

RESIDENTIAL ENERGY EFFICIENCY SCHEME CODE (REES CODE) – PROPOSED AMENDMENTS

Final Decision

February 2014



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The Essential Services Commission of South Australia is the independent economic regulator of the electricity, gas, ports, rail and water industries in South Australia. The Commission's primary objective is the *protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services*. For more information, please visit www.escosa.sa.gov.au.

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GLOSSARY OF TERMS

AV	Audio Visual
CFL	Compact Fluorescent Lamps
COMMISSION	Essential Services Commission of South Australia, established under the Essential Services Commission Act 2002
DEEMING VALUES	Carbon dioxide equivalents (in tonnes) to be attributed to a specific approved energy efficiency activity
ELECTRICITY ACT	<i>Electricity Act 1996 (SA)</i>
ELECTRICITY REGULATIONS	<i>Electricity (General) Regulations 2012 (SA)</i>
ESC ACT	<i>Essential Services Commission Act 2002</i>
ESCV	Victorian Essential Services Commission
GAS ACT	<i>Gas Act 1997 (SA)</i>
GAS REGULATIONS	<i>Gas Regulations 2012 (SA)</i>
IT	Information Technology
LED	Light Emitting Diode
LUMINOUS FLUX	Measure of the perceived power of light. The standard unit of luminous flux is the lumen
MINISTER	The Minister responsible for the administration of the Electricity Act 1996 (SA) and/or the Gas Act 1997 (SA)
MINISTERIAL PROTOCOL	Residential Energy Efficiency Scheme (REES) Protocol set by the Minister for Energy, November 2008
NERL RETAILERS	The holder of a retailer authorisation under the National Energy Retail Law or an exempt seller within the meaning of the National Energy Retail Law
REES	Residential Energy Efficiency Scheme
REES CODE	Refer http://www.escosa.sa.gov.au/residential-energy-efficiency-scheme-rees/rees-regulatory-documents.aspx
REES OBLIGED RETAILERS	Refer http://www.escosa.sa.gov.au/residential-energy-efficiency-scheme-rees/rees-obliged-retailers.aspx
REGULATIONS	Part 4 of the <i>Electricity (General) Regulations 2012</i> and Part 4 of the <i>Gas Regulations 2012</i>
SCHEME	Refer to REES
SPC	Standby Power Controller
T CO₂-E	Tonnes of carbon dioxide equivalent
VEET	Victorian Energy Efficiency Target Scheme, promoted as the Energy Saver Incentive

1. INTRODUCTION

The Essential Services Commission of South Australia (**Commission**) is established under the Essential Services Commission Act 2002 (**ESC Act**), as the independent economic regulator of essential services in South Australia. The primary objective of the Commission is the **protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services.**

One of the Commission's functions within both the electricity and gas industries is to administer the Residential Energy Efficiency Scheme (**REES**). That scheme was established by the South Australian Government in 2008 and commenced on 1 January 2009.

REES requires energy retailers with more than 5,000 residential customers to provide energy audits and energy efficiency activities to South Australian households in accordance with Ministerial targets set. All energy audits and 35% of greenhouse gas reductions are required to be delivered to priority group households, consistent with one of the Government's stated policy objectives of assisting low-income consumers.

REES is given statutory effect through Parts 4 of the Electricity (General) Regulations 2012 and Gas Regulations 2012 (the **Regulations**).

1.1 Background

The Residential Energy Efficiency Scheme Code (**REES Code**) commenced in January 2009 as an industry code¹ and is binding on energy retailers operating in South Australia.

The REES Code establishes requirements in relation to the conduct and operations of energy retailers in satisfaction of their REES obligations, including:

- the allocation and notification of, and obligation to achieve, energy audit targets, greenhouse gas reduction targets and priority group greenhouse gas reduction targets;
- record-keeping and reporting obligations (including data integrity assurance mechanisms) in relation to energy audit targets, greenhouse gas reduction targets and priority group greenhouse gas reduction targets; and
- compliance and audit obligations (including provisions for Annual Compliance Plans) in relation to energy audit targets, greenhouse gas reduction targets and priority group greenhouse gas reduction targets.

National Energy Retail Law energy retailers (**NERL retailers**) are required to comply with the REES Code pursuant to section 63AB(1)(a) of the Electricity Act 1996 (**Electricity Act**). Similar provisions exist under the Gas Act 1997 (**Gas Act**).

