



Council of Social Service of New South Wales

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Department of Trade and Investment
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Dear Sir or Madam

RE: Energy Savings Scheme Rule Change Consultation 2013

The Council of Social Service of NSW (NCOSS) appreciates this opportunity to provide input into the proposed changes to the Energy Savings Scheme (ESS).

We strongly support the Energy Savings Scheme as a mechanism to reduce electricity consumption and electricity costs. Our comments in relation to the proposed rule changes to the ESS focus on the scheme as it relates to residential households, particularly low-income households.

There is substantial research showing that people with low incomes are less able to benefit from energy efficiency programs because they do not have capacity to pay the up-front costs of retrofit activities or more efficient appliances¹. In addition, people who live in public or private rental accommodation are unable to benefit from some of the higher capital efficiency measures that generate markedly higher energy savings due to split landlord-tenant incentives, and requirements for landlord approvals.

The NSW Energy Efficiency Action Plan acknowledges that low-income households are less able to access existing energy efficiency schemes and programs, and therefore require targeted assistance². NCOSS strongly supports this position. In particular, we acknowledge that the Home Power Savings Program, which is due for completion in June 2014, has assisted many low-income households to better manage their energy consumption. We would like to see this program continue beyond June 2014.

Recommendation 1: *Targeted assistance supporting low-income households to benefit from energy efficiency activities should be continued.*

While we recognise the value of targeted assistance, however, we are concerned that many low-income households miss out on this assistance because the reach of targeted programs is not universal, and because they are often constrained by narrow eligibility criteria.

In addition to targeted assistance to low-income households, we would therefore like to see greater efforts made to ensure low-income households have equitable access to the energy-savings benefits available through the Energy Savings Scheme.

Introducing a minimum co-payment

We are concerned that the proposal to introduce a minimum co-payment for all activities under the ESS will further inhibit access to the scheme by low-income households.

According to an analysis of the distribution of benefits flowing from the Victorian Energy Savings Initiative (VESI), relatively disadvantaged areas are more likely to have created

¹ See, for example, ACOSS (2013) *Energy Efficiency and people on low incomes*.

http://acoss.org.au/images/uploads/ACOSS_ENERGY_EFFICIENCY_PAPER_FINAL.pdf

² NSW Energy Efficiency Action Plan (2013). Available at

<http://www.environment.nsw.gov.au/resources/climatechange/130588eneffap.pdf>

Victorian Energy Efficiency Certificates (VEECs) through replacement light globes and high efficiency showerheads, and have received fewer of the measures that cost more to install, such as hot water services, space heating and insulation³.

If a minimum co-payment for all activities is introduced under the NSW Scheme, it is likely to exclude many low-income households from accessing the lower-cost energy saving measures from which they may currently benefit.

According to the ESS consultation website, the rationale for introducing a co-payment is to improve customer engagement with the scheme. Yet households that are struggling to pay their electricity bills are those who may have most to gain from opportunities to reduce their consumption. In these cases a co-payment is not required to ensure a reasonable buy-in from customers.

We therefore urge the NSW Government not to introduce a blanket requirement for co-payments under the Energy Savings Scheme: If a co-payment is introduced, special provisions should be made for low-income households.

Recommendation 2: *If a mandatory co-payment is introduced under the Energy Savings Scheme, special provisions should be made for low-income households.*

Effective Targeting

We further propose that the NSW ESS should consider introducing additional measures that will lead to a more equitable distribution of the benefits available through the scheme.

Similar schemes in other jurisdictions have specific targets for participation by disadvantaged households. Examples include the South Australian Residential Energy Efficiency Scheme and the United Kingdom's Carbon Emission Reduction Target Scheme. We recommend that the NSW Government consider introducing a similar target.

Recommendation 3: *The NSW Government should consider introducing a target for participation in the ESS by low-income households.*

The introduction of a target for low-income households will need to be supported by measures to better support these households to access higher value energy efficiency measures. These might include the expansion of existing rebate schemes or affordable credit mechanisms. We would welcome the opportunity to work with Government and the industry to develop such measures.

We also recommend that data collection and reporting processes be improved to better support analysis of the distribution of benefits flowing from the ESS.

Recommendation 4: *Data collection and reporting processes should be improved to allow for analysis of the distribution of benefits flowing from the ESS.*

If you would like any further information on the issues raised in this submission please contact Rhiannon Cook, Senior Policy Officer on (02) 9211 2599 ext 128 or email rhiannon@ncoss.org.au

Yours sincerely



Alison Peters
Chief Executive Officer

³ Sullivan and Johnson (2012) *The Power to Save: An equity assessment of the Victorian Energy Saver Incentive in Metropolitan Melbourne*. Available at http://www.bsl.org.au/pdfs/SullivanJohnson_Power_to_save_equity_assessment_of_VESI_Melbourne_2012.pdf