



# **RESULTS OF CONSULTATION** ON AN ENERGY EFFICIENCY IMPROVEMENT SCHEME EXTENSION

Incorporating feedback on proposed new activities

## LIST OF ACRONYMS

AAVs	Activity Abatement Values
ACT	Australian Capital Territory
BMS	Building Management System
CSIRO	Commonwealth Scientific and Industrial Research Organisation
EEIS	Energy Efficiency Improvement Scheme
ESC	Energy Savings Contribution
ESS	NSW Energy Savings Scheme
EV	Electric vehicle
FTBB	Family Tax Benefit B
ICRC	Independent Competition and Regulatory Commission
NGERS	National Greenhouse and Energy Reporters
NSW	New South Wales
PH	Priority Households
PHT	Priority Household Target
PIAM&V	Project Impact Assessment with Measurement and Verification
RCAC	Reverse Cycle Air Conditioner
RCD	Residual Current Device
R Value	Resistance Value
VEU	Victorian Energy Upgrades

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# EXECUTIVE SUMMARY

This report presents the results from a series of stakeholder engagement processes undertaken for the Energy Efficiency Improvement Scheme (EEIS) from late 2018 until March 2019. Engagement focused on a proposed ten-year extension for EEIS and several new and updated EEIS eligible activities. Stakeholders were generally supportive of proposed changes and offered valuable insights that are being used to further improve the design of the EEIS.

# BACKGROUND

The Australian Capital Territory (ACT) [Energy Efficiency \(Cost of Living\) Improvement Act 2012](#) (the Act) establishes the EEIS.<sup>1</sup> EEIS is administered by the Environment, Planning and Sustainable Development Directorate (EPSDD). The objects of the Act are to:

- encourage the efficient use of energy
- reduce greenhouse gas emissions associated with stationary energy use in the Territory
- reduce household and business energy use and costs
- increase opportunities for priority households to reduce energy use and costs.

EEIS is a key delivery mechanism for the ACT's Climate Change Strategy, which is targeting net zero emissions by 2045.<sup>2</sup>

A post-implementation review of the EEIS in early 2018 by independent consultants Point Advisory<sup>3</sup> confirmed that EEIS remains appropriate and has been both effective and efficient in tackling the original policy problems and scheme objectives.<sup>4</sup> The review confirmed that by the end of 2017 EEIS had:

- reduced household and business emissions and energy costs
- achieved a lifetime benefit: cost ratio of 4:1
- supplied lifetime energy savings above 4.5 million GJ
- avoided over 390kT CO<sub>2</sub>e of greenhouse gas emissions
- realised total lifetime bill savings of \$240 million.

The review also looked ahead to potential improvements and scheme extensions. It recommended that EEIS be extended. It also proposed some adjustments, including that savings be measured in energy units, instead of greenhouse gas emission reductions, after ACT achieves zero emissions electricity by 2020. The review identified some scheme design options, each targeting alternative policy priorities.

A modelling project undertaken by Energetics<sup>5</sup> explored the likely economy-wide impacts of the different scheme designs over the course of a ten-year EEIS extension. This modelling confirmed expectations that EEIS would continue to deliver strong economic benefits until the end of 2030. It showed that optimal outcomes would be achieved through a balanced approach, aiming for high greenhouse gas emission reductions and increased benefits for low income households.

The government agreed to move ahead with the ten-year EEIS extension, shift to an energy metric and adopt the balanced approach for EEIS. These high-level decisions still left a number of key policy questions open for debate and stakeholders were invited to contribute via email, online survey and a stakeholder forum on 14 February 2019.

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1 [https://www.environment.act.gov.au/energy/smarter-use-of-energy/energy\\_efficiency\\_improvement\\_scheme\\_eeis](https://www.environment.act.gov.au/energy/smarter-use-of-energy/energy_efficiency_improvement_scheme_eeis)

2 <https://www.yoursay.act.gov.au/zero-emissions>

3 <http://www.pointadvisory.com/>

4 <https://www.environment.act.gov.au/energy/smarter-use-of-energy/energy-efficiency-improvement-scheme/publications>

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5 <https://www.energetics.com.au/>



# STAKEHOLDER CONSULTATION

Stakeholder consultation was undertaken on several key policy issues associated with the proposed EEIS extension. The government released a consultation paper<sup>6</sup> seeking stakeholder input into the following:

- How to increase opportunities for low income households
- Key priorities for new eligible activities
- Whether and how to expand the energy savings delivered by EEIS
- Whether and how to provide the capacity for EEIS to consider transport options
- Confirming options for streamlining the EEIS administration
- Enabling the EEIS administrator to collect and audit financial information

The EEIS team regularly consults on proposed new EEIS activities. Stakeholder feedback on several proposed new EEIS activities was sought during 2018 and early 2019. Proposed new activities included in this consultation included:

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6 [https://www.environment.act.gov.au/\\_data/assets/pdf\\_file/0005/1299047/Consultation-Report-for-an-Energy-Efficiency-Improvement-Scheme-Extension-A18099269.pdf](https://www.environment.act.gov.au/_data/assets/pdf_file/0005/1299047/Consultation-Report-for-an-Energy-Efficiency-Improvement-Scheme-Extension-A18099269.pdf)

- new business heating and cooling activities<sup>7</sup>
- demand-response capabilities<sup>8</sup>
- ducted to multiple split reverse cycle air conditioners
- ceiling and underfloor insulation activities<sup>9</sup>.

This report is a result of a collaborative process of policy development, through which advice and innovative solutions have been incorporated and stakeholder recommendations have been incorporated to the maximum extent possible. This approach, shown in Figure 1, applies to the scope of the consultation given the prior decisions to extend EEIS, adopt an energy metric and a balanced policy objective. The final decision on policy settings will be determined by government and, where possible, these will be consistent with the summaries presented in this report.

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7 [https://www.environment.act.gov.au/\\_data/assets/pdf\\_file/0006/1234887/EEIS-Stakeholder-Engagement-Report-Proposed-Business-Heating-and-cooling-activities.pdf](https://www.environment.act.gov.au/_data/assets/pdf_file/0006/1234887/EEIS-Stakeholder-Engagement-Report-Proposed-Business-Heating-and-cooling-activities.pdf)

8 [https://www.environment.act.gov.au/\\_data/assets/pdf\\_file/0006/1234887/EEIS-Stakeholder-Engagement-Report-Proposed-Business-Heating-and-cooling-activities.pdf](https://www.environment.act.gov.au/_data/assets/pdf_file/0006/1234887/EEIS-Stakeholder-Engagement-Report-Proposed-Business-Heating-and-cooling-activities.pdf)

9 [https://www.environment.act.gov.au/\\_data/assets/pdf\\_file/0004/1310386/EEIS-Residential-Insulation-Activities-Consultation-Paper.pdf](https://www.environment.act.gov.au/_data/assets/pdf_file/0004/1310386/EEIS-Residential-Insulation-Activities-Consultation-Paper.pdf)



FIGURE 1: PUBLIC PARTICIPATION SPECTRUM

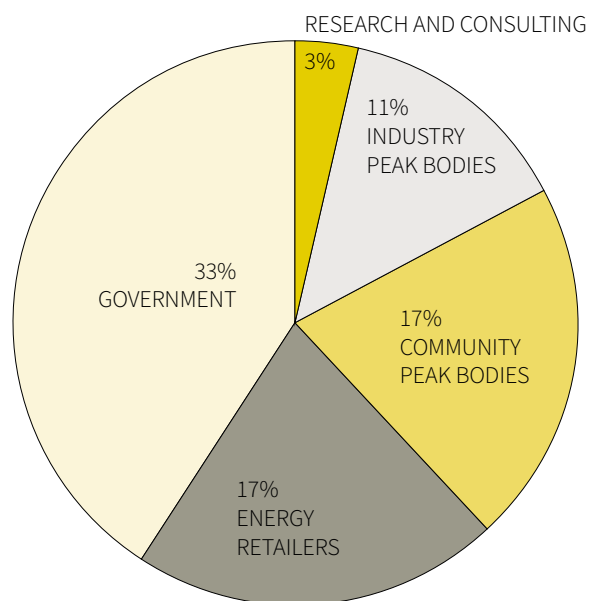
		INCREASING IMPACT ON THE DECISION 				
		INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL		To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
	PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

