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December 4, 2015

To whom it may concern,

**RE: Energy Makeovers' response to draft ESS Rule and consultation paper**

Thank you for the opportunity to respond to OEH's current proposal to change the ESS Rule.

We are committed to the ESS and believe it will continue to make an important contribution to energy productivity in NSW.

Our response is confined to the proposed changes to the Home Energy Efficiency Retrofit sub-method (9.8) and the Sale of New Appliances sub-method (9.3)

Home Energy Efficiency Retrofit sub-method (9.8)

There is a huge opportunity and need to promote and incentivise residential energy efficiency implementations in NSW.

The current Home Energy Efficiency Retrofit (HEER) method defined by the ESS Rule 2014 (amendment 2) provides insufficient commercial incentive to warrant investment by Energy Makeovers. The method is too prescriptive (bundling, co-contribution, limited activities, home energy assessment tool, multiple trades required for an implementation) and too few ESCs are created in most instances to offset the administrative cost and commercial risk of participation.

In response to OEH's calls for industry feedback in 2014 and 2015 we proposed certain changes that would improve the commercial attractiveness of the HEER method, including removing the bundling requirement. We are pleased to see that bundling will no longer be required. Other proposed changes to the ESS Rule and the HEER sub-method are also welcomed, specifically:

1. Requiring that an ACP use HEAT to assess the impact of only those activities of interest to the purchaser and ACP, rather than all activities possible, is a welcome change that will reduce time, cost and green-tape, making the method more commercially attractive.
2. Requiring a minimum of 4 ESCs for a site to be eligible is a more commercially attractive requirement than bundling, which would have resulted in purchasers being asked to undertake implementations they didn't want and ACPs needing multiple tradespeople to achieve minimum eligibility.



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3. Simplifying and broadening the definition of “purchaser” removes ambiguity and is more inclusive, which enlarges the potential market and makes the method more commercially attractive.
4. Adding a regional network factor harmonises the ESS with the VEET and EEIS, and provides greater commercial incentive to deliver services in regional locations.
5. Recognising abatement from window film applied to glass doors was an appropriate change.
6. Recognising abatement from the replacement of inefficient hot water systems strengthens the commercial attractiveness of the method by broadening the abatement opportunities.
7. Recognising abatement from the replacement of inefficient electrical heaters strengthens the commercial attractiveness of the method by broadening the abatement opportunities.
8. Recognising abatement from upgrading old-technology GLS lamps with a B22 or E27 base strengthens the commercial attractiveness of the method by broadening the abatement opportunities.
9. Including gas efficiency implementations strengthens the ESS and the HEER method by broadening the abatement opportunities.

We note that OEH proposes to decrease the minimum luminosity from 500lm to 385lm when a LED downlight replaces a halogen downlight (E1). We believe this will result in a proportion of unhappy purchasers accustomed to and/or expecting better or equivalent lighting levels. We believe OEH should retain the current 500lm minimum requirement.

Despite the changes proposed EM believes **there is still insufficient commercial incentive** to justify the significant investment needed to undertake the envisaged and much needed efficiency upgrades in homes and small businesses at any meaningful scale.

Further changes should be considered by OEH, specifically:

1. Increase the permanence measures in the abatement calculations (and therefore savings amounts) by 50% for lighting upgrades (E1-5, E11) from 10 years to 15 years to reflect longer life due to reduced use in a residential implementations and the longer life of latest technology LED lamps. An LED lamp rated L70@36,000hrs (commonly used by lighting installers) and operating for 6 hours a day will still achieve 70% of its rated luminosity after 16 years, much greater “permanence” than a CFL and earlier LED technology. The HEER method should recognise the full asset lifetime of the lamp in its abatement calculations.
2. The HEER method should be updated to include a lighting activity recognising abatement where a MR16 halogen lamp is replaced with a MR16 LED lamp and the existing driver is tested for compatibility but otherwise retained, harmonising with the VEET (21C activity).
3. Provide a start date for the insulation activities (D6-D9) so ACPs have adequate notice to plan.
4. Remove the \$90 co-contribution requirement, which is an unnecessary constraint considering that the low abatement value of activities will almost certainly require a co-contribution anyway. Alternatively, a reduced co-contribution amount should be considered.
5. Reduce the \$90 co-contribution requirement to \$45 where less than 10 ESCs are created on a site so that smaller implementations are viable.
6. Add an activity to stop drafts through exhaust fan openings, harmonising with the EEIS and VEET.
7. Add an In-home Display (IHD) activity.

8. Add a Stand-by Power Controller activity.

We would also like the HEER method to state, or otherwise have it explained, whether it will be possible to create ESCs under the hot water replacement activities (D10-11) when the new hot water service is the booster of a solar hot water system eligible to create STCs (this is possible under the VEET.)

Sales of New Appliances Sub-method (9.3)

Simplifying and broadening the definition of “purchaser” removes ambiguity and is more inclusive. We support this change to the SONA sub-method.

Please contact me should you require any further information about our response.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Wilson', is written over the word 'Sincerely,'.

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