As required under Part 4 of the ESC Act, the Commission keeps the REES Code under constant review to ensure its currency and relevance. The Commission released the REES

¹ Pursuant to the powers of the Commission under section 28 of the ESC Act.

Code Proposed Amendments 2013 – Draft Decision² on 1 November 2013 for public consultation.

This review of the REES Code is primarily focussed on proposals to:

- allow for more than one standby power controller (**SPC**) activity to be undertaken at a premises where the occupant has changed;
- amend the deeming values of SPCs for products only meeting minimum specifications;
- amend the Install Efficient Extra Low Voltage Down Lights to allow lamp retrofits approved by the Commission; and
- update the Upgrade or Replace Water Heater specification to reflect changes to South Australia’s Residential Water Heater Installation Requirements.

The Commission has also taken the opportunity to propose other, administrative, amendments to the Code, based on its operational experiences with the Scheme to date.

The Commission received submissions³ on the Draft Decision from the Clean Energy Council and Embertec Pty Ltd. Having regard to these submissions and its further research and consideration, the Commission has now reached its Final Decision as set out in this document.

² Refer to “Residential Energy Efficiency Scheme Code Proposed Amendments – Draft Decision”, ESCOSA, November 2013, available at:

<http://www.escosa.sa.gov.au/Publications/DownloadPublication.aspx?id=2782&versionId=2948>

³ Copies of the submissions are available at: <http://www.escosa.sa.gov.au/projects/203/rees-code-proposed-amendments-2013.aspx>

2. DISCUSSION AND KEY ISSUES

This chapter addresses the submissions received on the Draft Decision for proposed changes to the REES Code and sets out the Commission's Final Decision on those matters which are to be amended within the REES Code.

2.1 Standby Power Controllers – Change of occupants

The Commission received a number of requests during 2013 to consider permitting additional installations of SPCs in premises where it can be verified there has been a change in occupancy since the first installation. Based on this feedback, the Commission proposed in its Draft Decision that Schedule 4 and the individual SPC activity specifications in the REES Code be amended to allow for multiple installations of SPCs in premises where it can be verified there has been a change in occupancy since the previous installation.

Submissions received

Both the Clean Energy Council and Embertec gave support to the proposed decision to allow for multiple installations of SPCs in premises where it can be verified there has been a change in occupancy since the previous installation.

The Clean Energy Council supported the proposed change stating that it will ensure the verification of change of occupancy is robust without adding too much unnecessary red tape to the compliance process. Embertec submitted that such a change would reduce any disadvantage to householders who rent and may be more likely to be low income households.

Commission's considerations

There were no opposing submissions or further suggestions made in relation to this proposed change. The Commission has reviewed its Draft Decision and has decided that it will amend the REES Code in accordance with the Draft Decision.

Final Decision 1:

The Commission's final decision is to amend the REES Code in the following manner:

1. Schedule 4 – For all activities section
 4. Note: Where it can be demonstrated that the occupants have changed at premises where standby power controllers were installed for the purposes of REES, a maximum of 4 further standby power controllers (IT and AV) may be installed at that premises (*refer Install Standby Power Controllers AV and IT*).

2. Schedule 4 - Install Standby Power Controllers – Information Technology (IT) Environment and Audio Visual (AV) Environment –Specification 4

4. Where it can be demonstrated that the occupants have changed at premises where standby power controllers were installed for the purposes of REES, a maximum of 4 further standby power controllers (IT and AV) may be installed at that premises.

2.2 Standby Power Controllers – Deeming values for products only meeting minimum specifications

The Commission announced, in October 2013, that the classes for approved advanced SPCs will change for the 2014 REES year, effective from 1 January 2014, to effect the changes to SPC deeming values under the Victorian Energy Efficiency Target (**VEET**) scheme.⁴ SPC activities undertaken prior to 1 January 2014 will retain the current deeming values, i.e., there will be no retrospective adjustment. The Commission has advised retailers of any associated class changes for approved products.

It was proposed that the Commission amend the deeming values for basic SPC models in the Code. This will ensure that deeming values appropriately differentiate between basic and advanced SPCs on a consistent basis.

It was also proposed to change Class 1B to relate to SPCs that achieve abatement of at least 1.0t CO₂-e (rather than 1.5) under VEET, and introduce a Class 1C category for abatement of at least 1.5t CO₂-e under VEET. This ensures that all currently approved advanced SPCs receive a consistent reduction in the deeming value across all classes.