This report presents stakeholder views on policy questions associated with the EEIS extension and proposed new and updated EEIS activities. The report does not include feedback that was outside of the scope of the consultation. The stakeholder views reported here were gathered using a variety of methods:

- More than 600 EEIS stakeholders were informed of engagement opportunities through several emails.
- A stakeholder forum, held in February 2019 and attended by 75 stakeholders, covered all topics described in this report. The forum program is included in Appendix 1; written and verbal feedback supplied at the forum has been incorporated into this report.
- Online surveys were used to gather responses; nine survey responses were received.
- Submissions were invited through the [epd-eeis@act.gov.au](mailto:epd-eeis@act.gov.au) email address with submissions received from ActewAGL, Better Renting and MAC Energy Efficiency Group.
- Targeted meetings on relevant issues were held with specific key stakeholders including the Independent Competition and Regulatory Commission, several community advocacy groups and energy retailers.

Figure 2 shows the range and distribution of stakeholders who provided feedback directly to EEIS during the February 2019 stakeholder forum.

FIGURE 2: EEIS STAKEHOLDER FORUM ATTENDANCE





# PART 1 – FEEDBACK ON THE PROPOSED EEIS EXTENSION

Part 1 focuses on stakeholder feedback on the design of a ten-year EEIS extension.

## INCREASING OPPORTUNITIES FOR PRIORITY HOUSEHOLDS

The Act requires the Minister to set a Priority Household Target (PHT). This is a percentage of a retailer's total energy savings obligation to be delivered within priority households. Consultation for the review showed very strong stakeholder support for maintaining or increasing the PHT so more EEIS savings are delivered in low income households.

The 2019 EEIS Stakeholder Forum included a panel discussion and a workshop dedicated to the priority household definition and target. More than 30 people attended the workshop on increasing opportunities for priority households; they represented organisations such as ActewAGL, Care Financial Services, ACT Civil and Administrative Tribunal, Better Renting, Housing ACT, St Vincent de Paul, ACT Council of Social Services and Canberra Multicultural Community Forum.



## PANEL DISCUSSION

Panelists included the Director, ACT Council of Social Services (ACTCOSS); Director of Care Financial Counselling Service; Executive Director of Better Renting and the Home Energy Efficiency Program Coordinator from St Vincent De Paul.

One of the messages discussed in the panel and workshop was the importance of ensuring access to the EEIS for priority households. As the EEIS has moved from free items to items that require a co-contribution, some households will not be able to pay the up-front fee and may not be able to access EEIS savings. Panel members and forum participants highlighted the need for mechanisms to assist priority households with the co-contribution. Such mechanisms may include no interest loans, additional government subsidies or alternative programs such as the Actsmart Home Energy Efficiency Program. This was further supported in written submissions following the forum with submissions highlighting the increasing difficulty in delivering EEIS activities to priority households as activities become more expensive and require larger co-contributions.

## WORKSHOP

The intent of the workshop was to consult on two key elements:

1. Setting the 2020 PHT
2. Expanding the scope of the priority household group

### Setting the PHT for 2020

The PHT is reviewed and set annually by the Minister for Climate Change and Sustainability. In setting the target, the Minister recognises the additional costs for retailers in delivering savings to priority households. This suggests an upper limit to the proportion of EEIS savings that can be required through the PHT since too high a setting could adversely impact low income households that are unable to participate, but see increased energy bills because of higher pass through costs.

Table 1 summarises the past achievement of the PHT and the annual settings for each year. The best available information suggests that the 20% level roughly matches the proportion of the ACT population that fits the current criteria for EEIS priority households.

TABLE 1: PRIORITY HOUSEHOLD TARGET AND DELIVERY

YEAR	PHT AS A PROPORTION OF THE RESO	PRIORITY HOUSEHOLD ABATEMENT AS A % OF TOTAL ABATEMENT	% OF TOTAL ABATEMENT REQUIRED IN PRIORITY HOUSES TO MEET PHT, AFTER CARRY-OVER SURPLUS	NUMBER OF PRIORITY HOUSEHOLDS VISITED	LIFETIME ENERGY SAVINGS IN PRIORITY HOUSEHOLDS.
2013	25%	31%	25%	5,123	168,682
2014	25%	32%	18%	8,216	250,028
2015	25%	16%	9%	4,393	158,427
2016	20%	9%	-26%*	1972	73,336
2017	20%	13%	12%	356	142,014
2018	20%	28%	19%	775	292,160
2019**	20%	32%	18%	1031	295,000
2020**	TBD	26%	0%	974	295,000

\*no abatement required in this compliance period due to carried over surplus above PHT.

\*\*forecast PHT values are based on ACT Government investment in Housing ACT properties.

PHT delivery from 2018 until 2020 is being assisted by a \$7 million program to provide an estimated 2200 highly efficient heaters, hot water units and Actsmart energy audits to ACT public housing tenants to help them better manage energy consumption and costs. The program is being delivered through the EEIS. It will ensure the most inefficient heating and hot water systems are decommissioned and replaced, maximising the benefits to low income households and reducing greenhouse gas emissions.

Workshop participants considered what an ideal 2020 setting for the PHT should be, but did not recommend a defined target. The majority of participants supported an increase in the PHT, with suggestions as high as 30%. Box 1 includes comments on potential PHT settings received at the workshop and through surveys and other means.

There is clear majority stakeholder support for increasing the priority household setting above the current 20% to ensure more low income households are assisted.

### Box 1 Comments on potential priority household target settings

- The target could be increased to ensure the scheme still assists private renters and home owners. If the target is not increased in 2020 there is a risk that only Housing ACT tenants will make up the PHT.
- Increasing the target encourages the retailers to adopt new activities that could benefit priority households, for example insulation.
- Meeting the 20% target is already getting harder due to the removal of gas-to-gas activities from the scheme. Changing from ducted gas to ducted efficient electric is expensive and is unlikely to be taken up by priority households, making it harder to reach the PHT.
- Keep the PHT at 20% because it is currently working. It's hard to provide further comments without the cost/benefit being available.
- Increase to 25% because the target is currently being met and is forecast to achieve at least 20% in 2020.
- Have the target at 20% or below because having a lower target could potentially create higher rebates for each priority household.
- Priority households can re-access the program so it's still feasible for a higher PHT to be met with new activities coming online.
- If the ACT Government is very keen to help the priority households perhaps they can fund the co-payment for capital works from the contribution they receive from Tier 2 retailers. Strict eligibility criteria would need to apply.
- Home energy audits lead to other activities being taken up.
- Expand the classes of priority households and increase the Priority Household Target.
- Barriers to increasing the PHT include priority households are less able to afford a co-contribution, renters make a significant proportion of priority households and will continue to be affected by split incentives, and removing gas activities from the scheme will reduce the subset of priority households that are able to access the scheme. Alternative policy options could be used to counteract these barriers, for example mandating energy efficient heating in rental properties, the provision of loans to owner occupiers and mandating disclosure of a property's energy rating when entering into a new lease.

## Increasing the scope of the priority household group

The consultation report for the EEIS extension asks, “What is the best way to increase opportunities for low income households to benefit from EEIS?” In 2018 the Minister for Climate Change and Sustainability made a regulation to expand the classes of priority households (PHs) beyond the original scope as defined in the Act. This approach could be used to further increase the PHT scope in the future.

