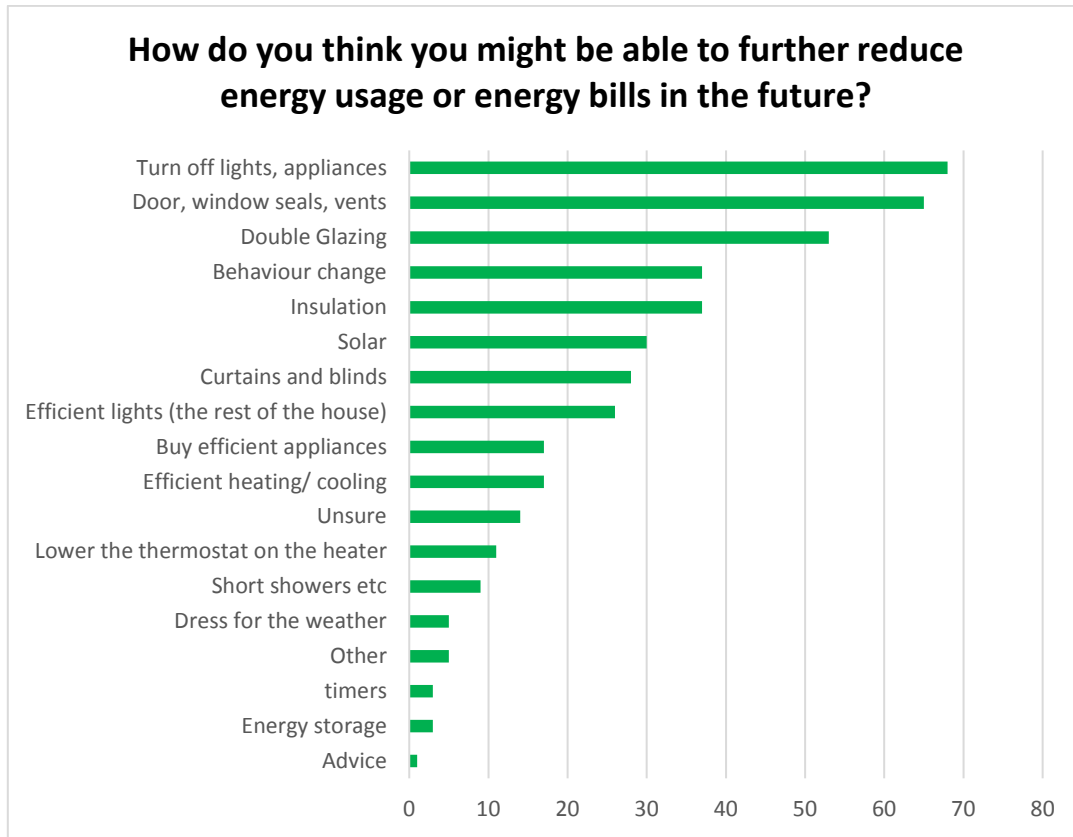
### 2.2.1. Is the EEIS working well as a key policy option for tackling market failure in energy efficiency

Across all five of the surveys, 61% of participants said they were either unlikely or very unlikely to have undertaken the energy savings activities without the EEIS. A further 6% were unsure. 33% of recipients across the five years were either likely or very likely to undertake energy savings activities without the EEIS. It is worth noting the particularly high success of the business lighting upgrade activity which started in 2017 with 69% of businesses being unlikely or very unlikely and 12% either likely or very likely to have made upgrades without EEIS.

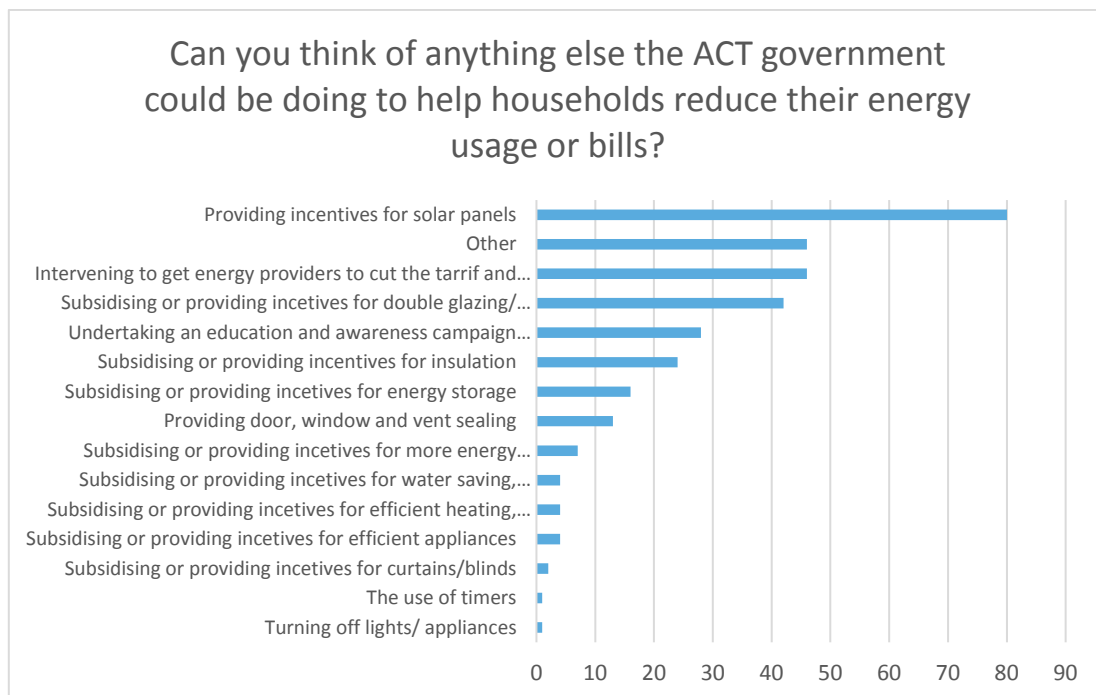
Since the majority would not have undertaken energy efficiency upgrades without the scheme, this suggests that overall, EEIS is being effective in tackling market failure in energy efficiency. It is possible that the market failure intervention is even stronger for small-to-medium businesses than for households.



