For the Attention of:

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Response to NSW ESS Scheme rule change consultation

Green Energy Trading welcomes the opportunity to respond to the NSW ESS Scheme rule change consultation.

About us

Green Energy Trading is one of Australia's largest environmental certificate agents, and is committed to making incentives for renewable energy and energy efficiency activities more accessible to Australians.

Green Energy Trading was established in 2007 and supports its clients in accessing incentives available through market mechanisms, including the NSW Energy Saving Scheme (ESS), Victorian Energy Upgrades scheme (Victorian Energy Efficiency Target) and the federal Renewable Energy Target.

Green Energy Trading is a registered agent that creates, purchases and trades environmental certificates for customers of solar PV, solar hot water, small wind and other renewable energy, commercial lighting and other energy efficiency projects.

Green Energy Trading became an Accredited Certificate Provider (ACP) of the ESS scheme in 2011. As an independent agent we create, purchase and trade ESCs businesses that have chosen to upgrade to eligible lighting products.

In addition to certificate creation, a large part of our involvement in the ESS scheme has been as a knowledge leader providing education and information on the ESS scheme and how it works to end consumers and installers. We have also worked with the Energy Efficiency Certificate Creators Association (EECCA) and IPART on compliance issues that improve scheme integrity.

Response to questions in the discussion paper

GET has only responding to the questions where we feel requires input. Where we have not answered a question, it is either that we agree and no further comment is required or because we do not have relevant expertise to comment on the particulars of the question.

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2) GET agrees in principal with the intention to collect additional customer data including NMI and DPI if the collection of this data is truly relevant and beneficial to the integrity and value of the ESS. It would be great to understand the purpose of collecting this information.

Please note that collecting additional data increase compliance costs through additional validations our staff are required to do and increased numbers of Requests for Information (RFIs) to our clients when the data has not been provided. This cost is significantly higher at the point when the requirement takes effect but would be expected to lessen over time as clients get use to the new requirements.

Of greater importance is the need for clear definition of the additional data collection requirements.

- Would only one NMI be required that is specific to the upgrade or all NMIs for the upgraded site where there are multiple meters?
- What would happen in the cases where the meter/NMI is shared across multiple premises?
- What would happen when a client has no access to the meter and NMI number?

3) GET does not support the proposed product approval requirement for lighting products under PIAM&V. The PIAM&V process is typically a longer and more costly process to access the ESCs and only really viable for large projects creating reasonable quantities of ESCs. Our experience so far, is that the energy savers are already much more engaged in the project and want a high quality outcome which they are paying for. It is expected that lighting projects using PIAM&V will only be bespoke projects or projects where actual operating hours are significantly greater than attributable under the commercial lighting formula. Adding the product approval process to the requirements just adds additional cost and time for the energy saver and may stall their project or make it too costly to go ahead. GET does not believe that requiring product approval for lighting under PIAM&V will add any benefit to the end outcome for the energy saver.

Additionally, where a supplier of a low quality product tries to access the ESCs through PIAM&V, it is unlikely that qualified M&V professional would sign-off on a long deeming period if they had any queries on the products' ability to last. It is possible the professional would be willing to sign off on a shorter more appropriate deeming period or default forward creation period, however, we envisage that the amount of eligible ESCs would make this model unviable for the supplier given all the effort and cost required.

5) I agree that this makes sense in terms of administrative efficiency however, would this not contradict the rule that ESCs can be created up to 6 months after the end of the calendar year in which the installations/energy savings occurred?

6) GET's response to this question is the same as Q3. It adds cost to the process and does not necessarily give significant benefit.

A better approach may be to required lighting products installed to have a more lengthy warranty period to protect consumers for lower quality products. At the end of the day, with MBM, if the lights fail to deliver energy savings, then no ESCs can be generated. This would typically impact an installer rather than an end consumer and therefore it is unlikely that an installer would choose poor quality products.