### Priority households—current definition

An eligible priority household is defined in the dictionaries of the [EEIS Act](#)<sup>10</sup> and [instruments](#)<sup>11</sup> and [regulation](#)<sup>12</sup> as a residential premise where **at least 1 person who lives there:**

- is a recipient of an ACT Government energy concession or
- holds a Commonwealth pensioner concession card or health care card or
- holds a Department of Veterans Affairs pensioner concession card, TPI gold repatriation health care card, war widows repatriation health care card, or gold repatriation health care card or
- holds a Commonwealth seniors health card or
- holds a Commonwealth low income health care card or
- receives a Commonwealth disability support pension or
- is accessing an energy retailer’s hardship program
- is referred to a retailer by one of the following referring organisations:
  - > ACAT (ACT Civil and Administrative Tribunal)
  - > Care Inc. (Financial Counselling Service and the Consumer Law Centre of the ACT)
  - > St Vincent de Paul Society or
  - > The Salvation Army

Any of the following tenanted dwellings are also considered to be an eligible priority household:

- a public housing property managed by Housing ACT
- a property provided by a registered community housing provider
- a property used for providing accommodation or tenancy support by a registered provider of supports under the [National Disability Insurance Scheme Act 2013](#) (Cwlth)
- a property used for providing residential care under the Aged Care Act 1997 (Cwlth) if both of the following apply:
  - > the residential care is provided by an approved provider under that Act
  - > the approved provider is a registered entity under the [Australian Charities and Not-for-profits Commission Act 2012](#) (Cwlth).

Table 2 summarises the workshop discussion on expanding the scope of eligible priority households. The majority of workshop participants supported the expansion into private rentals, Family Tax Benefit B recipients and ACT Services Access Card and increasing the number of referral organisations. Note that the 2016 Census shows approximately 143,000 occupied private dwellings ACT.<sup>13</sup>

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10 <https://www.legislation.act.gov.au/a/2012-17/default.asp>

11 <https://www.legislation.act.gov.au/di/2017-308/default.asp>

12 <https://www.legislation.act.gov.au/sl/2017-41/default.asp>

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13 [http://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/8ACTE?opendocument](http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/8ACTE?opendocument)



TABLE 2: PROPOSALS FOR EXPANDING THE SCOPE OF ELIGIBLE PRIORITY HOUSEHOLDS

PROPOSED NEW CLASS	COMMENTS	POTENTIAL NUMBER OF HOUSEHOLDS
All renters	<ul style="list-style-type: none"> <li>→ This was considered a good umbrella group as many rental households would qualify under different criteria (such as student share houses, new migrants and bottom two income quintiles). This criteria requires significantly less administration to verify their financial situation.</li> <li>→ A major concern was to include restrictions on rent increases if landlords upgraded rental accommodation. The <a href="#">ACT Residential Tenancies Act 1997</a> may already offer this protection. This will be investigated further by EPSDD.</li> <li>→ Well-off renters in efficient accommodation would not likely access the scheme due to the nature of eligible activities offered.</li> <li>→ The EEIS activities generally support upgrades of the older housing stock in Canberra, which is more likely to be rented by people on lower incomes.</li> <li>→ Making renters eligible keeps the administration simple and puts the responsibility onto the landlord rather than the tenant.</li> </ul>	45,000 (includes Housing ACT and Community Housing organisations). <sup>1</sup>
Family Tax Benefit B (FTBB)	<ul style="list-style-type: none"> <li>→ This was considered to be a good umbrella group that would be easier to administer than income dependent criteria such as the lowest two income quintiles.</li> <li>→ Maximum household incomes for FTBB is \$127,772 and the financial limit does not increase based on the number of children in the household (unlike Family Tax Benefit A).</li> <li>→ This group could include homeowners.</li> </ul>	13,759 <sup>2</sup>
ACT Services Access Card	<ul style="list-style-type: none"> <li>→ This card was well supported and is limited to ACT residents with a Visa Protection.</li> </ul>	Not known
Increasing referral organisations	<ul style="list-style-type: none"> <li>→ Increasing the number of referral organisations was well supported.</li> <li>→ No consensus was reached about which organisations would be included and research would need to be conducted on each additional organisation.</li> <li>→ Suggested organisations included: <ul style="list-style-type: none"> <li>→ Migrant and Refugee Resettlement Services (MARRS) and other migrant groups</li> <li>→ Legal Aid</li> <li>→ Carers ACT</li> <li>→ The Public Trustee and Guardian</li> <li>→ Council of the Aging.</li> </ul> </li> </ul>	Not applicable

<sup>1</sup> [http://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/8ACTE?opendocument](http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/8ACTE?opendocument)

<sup>2</sup> <https://www.actcoss.org.au/sites/default/files/public/publications/2018-factsheet-poverty-and-inequality-in-the-act.pdf>





Other possible groups were discussed, but not firmly agreed by workshop participants, because of difficulties in clearly defining these groups by regulation. They were:

- people in energy poverty (spending 10% or more of their income on energy) and
- people in mortgage stress.

There was also discussion on the potential to include not-for-profit organisations as a priority group, potentially with a new priority target. Even though not discussed during the forum, previous modelling suggests setting an additional not-for-profit sub-target may add additional compliance costs, making the overall scheme financially inefficient.

Box 2 includes comments on expanding the priority household group that were received through the online survey, and through other feedback opportunities. These proposals will be considered by the government.

In summary, stakeholders recommend that priority household classes should be expanded, with likely new classes to include all rental households, beneficiaries of Family Tax Benefit B and holders of an ACT Services Access Card. An expansion of referral agencies is also recommended.

### Box 2 Comments on expanding the classes of priority households

- Expand eligibility for the PHT so private rental households are included. This will result in more efforts to engage landlords, and a greater financial incentive for landlords to take part.
- Find ways for Superannuation Funds to invest in low income households energy savings.
- Ensure households are genuine low income households.
- Rebates for split systems regardless of current heating type or housing type. More promotion through ActewAGL energy bills.
- Priority households should include those homes in energy poverty for those who spend more than 10% of their income on energy or those who live chronically under 18°C in winter. Maybe a web-based tool for companies to check eligibility and get a referral at the same time.



- Can we recognise the need for ‘like-for-like’ replacement? Perhaps priority housing could have fewer constraints.
- How can we ensure the ACT community organisations that are tenants of ACT Government properties don’t miss out? There have been good learnings from the ACT Housing upgrade program.
- The EEIS will be most effective as a ‘carrot’ if it sits alongside a ‘stick’ that requires landlords to invest in energy efficiency. Otherwise, uptake in the private rental sector may be limited. I am also unsure about the idea of expanding the PHT to include, for example, FTBB recipients. It’s possible that needy recipients of Family Tax Benefit B would already be captured by other criteria. Would recipients of FTB who wouldn’t otherwise be eligible be worthy of being included in the PHT? Perhaps not.
- Low income households usually cannot afford to upgrade their heating and cooling devices and white goods to more efficient models. Often they are in rental accommodation, where the landlord is not incentivised to upgrade either the building fabric (i.e. weather sealing) or the appliances, as the renter pays the energy bills not the owner. Therefore the challenge is to be able to upgrade at little/no cost to low income households, and to incentivise landlords to upgrade premises whilst not prohibitively increasing rents. Minimum Energy Performance Standards for rental stock will help, but perhaps is a few years away. Requiring a minimum Nationwide Housing Energy Rating Scheme rating before a property could be one way (stick), noting that owners can negative gear any improvements in these properties.
- Can NGOs/ non-profits be considered to have a priority premise status of some sort to incentivise them receiving a larger rebate.
- Include electric vehicles.
- Expand the classes of priority households and also increase the Priority Household Target.
- The scheme should include Family Tax Benefit A and B recipients. However there is a risk that more affluent priority households could reduce attention on the lowest income households because the most disadvantaged households are unable to benefit due to the financial barrier of co-investment. This risk needs to be managed through alternative policy options.
- The classes should be expanded to include all rental properties with the following considerations:
  - 1. The expansion would make it more likely that renters could benefit from the EEIS. Landlords can already benefit from increased rental or sale value but they are not pro-actively improving their rental properties.
  - 2. Expansion will achieve equity outcomes. Targeting the private rental sector is an effective way of targeting the least efficient properties which are disproportionately likely to be occupied by the most vulnerable people.
  - 3. Efficient rental properties that are more likely to be rented by more affluent tenants are less likely to be suited to EEIS activities.
  - 4. Upgrades will need to be initiated by landlords who are not privy to tenant income. Landlords must be able to easily determine if the property is eligible.
  - 5. The higher risk is that landlords do not opt-in to the EEIS rather than the scheme being inundated with landlords—it’s presumably better to have renters benefitting from energy efficiency even if landlords benefit from additional subsidies.