In 2016, an additional survey question asked ‘do you think it is possible to further reduce energy usage in your household? The results suggest that there is work still to be done to reduce household energy use. Comments made about ways householders could reduce energy use are shown in the graph below.

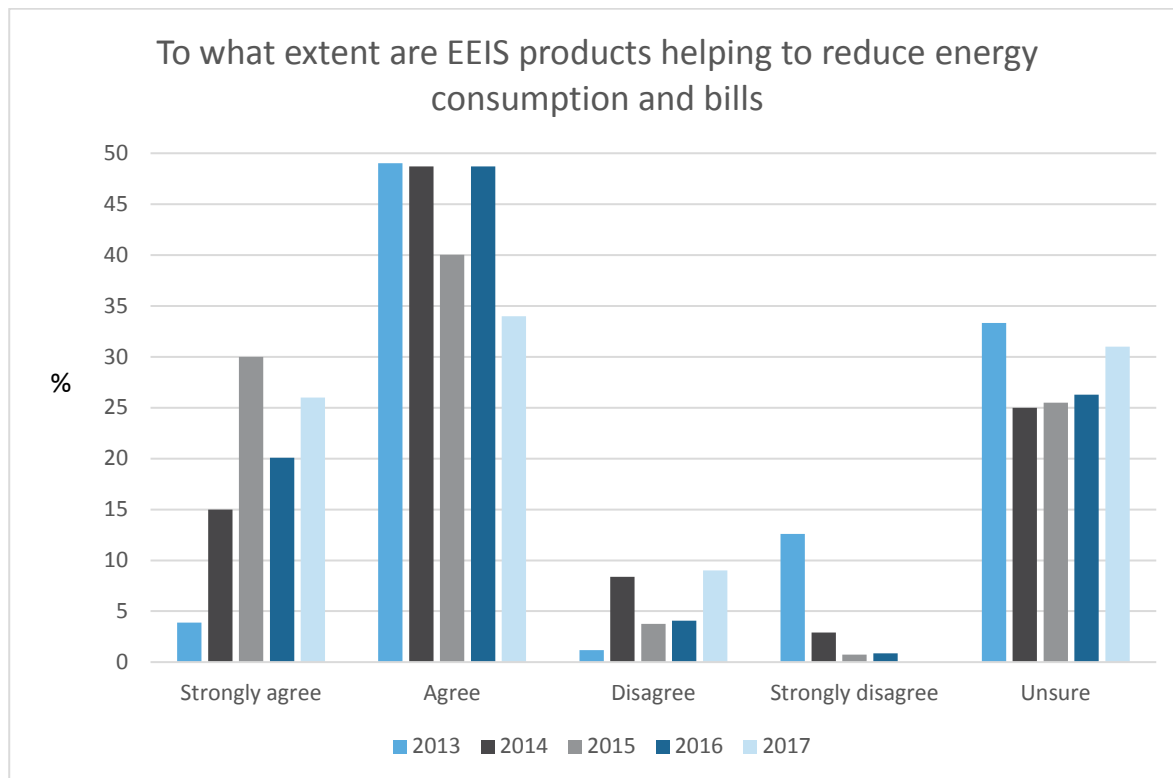


Respondents were also asked what more the government could be doing to help households reduce their energy usage or bills. Answers were provided by 464 respondents and are summarised in the graph below. Commentary is provided on relevant government initiatives for many of these responses in Section 3.3 above.



### 2.2.2. How well is EEIS reducing household and business energy use and costs?

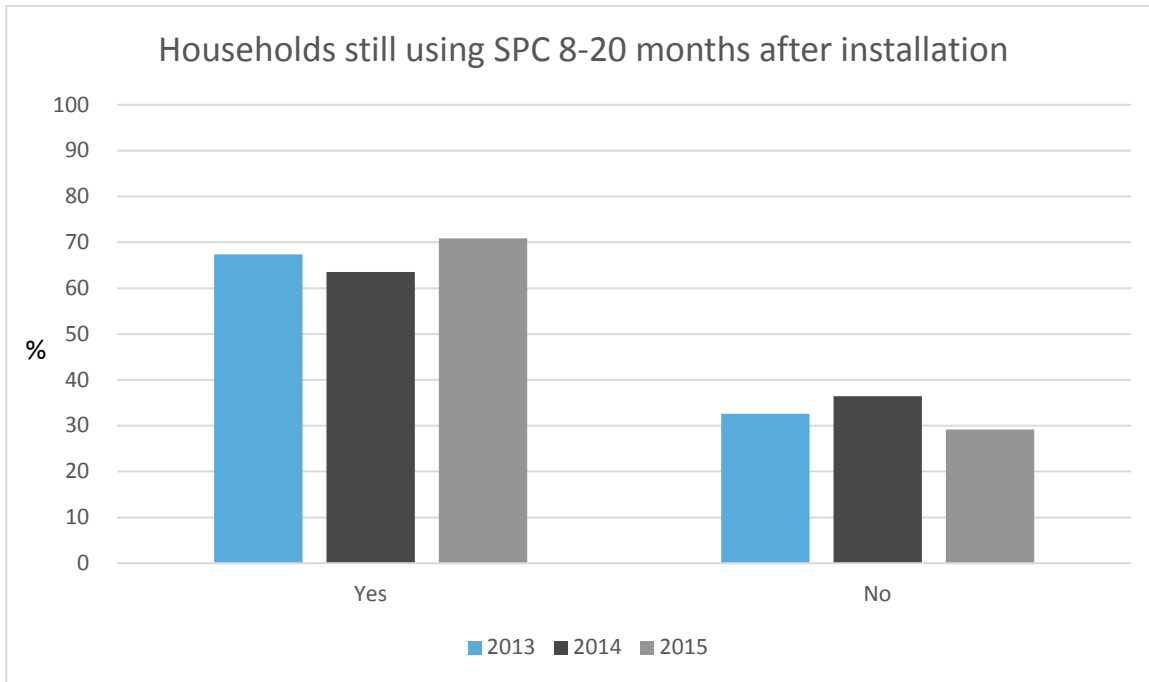
Across all five of the surveys, 63% of participants agreed or strongly agreed that the products installed are helping to reduce energy consumption and bills. A further 28% were unsure. Only 9% of participants disagreed or strongly disagreed that the EEIS products were saving helping to reduce energy consumption and bills. This suggests that overall, EEIS is effectively reducing household and business energy use and costs.



