

# 1 Executive summary

Energy retailers that exceed prescribed customer number and sales thresholds are set annual Retailer Energy Efficiency Scheme (**REES**) targets for the delivery of energy efficiency activities to households and/or businesses. In addition, retailers with larger residential customer bases are set targets to deliver a prescribed amount of the energy efficiency activities to priority group households and to provide energy audits to priority group households.<sup>1</sup>

REES initially commenced on 1 January 2009 as the Residential Energy Efficiency Scheme and is due to operate until 31 December 2020.

The Essential Services Commission (**Commission**) administers REES within the parameters defined by the South Australian Government's policy framework and in accordance with Parts 4 of the Electricity (General) Regulations 2012 and the Gas Regulations 2012 and the provisions of the Essential Services Commission Act 2002.

This seventh REES Annual Report evaluates scheme outcomes for 2015.

## 1.1 REES 2015 outcomes

The key operational outcomes for REES in 2015 were:

- ▶ The overall annual REES targets were achieved (Table 1.1) and all retailers met their targets (Table 1.2).
- ▶ A total of 8,692 energy audits were undertaken and obliged retailers applied an additional 1,679 energy audit credits (earned in prior years). Overall the 2015 target was exceeded by 83 percent.
- ▶ 1,118,820 gigajoules (**GJ**) of energy savings were delivered in 2015<sup>2</sup>, nine percent less than in 2014. When prior year credits are included, the energy efficiency target was exceeded by 35 percent. Many obliged retailers have significant credit balances to carry over towards 2016 targets.
- ▶ Of the total energy savings delivered in 2015, 18 percent were delivered to priority group households. When prior year credits are included, the 2015 priority group target was exceeded by 79 percent.
- ▶ 2015 was the first year that activities could be undertaken in businesses (referred to as commercial activities); however, the annual target remains global, in the sense that the scheme does not set individual commercial and residential energy savings targets.
- ▶ Thirty seven percent of energy savings in 2015 were from commercial activities; 17 percent from commercial lighting and 20 percent from commercial showerheads. In 2015, 1,284 businesses received REES activities.
- ▶ There was a 43 percent fall in residential energy savings in 2015 as a result of the shift to undertake activities in businesses.
- ▶ Lighting activities (both residential and commercial) increased in importance in 2015, accounting for 41 percent of energy savings. Over 340,000 energy efficient lights were reported installed under REES in 2015.
- ▶ There was a six percent drop in the number of households to which REES activities or audits were delivered in 2015, due to a shift towards undertaking commercial activities and slightly lower energy savings delivery overall.

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<sup>1</sup> Priority group households include those where a person with a recognised concession card resides and those where a person participating in an energy retailer's customer hardship program resides.

<sup>2</sup> Energy efficiency activities are deemed and receive the full lifetime saving in the year the activity is undertaken.

Table 1.1: 2015 REES targets and achievements

|                                       | 2015 target            | Accepted reports | Credits applied <sup>(2)</sup> | Total 2015 achievement |
|---------------------------------------|------------------------|------------------|--------------------------------|------------------------|
| Energy audits (number of audits)      | 5,667                  | 8,692            | 1,679                          | 10,371                 |
| Energy efficiency (GJ)                | 1,200,000              | 1,118,820        | 496,690                        | 1,615,510              |
| Priority group energy efficiency (GJ) | 230,769 <sup>(1)</sup> | 202,670          | 209,447                        | 412,117                |

Notes: (1) Subset of energy efficiency target.

(2) Applied credits are energy efficiency activities or energy audits accrued in excess of an obliged retailer's previous years REES target which were applied to a 2015 target.

Table 1.2: 2015 Obligated retailer target achievement

| Obligated retailer | Energy audit target | Energy efficiency target | Priority group energy efficiency target |
|--------------------|---------------------|--------------------------|---|
| AGL                | ●                   | ●                        | ●                                       |
| Alinta Energy      | ●                   | ●                        | ●                                       |
| Energy Australia   | ●                   | ●                        | ●                                       |
| ERM Power          | N/A                 | ●                        | N/A                                     |
| Lumo Energy        | ●                   | ●                        | ●                                       |
| Momentum Energy    | N/A                 | ●                        | N/A                                     |
| Origin Energy      | ●                   | ●                        | ●                                       |
| Powerdirect        | ●                   | ●                        | ●                                       |
| Simply Energy      | ●                   | ●                        | ●                                       |

Note: ● = target achieved.