1. What is the best opportunity for low income households to benefit from EEIS?

2. What other opportunities and/or project methods are available in the EEIS?

3. What are the best opportunities for expanding the EEIS?

4. How can the EEIS be expanded to Tier 2 regions?

5. What are the best opportunities for expanding the EEIS?

6. Other ideas for improving the EEIS?



## ELIGIBLE ACTIVITIES

This section reports on stakeholders' suggestions for new EEIS activities to be introduced as part of the proposed EEIS extension. Comments on activity updates occurring at present are presented in Part 2 of this report.

There are more than 20 eligible activities in the EEIS<sup>14</sup>, ranging from energy efficient lighting, building envelope, heating, cooling, hot water and other appliance activities. New activity development is a costly and complex task involving modelling of savings, legislation drafting, risk management processes and extensive engagement. Costs can be minimised by harmonising with existing activities from other schemes and sharing knowledge across jurisdictions; it is more cost effective to add new EEIS activities that are already available in other schemes. Different climatic and baseline conditions and varying statutory frameworks across jurisdictions mean that activities based on those in other schemes must always be amended before being applied in the EEIS. Given these constraints, the EEIS team strives to invest its limited resources into the most promising activities, defined as being cost effective to develop and potentially appealing for retailers and installers to deliver.

Some important differences between EEIS and schemes operating in other jurisdictions make those activities more or less likely to be delivered in the ACT. One is that National Greenhouse and Energy Reporters (NGERS) are not eligible for

EEIS activities even though they can benefit from activities in other schemes. NGERS are excluded in the ACT because most energy use from this group in the ACT is from large national organisations such as the Australian Government, Australian National University, CSIRO and the ACT Government; these organisations are considered to have a high capacity and incentive to invest in energy efficiency savings. Another difference is that the current greenhouse gas emissions metric combines with the ACT target of zero emissions electricity by 2020 to mean that activities that reduce gas use have higher Activity Abatement Values (AAVs) in the ACT than those that only save electricity. This factor has combined with ACT's cold winter climate to make heating activities more rewarding in the ACT than in other jurisdictions, while lighting and appliance upgrades are less rewarding.

Stakeholders were asked to consider other energy efficiency activities and/or project methods that should be available in the EEIS. ActewAGL suggested a set of criteria that could be considered in establishing new activities, including:

- scalability to enable efficient and cost-effective roll out across large numbers of customers
- contribution cost, taking account of low income households
- suitability for rental properties
- the capital and operational costs of new activities balanced against longer term cost savings.

<sup>14</sup> [https://www.environment.act.gov.au/\\_data/assets/pdf\\_file/0011/1216748/2018-NI-summary-activities-and-AAVs.pdf](https://www.environment.act.gov.au/_data/assets/pdf_file/0011/1216748/2018-NI-summary-activities-and-AAVs.pdf)

Suggested new activities are in Table 3.

TABLE 3: POTENTIAL NEW EEIS ACTIVITIES OR PROJECT BASED METHODS

PROPOSED ACTIVITIES	EEIS RESPONSE
<b>BUILDING ENVELOPE ACTIVITIES</b>	
<ul style="list-style-type: none"> <li>→ External wall insulation</li> <li>→ A greater focus on insulation</li> <li>→ Vertical gardens</li> <li>→ Green roofs</li> <li>→ Floating floors with insulation underneath</li> <li>→ Window sensors with automatic opening to maintain good air flow and temperatures</li> <li>→ Roller shutters</li> <li>→ Electric roller blinds</li> <li>→ Replacing single glazing with double glazing</li> <li>→ Recognise challenges in using star ratings for baseline calculations</li> <li>→ More 'soft furnishing' activities such as window covers, bedding and external awnings.</li> </ul>	<p>These are all good ideas, although in most cases the energy savings are likely to be small compared with installation costs. An initial cost-benefit analysis could be undertaken to prioritise among these activities.</p> <p>EEIS already has activities to replace single glazing with double glazing and to install curtains, but they have not been delivered to date.</p>
<b>SPACE HEATING AND COOLING ACTIVITIES</b>	
<ul style="list-style-type: none"> <li>→ Business heating and cooling activities</li> <li>→ Heating, ventilation and air conditioning (HVAC) for large businesses</li> <li>→ Portable heating and cooling activities</li> <li>→ Infrared heating panels</li> <li>→ Geothermal heat pumps</li> </ul>	<p>An initial set of business heating and cooling activities is expected to begin in mid-2019. Further consultation with the business community could indicate whether there is a market for EEIS HVAC activities in large businesses. An initial cost-benefit analysis could be undertaken to test the viability of portable HVAC or infrared activities.</p>
<b>HOT WATER SERVICE ACTIVITIES</b>	
<ul style="list-style-type: none"> <li>→ Solar hot water</li> </ul>	<p>EEIS already has two solar hot water activities, which have not been delivered to date.</p>
<b>LIGHTING ACTIVITIES</b>	
<ul style="list-style-type: none"> <li>→ Compact Fluorescent (CFL) to Light Emitting Diode (LED) lighting upgrades</li> </ul>	<p>EEIS could cost effectively design a CFL to LED upgrade activity based on one from another jurisdiction. Low abatement is expected because additionality will be limited.</p>
<b>APPLIANCE ACTIVITIES</b>	
<ul style="list-style-type: none"> <li>→ Smart plugs (such as standby power controllers)</li> <li>→ Washing machines</li> <li>→ Front loading washing machines to replace top loaders</li> <li>→ Similar to South Australia, consider including energy saving power boards as potential activities for priority households. This is useful to tackle an increasing number of gadgets.</li> </ul>	<p>Very few EEIS appliance activities have been picked up to date, but if a similar activity exists in another scheme it could be cost effective to adapt it for EEIS.</p>

PROPOSED ACTIVITIES	EIS RESPONSE
<b>PROJECT BASED METHODS</b>	
<ul style="list-style-type: none"> <li>→ Project Impact Assessment with Measurement and Verification (PIAM&amp;V)</li> <li>→ Building Management Systems (BMS) for smart homes which could be used for heating and cooling only, or for all appliances in a house</li> <li>→ BMS optimisations for commercial buildings, customised for energy savings</li> </ul>	<p>More work is needed to determine whether PIAM&amp;V activities will have a market in the ACT given the exclusion from EEIS of NGERs reporters. An initial cost-benefit analysis could be undertaken to test the viability of BMS activities.</p>
<b>TRANSPORT ACTIVITIES</b>	
<ul style="list-style-type: none"> <li>→ Transport activities</li> <li>→ Electric cars where batteries can be charged overnight</li> <li>→ Electric vehicles</li> </ul>	<p>See the section on Providing the capacity for EEIS to consider transport options below.</p>
<b>OTHER ACTIVITIES</b>	
<ul style="list-style-type: none"> <li>→ Priority household activities such as portable heating and cooling equipment</li> <li>→ Batteries</li> <li>→ Consider education activities</li> <li>→ Integrate with building policy</li> <li>→ Consider activities for new builds as well as retrofits</li> <li>→ Is it possible to have a more holistic approach to activities? That is, whole of premise upgrades instead of a single activity at a time.</li> <li>→ Data centres</li> <li>→ Various smart home technologies that reduce the need for high energy consumption at peak times to heat or cool the household</li> <li>→ Improvements in data analytics and add-on reader/communications features mean that gas and electricity usage can be linked to specific appliances and activities. Allowing such approaches for identifying saving opportunities and verifying outcomes would be valuable.</li> <li>→ Could there be an abatement associated with disconnecting a house from gas?</li> </ul>	<p>Modelling for an EEIS extension explored various options for incentivising high priority activities or groups. This work concluded that such partitioning is generally an inefficient constraint on EEIS cost effectiveness. Nonetheless, priority activities could be considered at a later stage. A separate ACT Government program is already supporting battery installations, but EEIS battery activities could be investigated.</p>





## EXPANDING ENERGY SAVINGS

Two options for expanding energy savings were presented for stakeholder feedback. The first is to expand the energy efficiency obligation to gas retailers, and the second is to increase Tier 2 retailer participation. About 30 stakeholders attended a stakeholder workshop on expanding energy savings. The feedback below is mostly from that forum.