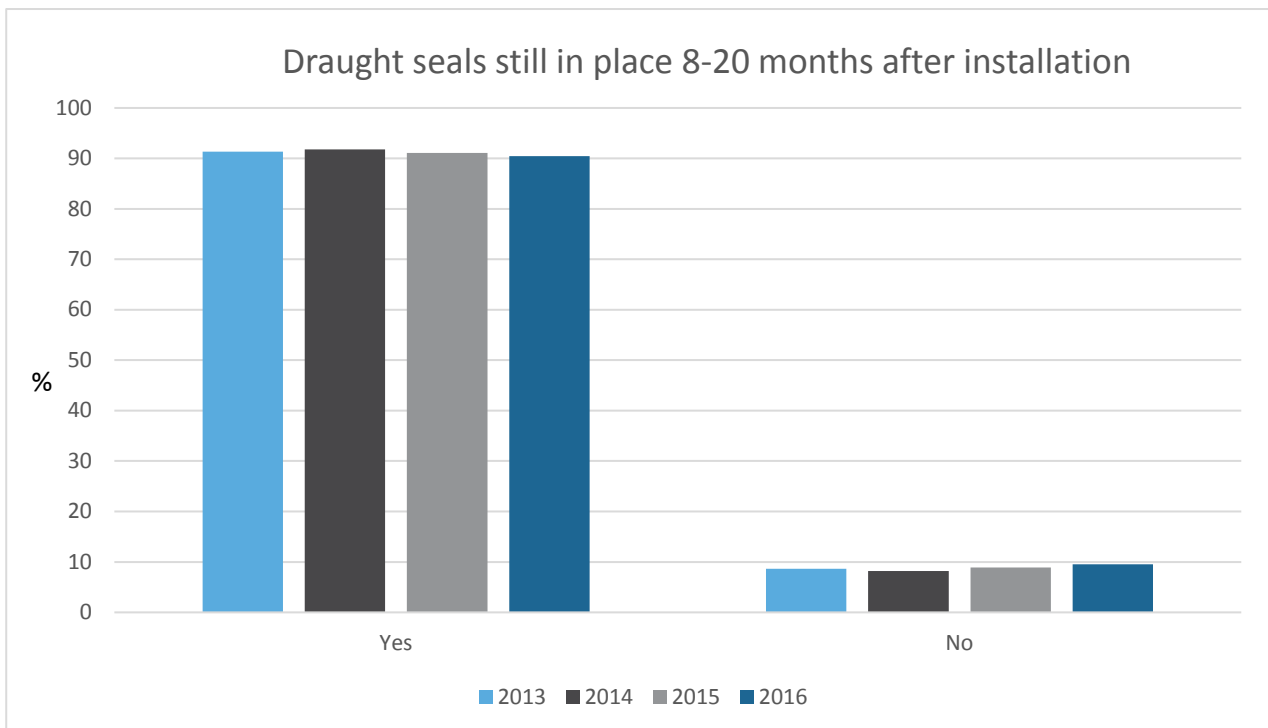
### 2.2.3. Satisfaction with energy savings measures

In general, the majority of respondents found that energy savings activities and products were working well and as expected. Responses to some of the most commonly installed items can be analysed over time as an indication of which EEIS products are working well or not working well to reduce energy demand. Three examples are provided here. They are Standby Power Controllers (SPCs), draught seals and lighting upgrades – both in residential and business settings.

Between 2013 and 2015, around 33% of SPCs were removed on average each year. However, it is worth noting that the EEIS has reduced the abatement available for SPCs to reflect their high rate of removal, and ActewAGL has responded by ceasing SPC installations from 2016.