There are many high quality products on the market that are not approved through the ELT process. There are multiple reasons for this which includes manufacturers not seeing a benefit to the scheme and so not engaging and those within niche markets such as mining, military and civil contracts.

8) GET agrees with the principal that is necessary to keep the ESS relevant and achieving its legislated objectives and one method of achieving this outcome is by adjusting the asset lifetime values where to a level more appropriate to support additionality only.

However, GET is concerned that the building/space groups are too broad and negatively impact a large range of energy consumers that have not yet had much access to the scheme. We believe there is a need to define additional groups to accommodate space types where there is currently there are no evidence to suggest the same level of transformation has occurred. These space types should retain their current asset lifetime (as the government is proposing for regional areas). In GET's opinion this would include sporting clubs, outdoor car parks and other spaces such as airports, ports, docks and small office buildings (under 1,000m^2 with no external drive to do energy efficiency under the CBD legislation).

We would also like to highlight that the asset lifetime factors for the industrial space group are now higher for metro installations than for regional installations. This seems absurd considering that it is much easier and cheaper to access the scheme if you live in a metro area and it is clearly the regional areas where additionality is greatest. We would advocate that where higher asset lifetimes than previously legislated are proposed to be used, this should be effective across both regional and metro areas.

Additional we feel that Table A9.3: Other Equipment Classes for Lighting Upgrades also needs to have its equipment group defined. Quite regularly now, previously installed T5 adapters and older LED tubes or Induction highbays are being replaced by new more efficient LED technologies and creating ESCs for the energy savings and it is conceivable that other LED equipment classes will have additional efficiency gains and be replaced during the remaining life of the ESS.

9) The transition period described is effectively not a transition period as we understand it, as transition implies change over a period of time. What is described in the discussion paper and draft rule is essentially warning the industry that a change will be occurring and be implemented as of the 31 October 2018. In our minds, a more effective method of transition would be for implementation occurring before 31 October 2018 to be compliant with the previous rule and implementations occurring on or after the 31 October 2018 to be compliant with the new rule. Registration and creation of certificates should occur as per normal process – ESCs can be created up until 30 June of the year after the implementation/energy savings occurred, and be differentiated by simply selecting which Rule (Previous or Current) was used to calculate the energy savings. This method helps to alleviate stress of the industry in the period running up to a change as no-one is rushing to create certificates and we don't get massive volumes of creation is a small space of time. It also has a flow on impact in the certificate market and helps the market remain more stable.

10) We don't see any reason why the asset lifetime value should be rounded to the nearest whole number of years.

11) GET understands the premise behind this change, however if it is implemented as currently stated it would have severe impact on certain upgrade opportunities, particularly sports field lighting and outdoor car park lighting, where existing MH and MV luminaires are often greater than 400W for competition requirements. It would be better if the rule was that the default maximum is 400W and if claiming above this amount, additional evidence of existing luminaires wattage should be required. This could be a geo-tagged photo of the lighting circuit total wattage measurement accompanied by an electrical line diagram of the lighting circuit (plus the usual geo-tagged photo of the luminaire plate showing wattage, itemised recycling receipt etc.).

Alternatively, it could be that certain space types or building groups can be exempt from the cap.

If both this change and asset lifetime changes do ahead, we anticipate that much of the private outdoor lighting upgrades currently being considered would be stalled indefinitely.

12) As per our comments above, there should not be blanket maximum cap. This will severely lower incentive for certain lighting activities that have not yet had enough incentive to change, as mentioned above.

15) It certainly makes sense to have a simplified formula where appropriate; however, are there no instances where control multipliers (particularly controlled dimming) might be relevant in roads and public lighting?

16) GET agrees that class 3 building should be included under HEERs and ROOA.

The one thing we would query is the class 3 building – residential vs small business. We see the rooms of the class 3 building having operating hours and hence abatement more like residential, however the common areas and business sections of the building would have operating hours and abatement more like those of small business.