### RETAINING AN ELECTRICITY-ONLY ENERGY SAVINGS OBLIGATION

At present, the EEIS energy savings obligation applies only to electricity retailers. The EEIS Review and modelling projects explored the option of expanding the obligation to gas retailers. This would result in some scheme costs being passed on through gas bills as well as electricity bills, with potential equity benefits.

Stakeholder engagement and public consultation revealed little support for the option of extending the energy savings obligation to gas retailers. Comments received about this option are presented in a ‘for and against’ format in Table 4.

TABLE 4: ISSUES RAISED ABOUT EXPANDING THE ENERGY SAVINGS

ARGUMENTS FOR EXPANDING THE OBLIGATION	ARGUMENTS AGAINST EXPANDING THE OBLIGATION
This may be more equitable as it means all energy users pay for the scheme regardless of energy type.	Expanding to gas will increase gas prices, which could negatively impact low income households that lack the capital to upgrade their existing gas equipment.
Electricity-only customers will not cross-subsidise measures that mainly benefit gas customers.	Gas policy to support zero net emissions is more complicated and it is not appropriate for EEIS to be the lead program for facilitating a transition off natural gas. Complicated issues like stranded assets and distributional need to be considered.
Gas and electricity retailers will still be able to select the most economically efficient activities to achieve their overall target.	From mid-2019 there will not be any efficient gas activities offered within EEIS, making it illogical for gas retailers to be involved.
	This could increase the costs to identify priority households, which will increase pass through costs and make it harder to achieve the PHT.
	The electricity retail pass through costs are regulated but gas prices are not. There is potential for unequal cost allocation across gas and electricity bills which could lead to perverse outcomes.
	There are significant new administration costs associated with expanding to gas retailers, and no additional savings anticipated, so it seems like a lot of pain for no gain.
	Pushing unnecessary costs onto all.

In summary, early analysis suggested there may be equity benefits in expanding the obligation to gas retailers but consultation reveals disadvantages may outweigh benefits, such as increasing gas prices, administration costs and negatively impacting low income households with no additional savings anticipated.



## INCREASING TIER 2 PARTICIPATION

EEIS requires large Tier 1 electricity retailers to meet an Energy Savings Target by delivering eligible activities. Smaller Tier 2 retailers can either deliver activities or opt to pay an Energy Savings Contribution (ESC) in lieu of delivering savings. To date, nearly all the EEIS activity delivery has been by ActewAGL, the only Tier 1 retailer. Tier 2 retailers and abatement providers continue to express interest in delivering abatement under EEIS but, at present, it is too difficult for smaller retailers to deliver abatement compared with the easier, available option of paying the ESC. This is due to economies of scale, higher administration costs and greater compliance risks associated with delivering activities compared to paying the ESC.

Three options were presented for supporting Tier 2 retailers to deliver eligible activities under EEIS and comments were collected on each option. Table 5 presents these options with the comments received at the stakeholder workshop.

TABLE 5: OPTIONS FOR INCREASING TIER 2 PARTICIPATION

OPTION FOR INCREASING TIER 2 PARTICIPATION	STAKEHOLDER RESPONSES
<b>HARMONISE WITH NSW ENERGY SAVINGS SCHEME (ESS)</b>	
<ul style="list-style-type: none"> <li>→ Establish an agreement between NSW and ACT governments</li> <li>→ Determine which ESS activities to be added to ACT eligible activities</li> <li>→ Implement a register of Approved Abatement Providers</li> <li>→ ACP creates certificates on NSW certificate registry which ACT retailers can purchase to meet their obligation</li> </ul>	<ul style="list-style-type: none"> <li>→ This option would be easy for retailers and abatement providers with ESS experience while maintaining EEIS resources, but creates a dependence on ESS tools and regulation, challenges the ESS volumetric audit panel rules due to low EEIS volumes, and moves away from the non-tradeable program foundation.</li> <li>→ IPART certificates take a long time to process, making it easier to pay the ESC.</li> <li>→ Best activities:               <ul style="list-style-type: none"> <li>» Ducted gas to reverse cycle air conditioners (RCACs) is a good option because AAVs are so high.</li> <li>» Electric ducted to high efficiency RCAC ducted activity is probably limited by high cost and economies of scale.</li> <li>» Gas wall to RCAC split systems is a good option with good AAVs and safety benefits.</li> <li>» Consider activities to stimulate the market.</li> </ul> </li> </ul>
<b>EEIS MAINTAIN A REGISTER OF APPROVED ABATEMENT PROVIDERS (AAP) (INSTALLERS)</b>	
<ul style="list-style-type: none"> <li>→ Allow for inclusion via existing accreditation in ESS, VEET or REES</li> <li>→ AAP nominated in retailer's compliance plan containing obligation details</li> <li>→ energy sales and obligation etc.:               <ul style="list-style-type: none"> <li>» AAPs required to submit compliance plan containing implementation details</li> <li>» SWMS, training, delivery etc.</li> </ul> </li> <li>→ Implement independent audit requirement of activities</li> <li>→ Implement fee for service arrangements</li> </ul>	<ul style="list-style-type: none"> <li>→ Low implementation costs and assistance for navigating compliance processes, but this is likely to be insufficient to drive additional retailer participation.</li> <li>→ Highly reliant on having appropriate penalty levels for non-compliance.               <ul style="list-style-type: none"> <li>» No penalty that could be introduced would be as severe as the risk to ActewAGL's reputation.</li> </ul> </li> <li>→ Would shift the risk to Approved Abatement Providers (AAP).</li> <li>→ Removing admin costs/overheads might be preferable to risk shifting.</li> <li>→ Harmonising with NSW may have lower costs than setting up a new ACT register.</li> <li>→ This approach could reduce both costs and quality.</li> <li>→ A quality system would require significant ACT Government administrative costs</li> <li>Hard to monitor or control the level of customer service.</li> </ul>

MANAGE A LIMITED/LOW RISK CERTIFICATE REGISTER

- Limited to low risk or already regulated activities such as:
  - » replacing electrical HWS with heat pump HWS
- Provide easy compliance options:
  - » E.g. submit a form with some purchase or photo evidence
  - » E.g. Approved installers would sell government certified abatement to energy retailers
- Cost of participation and administration needs to be lower than paying an ESC.
- Certificate approval needs to be quick.
- No good to have a cap on energy savings. There would need to be enough certificates to cover retailer obligations.
- Better to harmonise with ESS with a tradeable portal until certificates are approved. This would require EEIS to have its own audit arrangement.
- Remove the ESC option while providing alternative options such as the IPART register option.
- Low cost to retailers would support Tier 2 participation, but EEIS administration costs would be high.

OTHER OPTIONS AND ISSUES

Would it be possible for Tier 2 retailers to meet their commitment by funding a Tier 1 retailer?

