

03 December 2021

Mr David Swift
Chairperson
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Dear Mr Swift

Re: Retailer Energy Productivity Scheme (REPS) Code Review 2021

The South Australian Chamber of Mines and Energy (SACOME) welcomes the opportunity to make this submission to the Essential Services Commission of South Australia's (ESCOSA) Retailer Energy Productivity Scheme (REPS) Code Review 2021 (the draft decision).

SACOME is the peak industry body representing companies with interests in the South Australian minerals, energy, extractive, oil and gas sectors and associated service providers.

SACOME recognises that ESCOSA's responsibilities under the REPS are limited to:

- determining obliged retailers;
- calculating and notifying retailers of any targets that apply to them on an annual basis;
- ensuring retailers comply with relevant obligations; and
- publicly reporting on retailers' progress against annually required targets.

SACOME notes that these core responsibilities, combined with the Department for Energy and Mining's (DEM) responsibility for designing the REPS framework, limits the scope of ESCOSA's review.

This limited scope is reflected in the draft decision that specifically addresses the conduct of REPS activities at residential and small energy users' premises to ensure transparency in the communication of activities and costs, accreditation and record keeping.

While the proposed changes improve the administration of the REPS, they do not address structural issues with the scheme that SACOME has previously raised with the State Government.

The draft decision compounds the view that residential customers and small energy users receive the benefit of government energy efficiency targets and energy subsidises more generally, while large commercial and industrial (C&I) entities bear disproportionate costs with no commensurate benefit.

Ultimately, large energy users continue to substantially subsidise residential and small energy users REPS activities without any of the legitimate concerns raised by industry having been addressed.

Although the wider REPS statutory and policy framework is outside the purview of the draft decision, SACOME has attached prior correspondence to the Minister for Energy and Mining on this matter that emphasises the impact of the REPS on member companies; and provides suggested principles for amendment and improvement of the REPS.

REPS charges represent a significant additional and unbudgeted cost to industrial businesses. As a matter of policy, greater consideration needs to be given to whether these ever-increasing energy market interventions align with the South Australian Government's growth objectives.

SACOME reiterates its calls for:

1. An exemption mechanism to be incorporated into the REPS for large energy users, in particular large C&I operators.
2. ESCOSA to conduct a post-implementation review of the REPS Code to consider but not limited to the following issues:
 - The practical and financial considerations business needs to take into account when making investment decisions, including whether to invest in energy efficiency projects under the REPS.
 - In a scenario where energy efficiency saturation occurs, the implementation of mechanisms that enable companies to participate in the REPS beyond merely subsidising energy efficiency measures elsewhere in the economy.

- Future options to remove large energy users from the scheme.

SACOME thanks ESCOSA for the opportunity to provide feedback to the draft decision and remains committed to constructively resolving the issues raised by our membership with the State Government, ESCOSA and all relevant stakeholders.

Kind regards



Rebecca Knol
Chief Executive Officer

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