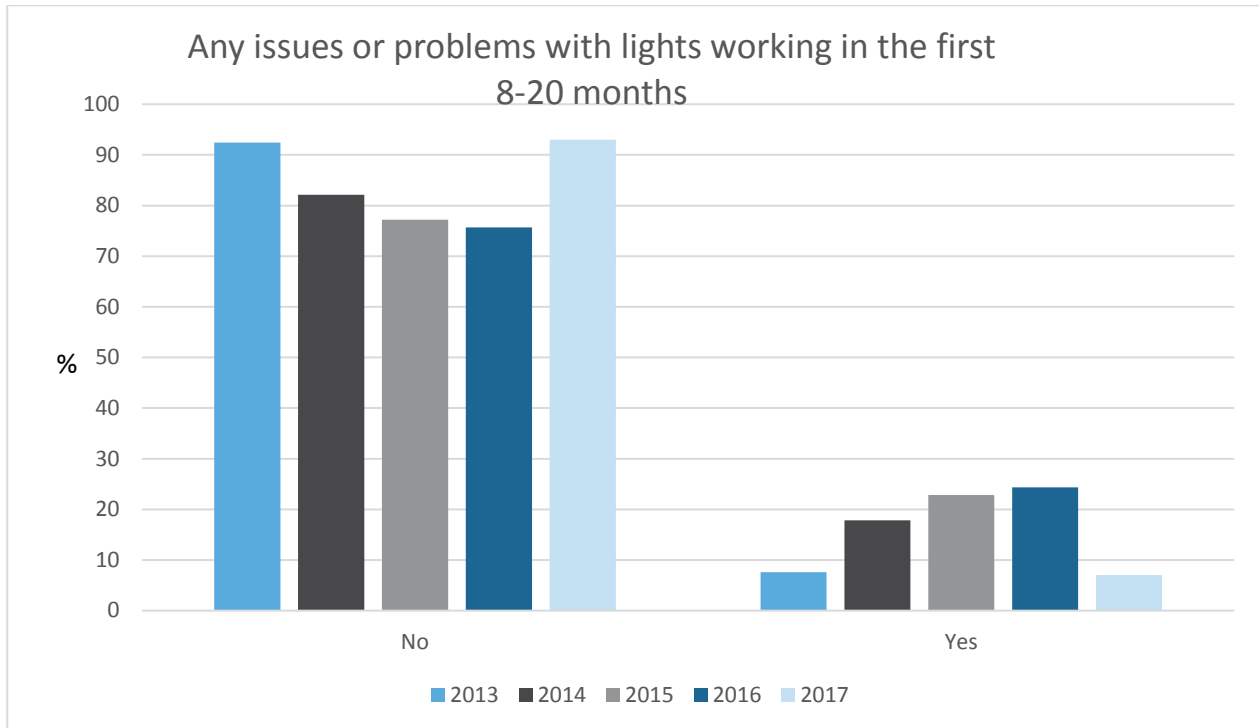


Survey results showed that over 90% of draught seals were still in place between 8 and 20 months after installation. This suggests that the draught seal activity had a high degree of acceptance and success in delivering energy and bill savings.



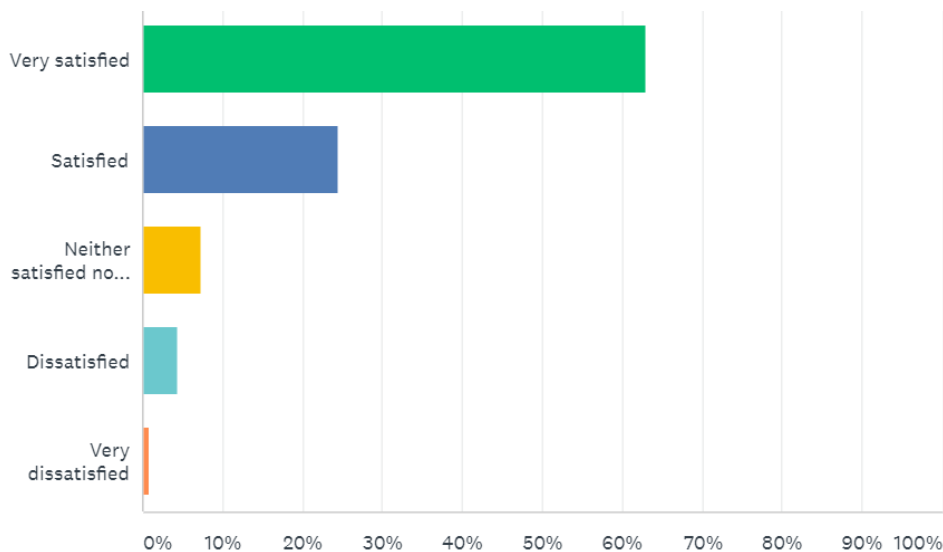
Lights have been the most common items installed by EEIS, with over 980,000 light globes delivered in homes and 110,000 delivered to businesses by the end of 2017. Survey results showed that 84% of lighting recipients reported no problems with lights working. Between 17 and 24% of participants stated that they had experienced technical issues

with their lighting upgrades (both households and businesses). However, post-review EEIS audit and compliance analysis indicates that problems were actually only experienced in up to 2% of all households/businesses who received lighting upgrades. This suggests an estimated failure rate of between 0.02 and 2% of all lights installed in residential premises. It is important to note that even when lights were reported as having problems, this was generally only a small proportion of the lights, while most lights remained in place and operating well.



#### 2.2.4. Business survey conducted by Point Advisory

The vast majority of respondents (87%) were satisfied or very satisfied with their lighting upgrade. The majority of businesses (57%) surveyed thought that the lighting upgrades that had been delivered were helping to reduce their energy consumption and bills. Just under 70% of respondents would have been unlikely to undertake the lighting upgrades in the absence of the EEIS. This suggests that the scheme is successfully working to reduce energy consumption among participating businesses.



Comments collected from businesses who were satisfied with the upgrade included the following:

- Was a very positive experience.
- Program is fantastic for smaller businesses.
- The organizing and work teams were extremely professional and did a great job with minimal disruption to our operations during the day.
- As a result of our taking advantage of this program, we have reduced our energy costs by 15% even though our rates have increased substantially - this has been achieved by a reduction in power consumption of between 11 - 35% across both sites and different periods.
- We were pleasantly surprised that our energy bills were reduced by 60% on one and 40% on the other.