- The EEIS's compliance costs and accompanying corporate risk profile are too high for Tier 2 retailers to participate compared to their market share. Having the Tier 1 retailer fulfil the EEIS obligations ensures uniformity of delivery to all customers. The ACT market is comparatively small, so if Tier 2 retailers were obligated to undertake activities, there could be an increase in Territorians' electricity bills due to the high cost of undertaking activities and competition for sites.
- One option may be for Tier 1 to do abatement activities on behalf of Tier 2 retailers and be paid for this.
- Alternatively, all Tier 2 retailers could meet their commitments collectively, helping to achieve an economy of scale.
- Continue to allow each Tier 2 retailer to participate or pay, or any combination, so they can choose the best approach given their own circumstances.
- Establish a sub-registry on the NSW ESS platform (Option 1) but with an EEIS administered audit regime, but allow existing aggregators to undertake certificate registration, including some audit and compliance work.

In addition to these comments on possible approaches to supporting Tier 2 participation, the retailers themselves emphasise that the option to pay an ESC is a good solution at this stage and that it would be a mistake to remove or constrain that option unless a genuinely acceptable alternative is provided. Such an alternative would need to be low risk, cost effective and timely in operation. The real enthusiasm for an alternative option supporting Tier 2 participation is from abatement providers who are keen to extend energy efficiency obligation arrangements from other jurisdictions into the ACT market.

Arguments were also made for not increasing Tier 2 participation since this could diminish the pool of priority households available for the Tier 1 retailer to achieve the PHT.

In summary, there is continuing interest in providing low-risk, high quality, cost effective and timely options for Tier 2 retailers to deliver energy savings and various options could be progressed. The option of paying the ESC contribution remains acceptable to Tier 2 retailers.

Household make  
change for a  
sustainable future.



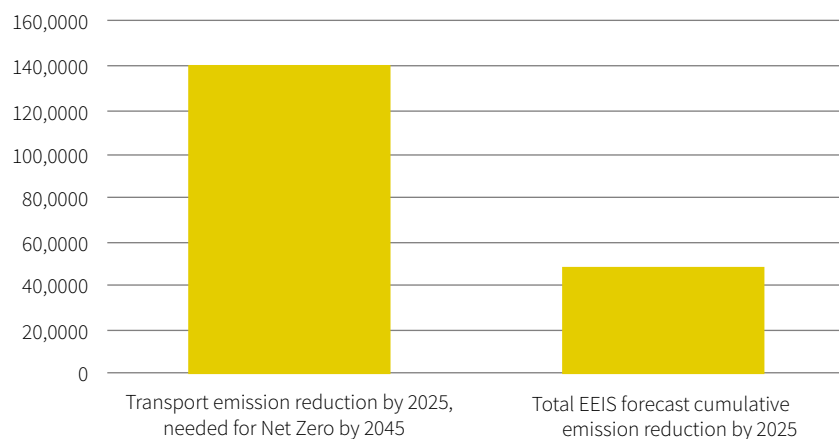
## PROVIDING THE CAPACITY FOR EEIS TO CONSIDER TRANSPORT OPTIONS

ACT climate change modelling suggests that the transport sector will be the single largest source of emissions after the 100% renewable energy target is achieved in 2020. The ACT's Transition to Zero Emissions Vehicles Action Plan 2018–21 describes key initiatives being developed to reduce transport emissions.<sup>15</sup> The Moving Canberra: Integrated Transport Strategy has a vision for a future transport experience that is modern, sustainable, integrated and provides real alternatives to driving.

The government sought stakeholder views on whether EEIS should be expanded to reduce emissions in the transport sector. The EEIS scope is currently limited to 'stationary' energy use associated with buildings because Objective (b) of the Act is to "reduce greenhouse gas emissions associated with stationary energy use in the Territory". Removing the reference to 'stationary' energy use in the objectives would allow for transport options to be potentially explored in the future.

Eleven people attended the stakeholder forum session on providing the capacity for EEIS to consider transport options.

### Forecast emission reduction



<sup>15</sup> [https://www.environment.act.gov.au/\\_data/assets/pdf\\_file/0012/1188498/2018-21-ACTs-transition-to-zero-emissions-vehicles-Action-Plan-ACCESS.pdf](https://www.environment.act.gov.au/_data/assets/pdf_file/0012/1188498/2018-21-ACTs-transition-to-zero-emissions-vehicles-Action-Plan-ACCESS.pdf)

Box 3 presents comments that were made on providing the capacity for EEIS to consider transport options. This includes ideas gathered at the stakeholder forum workshop on transport options, plus some additional comments received through the online survey.

### Box 3 Comments on considering transport options for EEIS

#### WHAT ARE WE DOING AND HOW ARE WE DOING IT?

- What and who would be incentivised?
  - > Behaviour change?
- Overseas examples have shown that it works to have rebates.

#### WHICH ACTIVITIES WOULD BE INCLUDED?

- Make the amendment for flexibility. Explore the potential for supporting non-car options such as e-bikes, e-scooters etc initially. Also, capped incentives for buyers of second-hand EVs may be an equitable option.
- Remember hydrogen vehicles—there will be a place for them.
- Don't exclude anything at this stage (registration, cars, charging stations).
- Model and validate all options.

#### A GOOD IDEA TO CREATE ACTIVITIES FOR FLEETS OF VEHICLES:

- Don't do this per consumer, but per fleet.
- Carers, businesses, government, virtual, car-share, university students.

#### PRE-PLAN AN EQUITABLE APPROACH:

- Very important and complex and needs to be dealt with specifically regarding transport.
- Is it fair for priority households to cross-subsidise higher income households or drivers purchasing EVs?
- Multicultural, aged, outer suburbs.
- Integrate with other transport solutions, e.g. behavioural change.
- Consider and consult car dealers.

#### EVS AND THE ELECTRICITY SUPPLY:

- Tariffs
- ActewAGL has an off-peak EV network.
- Don't apply the tariff for transport to the priority household group.
- It should be noted that reducing electricity consumption will still produce climate benefits in the real world as the real emissions intensity of electricity consumed in the ACT is not 0.
- A big challenge would be deciding what activities would be eligible and how to deem them. Also, would it make sense then to have other groups funding the scheme, such as petrol retailers?
- All measures require funding. Look at Funding Cooperatives as a way to expand.
- Compliance needs to be practical.
- Cap the incentive size and proportion of total savings so that existing activity is not disrupted by expansion into transport.

Consensus on the following proposals was reached by stakeholders attending the transport options workshop:

- Remove ‘stationary’ from the objectives of the Act.
- Investigate a wide range of potential activities, including fleets of vehicles.
- The most logical place for the obligation to rest is with electricity retailers, but this could be explored with modelling.
- Focus on priority fleets, such as fleets of carers.
- Don’t disadvantage priority households e.g. by allowing cost shifting from transport activity recipients to those who don’t benefit.
- Integrate any EEIS transport activities with other related transport initiatives, such as those focused on behaviour change.

In summary, there is clear support for removing the term ‘stationary’ from the objectives of the Act to allow EEIS to consider transport activities in the future.

## STREAMLINING EEIS ADMINISTRATION

The government undertakes audit and compliance activities to ensure EEIS safely delivers genuine energy and bill savings. To support this role, retailers are required to collect and submit evidence to show how they have delivered the EEIS activities. When new activities are delivered, or existing activities evolve, additional information may be needed to confirm compliance.

Streamlining EEIS administrative requirements can be achieved by moving record keeping and reporting requirements into notifiable instruments. This will support speedy approval of minor changes while maintaining transparency and accountability. Relevant stakeholders include electricity retailers and government officers directly affected by the operations of the Act; both groups have indicated support for the streamlining proposal.

One comment received on this proposal emphasised a need for “strong monitoring of outcomes, and ‘probationary’ periods, as well as effective trials and monitoring, so that errors can be picked up quickly and corrected.”

In summary, there is support for streamlining EEIS administration and the government intends to progress this proposal.

## ENABLING THE EEIS ADMINISTRATOR TO COLLECT AND AUDIT FINANCIAL INFORMATION

Providing for an administrator function to collect and audit financial information related to the delivery of the EEIS could increase the capacity of the Administrator to assess the ongoing costs and benefits of the scheme. However, the pass through costs delivered by ActewAGL are currently determined by the Independent Competition and Regulatory Commission (ICRC); therefore, it would be important not to duplicate this function in the EEIS.