Submissions received

Both submissions provided that any amendments to deeming values for SPCs should ensure that the deeming values appropriately differentiate between basic and advanced SPCs on a consistent basis and are directly valued on the demonstrated performance of the device and carbon savings. Embertec and the Clean Energy Council support the proposed change to preserve relativities between the classes of SPCs.

Commission's considerations

Again, there were no opposing submissions or further suggestions made in relation to this proposed change. The Commission has reviewed its Draft Decision and has decided that it will amend the REES Code in accordance with the Draft Decision.

⁴ ESCV applied an adjustment factor of 0.55 to advanced AV SPCs and 0.62 to advanced IT SPCs.

Final Decision 2:

The Commission's final decision is to amend the REES Code in the following manner:

Table 1: Standby Power Controller AV, deemed CO₂-e saving values

Standby Power Controller Class (AV)	tCO₂-e
Class 1A <ul style="list-style-type: none">• Meets the minimum specification set out in item 1	0.7
Class 1B <ul style="list-style-type: none">• Meets the minimum specification set out in item 1; and• Does not operate solely on the basis of a master/slave arrangement; and• Has been demonstrated to the satisfaction of the Essential Services Commission of Victoria to be capable of achieving abatement of at least 1.0 tonnes of carbon dioxide equivalents over a 10 year period; and• Has been subjected to a field trial approved by the Essential Services Commission of Victoria.	0.9
Class 1C <ul style="list-style-type: none">• Meets the minimum specification set out in item 1; and• Does not operate solely on the basis of a master/slave arrangement; and• Has been demonstrated to the satisfaction of the Essential Services Commission of Victoria to be capable of achieving abatement of at least 1.5 tonnes of carbon dioxide equivalents over a 10 year period; and• Has been subjected to a field trial approved by the Essential Services Commission of Victoria.	1.4

Table 2: Standby Power Controller IT, deemed CO₂-e saving values

Standby Power Controller Class (IT)	tCO₂-e
Class 1A <ul style="list-style-type: none">• Meets the minimum specification set out in item 1	0.6
Class 1B <ul style="list-style-type: none">• Meets the minimum specification set out in item 1; and• Does not operate solely on the basis of a master/slave arrangement; and• Has been demonstrated to the satisfaction of the Essential Services Commission of Victoria to be capable of achieving abatement of at least 1.0 tonnes of carbon dioxide equivalents over a 10 year period; and• Has been subjected to a field trial approved by the Essential Services Commission of Victoria.	0.9
Class 1C <ul style="list-style-type: none">• Meets the minimum specification set out in item 1; and• Does not operate solely on the basis of a master/slave arrangement; and• Has been demonstrated to the satisfaction of the Essential Services Commission of Victoria to be capable of achieving abatement of at least 1.5 tonnes of carbon dioxide equivalents over a 10 year period; and• Has been subjected to a field trial approved by the Essential Services Commission of Victoria.	1.4

2.3 *Install Efficient Extra Low Voltage Down Lights - activity amendment*

The REES Code includes “Install efficient extra low voltage down lights” as a REES approved activity. This activity relates to both light emitting diode (**LED**) and compact fluorescent lamp (**CFL**) low voltage down lights (replacements for halogen lights). As with all REES energy efficiency activities, the REES Code sets out specifications defining the scope and nature of products and actions which will fall within the ambit of the activity.

Specification 6 for this activity requires that *“the LED model installed shall be certified with the Lighting Council Australia SSL (Solid State Lighting) scheme”*. The intention of specification 6 is to ensure acceptable lighting quality outcomes as the Lighting Council certification includes an assessment of manufacturer’s performance claims. The Commission understands that the Lighting Council will not currently certify LED lamp-only retrofits, only complete lamp and driver installations.

As a result, no installations of LED down lights under REES have occurred to date. Payback for LEDs in high use areas is relatively good. Some retailers have expressed an interest in undertaking LED lamp-only retrofits under REES.

The Commission proposed in its Draft Decision to amend specification 6 of the Install Efficient Extra Low Voltage Down Light activity to allow the Commission to specify alternative means of LED certification that will be allowed (in addition to the Lighting Council SSL Scheme).

This would allow the Commission to issue, any time after the REES Code change takes effect, alternative means of certification/approval for LED products.

Submissions received

The Clean Energy Council and Embertec provided support for the proposed changes to the specification, suggesting that the Commission leverage closely off the work completed by the Essential Services Commission of Victoria (**ESCV**).