Comments collected from businesses who were dissatisfied with the upgrade included the following issues:

- Some jobs were considered incomplete, or were completed after delays. This was sometimes due to technical and access issues, and also included some upgrades being unavailable through the scheme.
- Three cases were reported of lights appearing less bright than before the upgrade.
- Some lights had blown or broken.
- Poor communication or mismanagement by activity providers

The survey asked about company's motivations for participating in the program. Answers to this are in the figure below. Energy bill savings and financial considerations dominated. Energy and greenhouse gas savings were a motivation for 46% of participants.

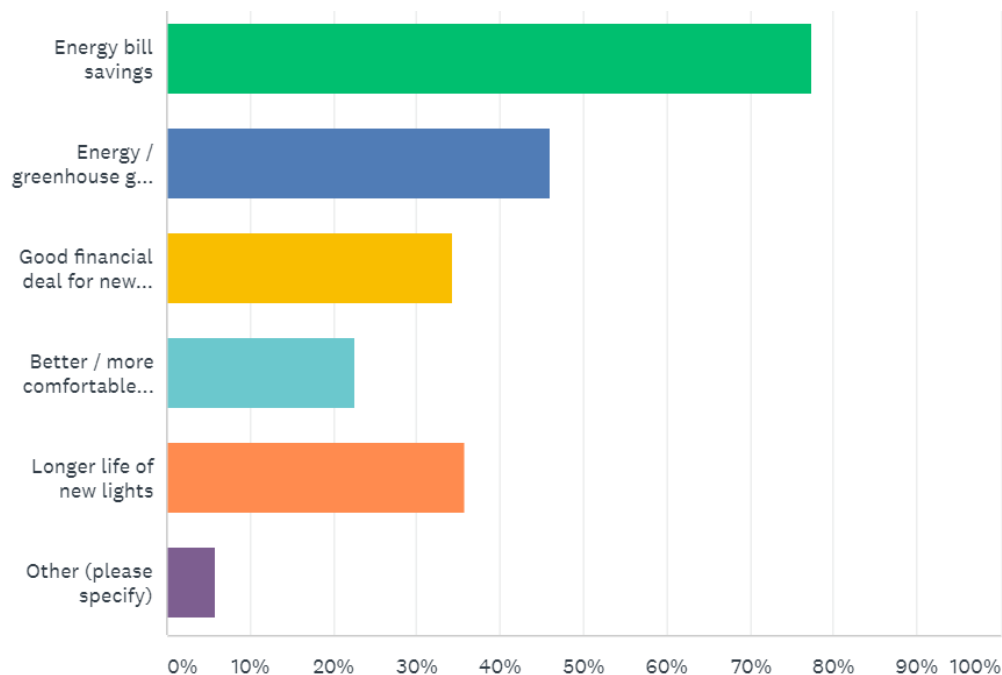
One interesting response from a participant related to the fact that the affordability of the program meant that they as a tenant were able to take advantage of the upgrade, despite their landlord being reluctant to fund anything that wouldn't benefit them directly (split incentive issues):

*'We are tenants of this building and the landlord was reluctant to undertake the changeover or pay for any changes that would benefit our business. By making it affordable (and cost recoverable within the term of our lease), we were happy to take the initiative.'*

Another motivation discussed by one stakeholder was related to the recycling of the old lights, rather than *'having to add to landfill waste when throwing out old fluoro globes all the time.'*

Another survey question tested awareness of other energy efficiency technologies that could be supported by government programs. Of the 100 businesses that responded to this question, over 75% said that they did not know of any other measures that could be supported by government programs. As new business appliance and business HVAC activities are planned to be delivered in 2018/19 through the EEIS, it may be useful for the EPSDD to start developing a plan for the promotion of these activities as they come online for the business community, to ensure there is maximum uptake.

Over 15% of the respondents expressed an interest in solar projects. 100 respondents answered this question, and 49 skipped.



Finally, in a separate Actsmart Business Energy and Water Online Questionnaire, performed concurrently with this EEIS review, businesses who had participated in both the Actsmart Business Energy and Water Program and the ActewAGL Retail Big Business Light Switch Program said they:

- Found it quite easy or very easy to sign up to both programs scoring 4.5/5.
- Were quite satisfied or very satisfied with the services offered under the ActewAGL Retail Big Business Light Switch programs scoring 4.67/5.

This evidences that these businesses found it easy, and not confusing, to access both programs. These results also evidence a very high level of average satisfaction with the services offered under the EEIS.

### 3. PART 3: SUMMARY OF FINDINGS FROM THE STAKEHOLDER CONSULTATION PROCESS FOR INPUT TO THE REVIEW'S INTEGRATED ANALYSIS

This section of the report outlines the key findings against the retrospective and prospective Key Evaluation Questions as outlined in the analytical framework.

These findings will be analysed in conjunction with other research conducted as part of the review. The other research inputs are: empirical analysis of scheme performance data; comparative analysis of similar schemes and SWOT analysis of possible improvements to the scheme that could be envisaged post-2020.

#### 3.1. Response to retrospective Key Evaluation Questions

The table below provides a summary of key insights from the stakeholder consultation that are relevant to specific retrospective Key Evaluation Questions.

“N/A” does not mean that the question will not be answered as part of the review, simply that stakeholder engagement did not provide any insight into that particular question (or that it was purely anecdotal and has not been reported in this summary, although it may feature in the body of the report).