ActewAGL’s submission indicated that the retailer does not support extending the role of the Administrator to collect and audit financial information as this would create additional administrative costs without clear benefits. Other submissions emphasised the importance of confirming value for money and the relative cost effectiveness of individual service providers.

The Act and associated codes of practice already provide for financial information to be provided annually to the administrator. These existing provisions could be used to enhance the administrator’s capacity to collect and audit financial information.

## OTHER IDEAS FOR IMPROVING EEIS

The consultation report, stakeholder forum and online survey asked stakeholders for any other ideas to improve EEIS. The full set of suggestions received are reproduced in Box 4.



## BOX 4 OTHER IDEAS FOR IMPROVING EEIS

- Provide support through Energy Saving Cooperatives which can negotiate with suppliers as a group.
- Concentrate on funding through cooperatives and provide support to cooperatives to implement approved measures. Have all measures evaluated and remove those measures that do not deliver benefits and allow new measures to come in for trial. In other words, do not try to guess what is good. Let suppliers suggest then provide a controlled cooperative means to try out approaches.
- Central database to store evidence of data submitted by retailers for reporting, duplicates and re-visits.
- Amend Part 4 consistent with open source data sharing policies. This would enable the EEIS to support research into energy efficiency trends and opportunities. Data would still need to be de-identified, and not disclose any commercial in-confidence material, but beyond this there is a public interest argument to be made for information sharing.

The first two suggestions suggest complex re-thinking of how EEIS or other energy savings initiatives may work and can be considered by government when time permits.

The third comment proposes a minor amendment to the Act that would provide for consistency with current government policy. This will be investigated for possible early implementation.





# PART 2 PROPOSED UPDATES TO ELIGIBLE ACTIVITIES

Part 2 covers stakeholder feedback on proposed new EEIS activities that are currently being developed for introduction in 2019 and 2020. Throughout Part 2, activities are referred to by number, consistent with the Energy Efficiency (Cost of Living) Improvement (Eligible Activities) Determination 2017.<sup>16</sup>

## HEATING, COOLING, VENTILATION SEALING AND APPLIANCE ACTIVITIES

Consultation on proposed new heating and cooling activities was ongoing throughout 2018 and 2019.<sup>17</sup> Consultation at the stakeholder forum included a dedicated workshop on several proposals for new activities, including:

- an activity for multiple RCAC split systems as an eligible replacement for the central heating and cooling activity (Activity 2.1)
- adding business into the heating activities (Activity 2.1, 2.3 and 2.4)
- including two new business heating activities (Activity 2.5 and 2.6)
- the addition of demand response capability in the minimum product requirements for heating and cooling activities 2.1, 2.3, 2.5 and 2.6

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16 <https://www.legislation.act.gov.au/View/ni/2017-676/current/PDF/2017-676.PDF>

17 [https://www.environment.act.gov.au/\\_data/assets/pdf\\_file/0006/1234887/EEIS-Stakeholder-Engagement-Report-Proposed-Business-Heating-and-cooling-activities.pdf](https://www.environment.act.gov.au/_data/assets/pdf_file/0006/1234887/EEIS-Stakeholder-Engagement-Report-Proposed-Business-Heating-and-cooling-activities.pdf)



Consultation also occurred about the following updated activities which were mostly updated to match changes in the Victorian Energy Upgrades scheme (VEU):

- 1.3 ventilation opening sealing activities—development of a code of practice
- 3.3 replace existing shower fixture to a low flow shower fixture—changed from a 10 year life to a 15 year life
- 5.2 purchase of high efficiency refrigerator or freezer—changes in eligible star rating thresholds, an increase in the volume range and changes to the baseline star rating
- 5.3 purchase of a high efficiency electric clothes dryer—changes in the star rating from 5 stars to 7 and increasing the baseline energy consumption
- 5.4 install a standby power controller—removal from the scheme
- 5.6 installing a high efficiency swimming pool pump

The proposed changes to these activities were mostly well received. One exception was a comment that newer standby power controllers are better than the previously installed controllers because they can come with a controlled master and subsidiary controls. It was suggested that EEIS may harmonise with the South Australian Retailer Energy Efficiency Scheme in considering retaining standby power controllers in the scheme as they can continue to be installed in priority households and help meet the PHT.

Approximately 20 people attended the workshop representing organisations such as ActewAGL, Care Financial Services, Evo Energy, Actsmart, AGL, ACT Civil and Administrative Tribunal, Housing ACT, Harvey Norman and ActewAGL Energy Shop.

## ACTIVITY 2.1 REPLACE AN INEFFICIENT CENTRAL SPACE HEATING SYSTEM

Proposed changes include extending the activity to business and adding multiple split systems or multi-head split systems as eligible replacements.

Workshop participants were overall supportive of adding business heating and multi-head split heaters as an option. It was seen that adding additional options would allow greater participation in the scheme.

Discussion occurred around the logistics of adding multiple split systems and what factors would prohibit someone from installing too many systems (for example, in seven rooms). It was mentioned that the cost/benefit ratio could be a deciding factor as installing one in each room might end up being more expensive than installing a ducted reverse cycle system. Specific comments about the proposed changes to Activity 2.1 are in Box 5.

### BOX 5 COMMENTS ON PROPOSED CHANGES TO ACTIVITY 2.1

- Meter board upgrades could make HVAC activities very costly.
- Central systems in shared office spaces (with multiple tenants) can often result in overly hot or overly cold areas. Ducted to multiple split systems offers a good option for these as each tenancy can control its own environment.
- It's good to give people the choice between changing from an inefficient ducted to either efficient electric ducted or multiple split systems. Some people want to downgrade from ducted systems. This option could be good for low income households.
- Investigating adding MEPS approved mobile split systems would be good for renters.
- Low income households and renters are often the ones that only have mobile heating or cooling, meaning they are not eligible for these activities.



## ACTIVITY 2.2 REPLACE INEFFICIENT GAS WITH EFFICIENT GAS

The workshop informed people about the removal of gas-to-gas activities within EEIS.

This was well supported by workshop participants and not much discussion occurred. A written submission was received after the forum highlighted that removing gas from the scheme would make it harder to reach priority households.

## ACTIVITIES 2.3, 2.4, 2.5 AND 2.6, EXTENDING EEIS SPACE HEATING AND COOLING ACTIVITIES TO BUSINESSES

These activities are the activities that focus on extending heating activities to business:

- Activity 2.3 is replacing an inefficient room heater with a new high efficiency room split system.
- Activity 2.4 is mandatory ducting work associated with activity 2.1.
- Activity 2.5 is a new activity for business and is replacing separate pre-existing central heating and cooling systems.
- Activity 2.6 is a new activity for business and is replacing separate pre-existing room heating and cooling systems.

Extending activities to business was well supported by workshop participants. It was seen that adding additional options would allow greater participation in the scheme and could allow small and medium businesses access to more efficient heating.

## DEMAND RESPONSE REQUIREMENTS

Demand response provides an additional way to reduce peak electricity demand and put downward pressure on electricity prices to further help cut household and business energy costs. During times of peak energy use, pre-approved appliances automatically turn off or, in the case of air conditioning and heating units, cycle on and off to conserve energy. This capability has been included in the minimum product requirements for heating and cooling activities 2.1, 2.3, 2.5 and 2.6.

The requirement for demand response capabilities to be included in all installed HVAC products was well received provided that its use was opt-in and not opt-out or mandatory.

Discussion occurred about the logistics of how this operates, including expertise from Evo Energy. It was considered advantageous that specific systems could be controlled instead of load shedding which would affect people more (especially vulnerable households and small business).