Both submissions support the new specification regarding the ongoing performance of the replacement down lights.

Commission’s considerations

The proposed changes would allow the Commission to issue, any time after the REES Code change takes effect, alternative means of certification/approval for LED products, which may include products approved by the ESCV. The Commission believes this is a practical means of quickly making quality LED down lights available for installation under REES if retailers express the desire to undertake this activity. The Commission has therefore decided that it will amend the REES Code in accordance with its Draft Decision.

Final Decision 3:

The Commission's final decision is to amend the specification for "Install Efficient Extra Low Voltage Down Lights" in the REES Code in the following manner:

1. Specification 6

6. The LED model installed shall be:

a) certified with the Lighting Council Australia SSL scheme

(<http://www.lightingcouncil.com.au/ssl/overview.php>); or

b) as otherwise approved by the Commission for installation under REES.

2. Specification 10

10. A lamp shall not be installed or connected to a dimmer switch, timer, motion sensor, daylight switch or other automated switch or control, unless specified by the manufacturer as being compatible with such device. If a lamp is to be connected to a dimmer switch, the installer shall test it through its full dimming range to ensure that the lamp works to the satisfaction of the customer.

3. New specification 11

11. A lamp must not be installed where it would be incompatible with the operation of the transformer and dimmer switch (if applicable) currently installed. Where a replaced lamp causes the light fitting to no longer operate, the installer must either reinstall the original lamp (or an equivalent replacement) at the request of the householder, or replace any components of the light fitting that are causing the replaced lamp not to operate, at no expense to the resident. Such a request must be made within 3 months of the installation of the new lamp.

2.4 Replace or Upgrade Water Heater – specification amendment

Since the release of the Commission's Draft Decision, the Department for Manufacturing, Innovation, Trade, Resources and Energy (**DMITRE**) has completed a review of South Australia's residential Water Heater Installation Requirements.⁵ That review has led to specification changes of an administrative nature (changes to references within the specification rather than the substance of the specification) being necessary within the REES Code.

The changes aim to simplify the requirements and provide a greater number of options for installations while maintaining progress in the transition towards low emission water heaters in South Australia.

The new requirements are detailed in the South Australian Water Heater Installation Requirements⁶ issued as part of the Plumbing Standard⁷ published by the Technical

⁵ Refer [Review of South Australian Water Heater Requirements](#)

⁶ Refer - [South Australian Water Heater Installation Requirements](#)

Regulator pursuant to sections 66 and 67 of the Water Industry Act 2012. They replace the SA Water Revised Direction which was issued under the Waterworks Act 1932. The new requirements became effective on 9 January 2014.

The Commission has updated the Replace or Upgrade Water Heater specification to reference these new requirements. Table WH2 of the specification previously referred to the requirement for water heaters to meet or not meet either the full or reduced standard for South Australia's Water Heater Installation Requirements. As the terms "full standard" and "reduced standard" are no longer used, the wording has been updated to reference the installation of "low emission water heaters". These changes do not impact on the deeming values for the activity, only the wording of the specification surrounding the installation requirements. This is therefore merely a consequential administrative amendment.

Final Decision 4:

The Commission's final decision is to amend the specification for "Replace or Upgrade Water Heater" in the REES Code in the following manner:

1. Update references under Specification 1 and the guidance notes to refer to the South Australian Water Heater Installation Requirements document issued as part of the Plumbing Standard published by the Technical Regulator.
2. Update Table WH2 to remove references to the full or reduced standards under South Australia's Water Heater Installation Requirements and refer instead to low emission water heaters.
3. Replace references to the Waterworks Act 1932 with the Water Industry Act 2012.

⁷ Refer - [Plumbing Standard](#)

2.5 *General updates*

The Commission has also taken the opportunity to make a number of minor typographical/clerical updates including references to Australian Standards and legislation throughout the Code.

Submissions received

No submissions were received on these matters.

Commission's considerations

No opposing submissions were received; therefore the Commission has decided that it will amend the REES Code in accordance with its Draft Decision.

Final Decision 5:

The Commission's final decision is to make minor typographical/grammatical corrections in the REES.

3. NEXT STEPS

The changes to the REES Code set out in the Commission's Final Decision will take effect from gazettal which will occur in late February 2014. An amended version of the REES Code will be released on the Commission's website along with this decision document.



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