Key Evaluation Question	Comment or sub-question	Summary of key insights from the stakeholder consultation
<b>Appropriateness:</b> Is there an ongoing need for government support for energy efficiency in the ACT?		
What are the barriers to energy efficiency that are addressed by the EEIS?	What barriers are there to delivering other energy saving activities?	<p><u>Direct consultation</u></p> <p>Stakeholders highlighted that there are a number of ongoing barriers to energy efficiency. These include:</p> <ul style="list-style-type: none"> <li>• Split incentives between landlords and tenants</li> <li>• Information and knowledge about energy efficiency</li> <li>• Perceptions of the benefits of energy efficiency relative to the costs</li> <li>• Access to capital to fund energy efficiency improvements</li> <li>• Resistance to behaviour change</li> </ul> <p>Stakeholders suggested that these barriers were being addressed by the scheme to some extent.</p> <p>One of the barriers that stakeholders considered to be particularly challenging (especially community organisations and community advocates) was the split incentive between landlords and tenants.</p> <p>It was generally acknowledged that the initiatives being undertaken by ACT Housing provided an example of how this challenge was being addressed effectively. It was suggested that the scheme could have further impact by more specifically targeting low income renters outside of the public housing system.</p>
What are the advantages and disadvantages of a non-certificate scheme such as the EEIS to support energy efficiency, in the specific context of the ACT?		<p><u>Direct consultation</u></p> <ul style="list-style-type: none"> <li>• An advantage of the current scheme is having the tier 1 retailer supportive and highly active in the scheme. This has contributed to the success of the scheme because the Tier 1 retailer has a large customer base that provides extensive customer reach. The tier 1 retailer also has an interest in minimising risks associated with delivery of the program. This may have contributed to the high standard of program delivery.</li> </ul>



Key Evaluation Question	Comment or sub-question	Summary of key insights from the stakeholder consultation
		<ul style="list-style-type: none"> <li>A certificate scheme could potentially improve the participation of tier 2 retailers and a larger number of service providers.</li> <li>Stakeholders highlighted that the small size of the ACT market means that a certificate scheme may be difficult to implement.</li> </ul>
<b>Impact:</b> What change has the program made to energy savings in the ACT, CO <sub>2</sub> -e emissions, End users' energy bills?		
Is EEIS working well as a key policy option for tackling market failure in energy efficiency?	a) What has been the net impact of EEIS on the ACT economy and households?	<p><u>Direct consultation</u></p> <p>Overall, stakeholders expressed support for the scheme and suggested that it was tackling barriers to the uptake of energy efficiency.</p> <p><u>Post implementation surveys</u></p> <p>Across all of the post implementation surveys:</p> <ul style="list-style-type: none"> <li>54-70% of respondents reported a reduction in energy bills.</li> <li>50 - 60% of respondents to the Elton Consulting surveys stated they would not have carried out the activities if the EEIS was not in existence.</li> <li>70% of respondents for the 2018 business survey stated they would not have carried out the activities if the EEIS was not in existence.</li> </ul>
What activities have been delivered?		N/A
What have been the energy efficiency gains from the program?	How did this translate into CO <sub>2</sub> -e savings and energy bills savings for end beneficiaries?	N/A
	How well has the carbon metric aligned with energy bill savings?	N/A
Are Energy Savings Contributions being effectively applied to meet the scheme objectives?		N/A
What has been the impact of applying the EEIS retailer obligation to electricity only, rather than electricity and gas?		N/A
<b>Effectiveness:</b> How is EEIS tracking on its multiple statutory objectives?		
How well did the EEIS: a. Encourage the efficient use of energy		<p><u>Direct consultation</u></p> <p>In general, stakeholders reported that the scheme was effective in encouraging the efficient use of energy. Some stakeholders felt that just by having the scheme in operation it attracted a focus on energy efficiency, while other stakeholders suggested that there was limited ongoing awareness and impact.</p>
b. Reduce greenhouse gas emissions associated with stationary energy use in the Territory		<p><u>Direct consultation</u></p> <p>In general, stakeholders were more focused on energy affordability than the greenhouse gas reductions associated with the scheme. Stakeholders generally acknowledged however, that greenhouse gas emissions were being reduced through the scheme.</p>

Key Evaluation Question	Comment or sub-question	Summary of key insights from the stakeholder consultation
c. Reduce household and business energy use and costs		<p><u>Direct consultation</u></p> <ul style="list-style-type: none"> <li>In general, stakeholders reported that the scheme was effective in reducing household and business energy and costs.</li> <li>Stakeholders were unable to estimate the actual usage and cost reductions.</li> </ul> <p><u>Post implementation surveys</u></p> <p>Based on the analysis of the Elton Consulting phone surveys and the 2018 business survey results, it was determined that the majority of participants (households and businesses) report some reduction in energy bills (54-70%), while a minority (&lt;25%) were not sure if their bills had decreased.</p>
d. Increase opportunities for priority household to reduce energy use and costs		<p><u>Direct consultation</u></p> <ul style="list-style-type: none"> <li>Overall the explicit focus of the scheme on priority households was important to stakeholders.</li> <li>Stakeholders highlighted that priority households present unique challenges in relation to encouraging energy efficiency.</li> <li>The use of community organisations as a conduit for delivery to low income households was seen as valuable.</li> <li>Delivery through ACT Housing was considered to be important and effective.</li> <li>Community organisations and consumer advocates suggested that lighting products were no longer available through the scheme. They suggested that this remained a valuable activity for low income households.</li> <li>There was a high degree of interest from stakeholders to maintain the focus on priority households. Retailers were the only group that expressed concern about the focus on priority households, but they acknowledged that it was a policy priority.</li> </ul>
Have trade-offs between objectives affected their achievement?	Has the 100% Renewable Energy Target combined with the EEIS carbon metric reduced its delivery of energy efficiency?	N/A
Is the EEIS working well as a key policy option for tackling market failure in energy efficiency?	a) What has been the net impact of EEIS on the ACT economy and households?	NA
	b) Where has EEIS performed best?	<p><u>Direct consultation</u></p> <ul style="list-style-type: none"> <li>Stakeholders recognised that the EEIS was a measure that can leverage the extensive network of the retailer to roll out energy efficient technology at scale. That is, to a large number of households.</li> </ul>
	c) Where has it not worked well?	<p><u>Direct consultation</u></p> <ul style="list-style-type: none"> <li>Stakeholders highlighted that a strength of the program is that a large number of households receive a benefit from the scheme. However, there are some households that are funding the scheme through higher electricity prices but are not receiving any benefits. This includes a proportion of low income households.</li> </ul>