# INSULATION ACTIVITIES

Consultation on proposed new EEIS insulation activities has been ongoing since 2016 in response to high stakeholder interest in insulation activities indicated in past stakeholder engagement.<sup>18</sup> Two new activities were being drafted prior to the stakeholder forum, based on considerable expert consultation and detailed analysis.<sup>19</sup> Stages in this long-term process included:

- April 2016: Insulation identified as a priority for new EEIS activities
- June 2017: Consultation paper: new insulation activities development
- July 2017: Industry consultation meeting hosted by EEIS and online survey
- February 2018:
  - > Independent Risk Management Report
  - > EEIS Stakeholder Forum
- July 2018: Insulation industry workshop hosted by EEIS
- November 2018: Positive response from a cross-jurisdictional Insulation Steering Committee comprising government and industry stakeholders.

The workshop included a presentation on the following proposed elements of EEIS insulation activities:

- Eligibility and activity specifications
- Product requirements
- Training / competency requirement
- Health and safety

Workshop goals were to:

- confirm that requirements presented are clear and comprehensive, especially in relation to products and training, qualifications and competency requirements for insulation installers, licensed electricians and independent auditors
- ensure that risks and health and safety issues had been identified and properly addressed
- receive final inputs to draft determinations and codes of practice.



18 [https://www.environment.act.gov.au/\\_data/assets/pdf\\_file/0005/909113/2016-Stakeholder-Forum-Report-ACCESS.pdf](https://www.environment.act.gov.au/_data/assets/pdf_file/0005/909113/2016-Stakeholder-Forum-Report-ACCESS.pdf), p. 25

19 [https://www.environment.act.gov.au/\\_data/assets/pdf\\_file/0004/1310386/EEIS-Residential-Insulation-Activities-Consultation-Paper.pdf](https://www.environment.act.gov.au/_data/assets/pdf_file/0004/1310386/EEIS-Residential-Insulation-Activities-Consultation-Paper.pdf)

Key elements of the insulation proposals discussed with workshop participants and identified in written submissions were organised in four categories to facilitate Government to follow up and report back to stakeholders.

1. General agreement on suggested requirement and additions to the proposed EEIS Determination and codes of practice:

- > Include building class 1a(ii) with restrictions
- > having the same abatement factor for different R values when physical barriers exist, including perimeter bats
- > ensure products are tested by an accredited lab to comply with AS 4859
- > products to be installed according to installation instructions provided by manufacturer
- > pre-installation inspections by electricians
- > Removal of blow in insulation to be performed by experienced insulation removalists
- > R values and terminology consistent with Australian Standard 4859.1 (Materials for thermal insulation of buildings).
- > Clean Energy Council accreditation requirement
- > exclusion of premises with flueless gas or gas connections
- > exclusion of foil insulation products
- > replacement of halogen lights with LEDs
- > durable fittings to secure under-floor insulation in place for the life of the product.

2. EEIS to develop and report back to stakeholders:

- > steps for insulation auditing
- > thermal bridging assumptions used in abatement modelling

3. Safety requirements to be discussed with Worksafe ACT and Access Canberra and reported back to external stakeholders:

- > requiring RCDs in affected circuits
- > solar installations that run through the roof and don't allow an RCD
- > requiring downlight covers
- > isolate power at the mains vs board; de-energisation
- > relocation vs replacement of iron core transformers
- > review wording around working in confined spaces
- > ineligibility of blow-in products and cellulose

4. Activity, product and training requirements to be further discussed with key stakeholders:

- > additional training requirements for installers, electricians and independent auditors
- > quality of installations
  - > condensation risks
  - > hydrophobic finished goods
  - > removal of bracketed material
  - > termite prevention
  - > vapour permeance

The ACT Government is working with stakeholders on the set of actions outlined above and a draft of the EEIS Determination and codes of practice will be circulated for final comments.



# APPENDIX 1 – STAKEHOLDER FORUM PROGRAM



## EEIS STAKEHOLDER FORUM SCHEME EXTENSION AND NEW ACTIVITIES PROGRAM

14 FEBRUARY 2019 FROM 9.30AM – 4.30PM

RENEWABLES INNOVATION HUB, 19-23 MOORE STREET, TURNER (ON-STREET PARKING AVAILABLE)

### PURPOSE OF STAKEHOLDER FORUM

- Consult stakeholders on the Energy Efficiency Improvement Scheme (EEIS) extension to 2030.
- Discuss what EEIS has achieved, ways in which it can be improved, including expanding energy savings and increasing opportunities for priority households.
- Develop new EEIS activities, such as insulation, heating and cooling and other innovations to help achieve a net zero emissions Territory by 2045.

TIME	FOCUS	PRESENTER/FACILITATOR
<b>EEIS EXTENSION</b>		
9:30am	<b>Welcome</b> Context, vision, purpose of the workshop	<b>Gene McGlynn</b> Executive Director, Climate Change and Sustainability Division, ACT Government
9:40am	EEIS past achievements, and future opportunities and challenges. Consultation questions and how to contribute ideas throughout the day.	<b>Antonia Harmer</b> Senior Manager, Energy Efficiency Improvement Scheme (EEIS)
9:50am	Modelling the EEIS extension. Targets, activities and suggested improvements	<b>Su Wild-River</b> Energy Efficiency Senior Project Officer, EEIS
10am	<b>Panel 1:</b> Energy retailer perspectives and expanding energy saving opportunities	→ <b>Todd Eagles</b> , Manager, Energy Efficiency & Renewable Energy Programs ActewAGL → <b>Jenny Gregory</b> , Manager, Mandatory Energy Efficiency Programs, AGL Sales <b>Facilitator:</b> Su Wild-River
10:40am	Morning tea	<b>Opportunity to provide ideas</b>
11am	<b>Panel 2:</b> Increasing opportunities for priority households	→ <b>Susan Helyar</b> , Director, ACT Council of Social Services → <b>Carmel Franklin</b> , Director, Care Financial Counselling Service → <b>Joel Dignam</b> , Executive Director, Better Renting → <b>Megan Andrews</b> , St Vincent De Paul <b>Facilitator:</b> Antonia Harmer
11:40am	Outline of workshop topics	<b>Antonia Harmer, EEIS</b>
<b>11:45am Concurrent Workshop Sessions</b>		
	<b>Increasing opportunities priority households</b> <i>What is the best way to increase opportunities for priority households to benefit from EEIS?</i> <b>Facilitator:</b> Esther Duffy, EEIS	<b>Expanding Energy Savings</b> <i>What are the key considerations for increasing EEIS energy savings, eg by expanding to other energy retailers, increasing participation of Tier 2 retailers, abatement providers and companies delivering energy efficiency activities?</i> <b>Facilitators:</b> Sean Coleman and Su Wild-River, EEIS
12:45pm	Report back from workshops	<b>Opportunity to comment</b>
1-2pm	Lunch	<b>Opportunity to provide ideas</b>
<b>NEW EEIS ACTIVITIES</b>		
2pm	Overview of current new activity proposals and future opportunities	<b>Antonia Harmer, EEIS</b>
<b>2:30pm Concurrent Workshop Sessions</b>		
	<b>Heating and cooling, building sealing, appliances and demand response activities</b> <i>Upcoming changes to heating, cooling and building sealing activities, including Business HVAC, demand response and central ducted to split system activities.</i> <b>Facilitators:</b> Sean Coleman and Esther Duffy, EEIS	<b>Ceiling and underfloor insulation activities</b> <i>Do you support or can we improve the proposed new EEIS insulation activities?</i> <b>Facilitators:</b> Diego Bastos and Antonia Harmer, EEIS
		<b>Transport options for EEIS</b> <i>What issues need to be considered if EEIS is expanded beyond stationary energy?</i> <b>Facilitator:</b> Su Wild-River, EEIS
3:30pm	Afternoon tea	<b>Opportunity to provide ideas</b>
4:00pm	Workshop report back	<b>Antonia Harmer, EEIS</b>
4:10pm	Future activities brainstorm	<b>Opportunity to provide ideas</b>
4:20pm	Summary of key responses to consultation questions and next steps	<b>Su Wild-River, EEIS</b>