In VEET schedule 34 the ESC has differentiated operating hours between sleeping rooms/dormitories (3000hrs) and common areas (7000hrs) of a class 3 building. Would it be possible for a space type split in alignment with VEET?

Of much greater concern is the definition of small business building. This effectively prohibits small businesses within larger buildings (over 200m^2) that have a tenancy space of less than 200m^2 from accessing the benefits of the scheme under this method. If it was defined as floor space used for business operations of the purchaser/energy saver or something similar, the pool of opportunity for upgrades under HEERs and ROOA would be much greater.

We would also query what provisions are available for preventing, or detecting, duplicate creation under separate methodologies? It is foreseeable that the same upgrade could be created under commercial lighting formula and HEERs. Audits are limited to auditing a batch of installations under one method for one ACP, and will not detect whether an ACP has double dipped with CL / HEER Class 3 buildings or whether their clients are “ACP shopping”.

Additionally, the duplicate address detection in the ESS Portal is not rigorous and cannot differentiate between shop numbers.

21) This would depend on the cost of the equipment and price available for associated ESCs (which fluctuate with the market). What is the definition of high cost and low cost?

22) We believe this is easily evidenced. Google maps and other mapping programs typically orientate with North at the top or have an orientation on them. The house can be screen shotted from the mapping program and marked up which windows/doors that were upgraded.

23) An installer should be appropriately licensed to carry out the work. If a NSW White card is required then yes it is an appropriate measure. If the ESS is trying to ensure safe working at heights, then any appropriate working with heights certificate should be allowed and the ESS should not preference one type of license/certificate over another. Under the VEET the ESC offers a range of acceptable qualifications for working at heights under their MST requirements. Is it possible to align with the VEET scheme here?

For the new activity of natural roof space ventilators the installation requirements state:

“1. The activity must be performed by a person holding a suitable licence enabling work at the necessary height and in the roof space in compliance with the relevant installation standards and legislation as outlined by SafeWork NSW.”

Surely the documented license requirements in terms of working at heights should be similar for blinds implementations?

24) In theory, there is no guarantee of savings if the blinds are operated manually. To a large degree it depends on user behaviour. However, I would expect that an automatic control system can also be overridden by a user too.

It depends as to how the factors have been determined as to whether the manual option should be lowered or the automatic option should be increased but the two different equipment types should be analysed separately to assess energy savings for the particular equipment type and the factors should reflect the likely savings.

26) It is unlikely that we would be interested in becoming accredited unless a client asks specifically. The max amount of certificates is less the 10 and not everyone has a pool so opportunities are much more limited. The leads would be harder to generate and much harder for us to generate volume of ESCs in the activity to make it a viable business activity.

27) A geo-tagged and dated photo of old pump taken at site should be sufficient to evidence that there was an existing pool pump prior to replacement.

29) It is unlikely that we would be interested in becoming accredited unless we received a specific request from an established high volume client. Abatement values are low per install and it is not an area that we currently have any business relationships. It would possibly be effective on new housing estates where they could be installed in multiple dwellings and using bulk assignment forms for compliance efficiency.

Is there a maximum number that can be installed at 1 premise?

31) As the asset lifetime is currently fixed for 10 years, we agree that it makes sense only to allow new boilers or water heaters.

Final comments

GET supports appropriate and justifiable changes to the ESS rule in order to maintain its legislated objectives and provide good economic outcomes for NSW.

GET would urge OEH to take into significant consideration the possible unintended consequences that changes to asset lifetime and capping of high bay NLP may have on lighting activities where no transformation of the specific market is yet to occur, as we have highlighted in our submission.

We also believe a change in the definition of small business under HEERs and ROOA is of critical importance.

If you have any questions, please do not hesitate to contact us. We are more than happy to discuss the issues we have raised in further consultation prior to finalisation of the new rule.

Yours sincerely,

Caroline

Caroline Bennett

Energy Efficiency Manager