Key Evaluation Question	Comment or sub-question	Summary of key insights from the stakeholder consultation
		<p><u>Post implementation surveys</u></p> <ul style="list-style-type: none"> <li>In general, the majority of respondents (households and businesses) found that energy savings activities and products were working well and as expected.</li> <li>Exceptions include that some equipment was faulty or had been removed. This included 33% of SPCs, 9% of draught seals and between 0.02 and 2% of lights.</li> </ul>
	d) How well is the EEIS non-certificate, market-based approach working?	<ul style="list-style-type: none"> <li>Tier 2 participation has been limited.</li> </ul>
What has been the effect of excluding National Greenhouse and Energy Reporters (NGER) and other larger enterprises from EEIS?		<p><u>Direct consultation</u></p> <ul style="list-style-type: none"> <li>Retailers expressed a preference to include NGER and other larger enterprises. They argued that this could reduce the overall cost of scheme delivery.</li> </ul>
Is the legislative framework accessible, and supporting scheme effectiveness by conveying obligations clearly and simply?		<p><u>Direct consultation</u></p> <ul style="list-style-type: none"> <li>The majority of the stakeholders consulted did not have a detailed working knowledge of the scheme and there was some confusion between the scheme and other measures such as Actsmart. This was not necessarily due to the way in which the scheme was communicated however since schemes of this type are relatively complex compared to other energy efficiency measures such as grant programs. Further insight will be provided in the comparative analysis.</li> </ul>
Has the delivery cost of the program been commensurate to the energy savings benefits delivered?		N/A
Has the semi-market measure of the Priority Household Target been an efficient way to deliver savings to low income households?	Has the PHT formulation as a proportion of a RESO resulted in a trade-off between EEIS delivery to households and businesses?	N/A
<b>Equity:</b> has the delivery of the EEIS been equitable and has it avoided creating inequalities between stakeholders?		
Are stakeholders satisfied with the EEIS framing and delivery?		<p><u>Direct consultation</u></p> <ul style="list-style-type: none"> <li>Overall the stakeholder feedback highlighted that stakeholders are satisfied with delivery of the scheme. It has been noted that the focus on stakeholder consultation at each stage of program delivery has been particularly valued by stakeholders.</li> </ul>
Does the regulatory framework support a level playing field across Tier 1 and Tier 2 retailers in the context of providing eligible activities to customers?	Are the Tier 2 ESC and shortfall penalty rates at the right level to encourage cost effective Tier 1 activity delivery, maintain low pass-through costs and increase Tier 2 participation?	<p><u>Direct consultation</u></p> <p>Stakeholders consistently highlighted that the ACT is in a unique position in that it has a single retailer that accounts for a very high proportion of customers. This creates a very challenging context for the government to create a 'level playing field' Stakeholders engaged in activity delivery and retailers reported that, from their perspective:</p> <ul style="list-style-type: none"> <li>There is not a level playing field as the Tier 1 retailer is able to leverage its scale or cross-subsidise between activities to deliver activities at no cost to some participants when Tier 2 retailers may try to enter the market.</li> </ul>

Key Evaluation Question	Comment or sub-question	Summary of key insights from the stakeholder consultation
		<ul style="list-style-type: none"> <li>This is reinforced by the fact that the Tier 1 retailer has a higher penalty rate, hence a greater incentive to deliver activities.</li> <li>Pushing up the ESC costs to encourage participation could have the effect of pushing the smallest retailers out of the ACT market.</li> <li>Fixed cost of contracting / reporting / complying with EEIS rules cannot be amortised easily by Tier 2 retailers (small number of customers) whereas the Tier 1 retailer can.</li> </ul> <p>One stakeholder also mentioned that the Tier 1 retailer is now in the privileged position of having experience in the scheme and that this advantages them compared to Tier 2 retailers. They also know the market much better, being focussed on the ACT market (they understand the requirements too) and have stronger local links.</p>

### 3.2. Response to prospective Key Evaluation Questions

The table below provides a summary of key insights from the stakeholder consultation that are relevant to specific prospective Key Evaluation Questions.

Primary questions	Comment or sub-question	Stakeholders
Taking account of the EEIS track record, ACT climate change targets, energy price rises and market barriers, should the EEIS continue?		<p><u>Direct consultation</u></p> <ul style="list-style-type: none"> <li>Overall stakeholders felt that the scheme should continue.</li> <li>Stakeholders also highlighted that the scheme should include complementary policies – particularly for low income households that face higher energy costs but are not beneficiaries of the scheme.</li> </ul> <p><u>Post implementation surveys</u></p> <p>Across all of the post implementation surveys:</p> <ul style="list-style-type: none"> <li>63% of respondents reported a reduction in energy bills.</li> <li>61% of respondents stated they would not have carried out the activities if the EEIS was not in existence. At 69%, this was higher for businesses.</li> </ul>
What can we learn from EEIS so far to inform a possible extension?		<p><u>Direct consultation</u></p> <p>In general, stakeholders were more focused on energy efficiency and energy affordability than the greenhouse gas reductions associated with the scheme. This is a consideration for the focus of the extension.</p>
Is the EEIS market-based approach still the best way to incentivise low cost abatement?		N/A
What are the key considerations for selecting metrics for a post-2020 EEIS.		<p>Direct consultation</p> <p>Stakeholders identified a range of issues to be considered in selecting metrics:</p> <ul style="list-style-type: none"> <li>The impact of the 100% renewable electricity target.</li> <li>The need to balance cost savings with emissions, and the likelihood that energy savings would match this more closely than emissions with 100% renewable electricity.</li> </ul>

Primary questions	Comment or sub-question	Stakeholders
What immediate changes would increase stakeholder satisfaction with EEIS?		<p><u>Direct consultation</u></p> <p>Stakeholders made a number of suggestions for improvement. These are listed in section 2.2.5 of this report in the following categories.</p> <ul style="list-style-type: none"> <li>• Priority households</li> <li>• Activities</li> <li>• Harmonisation</li> <li>• Co-contributions</li> <li>• Compliance processes</li> </ul> <p>Each of the suggested improvements will be analysed as part of the integrated analysis.</p>
Are there any other changes recommended for improving EEIS outcomes if EEIS is extended beyond 2020?	<p>Could high priority activities be mandated to target specific objectives under the Scheme such as emissions abatement?</p> <p>Could additional factors be applied to high priority activities that support specific objectives such as energy efficiency, peak demand management, reducing climate change impacts on low income households?</p>	<p><u>Direct consultation</u></p> <p>With regard to the focus of the scheme beyond 2020, it was highlighted that:</p> <ul style="list-style-type: none"> <li>• Many referred to the need to keep working on efficiency, regardless of the cost of energy and the GHG emission factor, so as to reduce supply and distribution system costs while enhancing affordability.</li> <li>• Even achieving the target of 100% renewable electricity there will be an ongoing need for infrastructure to be built and so energy efficiency has a role to play in reducing the need for future infrastructure</li> </ul>
	Is there a risk that EEIS-subsidised in-home displays, electric space heating and cooling activities to increase on peak electricity demand? If so, how is that risk managed?	<p><u>Direct consultation</u></p> <ul style="list-style-type: none"> <li>• The rebound effect from reverse cycle air-conditioners being installed was mentioned by some stakeholders, noting that 1/ education was necessary to ensure the success of these upgrades (and avoid bills rebound) and 2/ comfort from increased use of heating / cooling would be valuable co-benefits if there was rebound</li> </ul>
	What is the likely impact of integrated methods with the NSW Energy Savings Scheme?	<p><u>Direct consultation</u></p> <p>Harmonisation is a topic that was primarily brought up by Tier 2 retailers / activity providers.</p>
	What are the benefits and priorities for harmonising across schemes to streamline the national approach to energy efficiency schemes?	<p>It is called for by these parties, however, there could be different understanding of what “harmonisation” means and could refer to anything from a full merger of schemes, making certificates created in another state eligible in the ACT or simply a harmonisation of eligible activities.</p> <p>It is unclear whether opening the ACT to activity providers accredited in NSW would be attractive to these providers, given the size of the ACT Tier 2 market and its specificities (cool winter climate).</p> <p>Other aspects of harmonisation were thought valuable, including:</p>

Primary questions	Comment or sub-question	Stakeholders
		<ul style="list-style-type: none"> <li>• Training process</li> <li>• certificate process</li> <li>• Warranty levels for products</li> <li>• BCA changes</li> </ul>
<p>Would EEIS benefits be maintained if additional measures were applied to support multiple objectives? Examples could include:</p>	<p>a) additional abatement available for priority households,  b) additional factors applied to activities that support peak demand management or energy productivity,  c) an alternative formulation of the priority household target, a target for non-profit enterprises, a business sub-scheme,  d) mandating high priority activities that are complementary to a market-based approach,  e) alternatively focusing on a single objective, rather than multiple objectives.</p>	<p>N/A</p>
	<p>What other adjustments could be made so that EEIS best supports social equity objectives such as delivering upgrades to priority, low income households, rental accommodation and other households experiencing hardship?</p>	<p>With regard to the focus of the scheme beyond 2020, it was highlighted that energy affordability will be an ongoing concern for businesses post-2020</p>
<p>Would a certificate-based scheme achieve the policy outcomes more effectively and efficiently compared with the current, non-certificate, activities approach?</p>		<p>Some stakeholders remarked that the ACT market for upgrades doesn't have the volume to operate an effective market-based scheme (by which the stakeholders probably meant certificate-based).</p>
<p>Should the exclusion of NGER and other larger</p>		<p>Apart from retailers who would look favourably into an expansion of the scheme in that direction, other stakeholders mostly preferred to keep this exclusion on the</p>

Primary questions	Comment or sub-question	Stakeholders
enterprises be retained or amended?		basis that they do not need financial support and cross-subsidisation to undertake such activities
If EEIS were extended beyond 2020, and what metric would be most appropriate and why?		Stakeholders highlighted even after achieving the target of 100% renewable electricity there will be an ongoing need for a scheme to support energy efficiency and reduce the cost of achieving the Renewable Energy Target and to keep energy affordable for households.