

29 September 2023

Joint response to the Energy Saving Scheme – Water Heaters Consultation.

Dear Sir/Madam,

National Carbon Bank of Australia and Green Energy Trading, part of the Green Energy Group, welcome the opportunity to participate in this consultation. We hope our response proves valuable as the changes to the Hot Water Activities of the ESS are finalised.

Updating energy savings calculation

We support the NSW government's commitment to the integrity of the Scheme. Updating the energy savings calculation ensures energy savings calculations reflect the actual savings. This is key to maintaining credibility of NSW's contribution to Australia's emissions reduction targets.

We ask for the Department to share the underlying hot water usage analysis driving this calculation change so participants can understand why this calculation change – which will result in 40% reduction in ESCs in some HEERs activities - is being introduced.

Minimum co-payment

We support the introduction of a co-payment for IHEAB and the increase of the minimum co-payment for HEERs hot water upgrades, as better explained below.

We are confident that an increase in the minimum co-payment, will challenge Solution Providers to offer products and services aligned with the customer's needs. Customers will demand Solution Providers do more to inform them about the ESS and their offer, demonstrate value for money, and deliver quality installations and after-sales service.

We believe increasing the co-payment will increase customer engagement, improve customer experience and the quality of the products installed, and reduce customer complaints. At NCBA, we meticulously record all complaints received from the OES across Lighting, Hot Water, Refrigerated Cabins, and Air conditioning jobs. Between 2022 and 2023, 49 out of 70 (70%) of customer complaints recorded in phone audits were related to HEERs and IHEAB activities. 60% of the hot water customer complaints recorded were related to customers not receiving proper advice on the product's performance or receiving a product that did not suit their needs. We expect to see a dramatic reduction in these types of complaints after the increase of the HEERs co-payment.

We believe the \$200.00 co-payment in the IHEAB method and for small businesses under the HEERs method is an effective level to ensure suitable business energy saver engagement.

We fear the proposed \$200 minimum co-payment may be too high for households under the HEERs activity and discourage uptake. Analysis of HEER hot water claims registered by NCBA suggests less than 33% Original Energy Savers currently pay above the \$30.00 minimum co-payment.

As inflation and cost-of-living pressures will continue to impact household budgets in the near to medium term, we recommend reducing the HEERs minimum co-payment increase from \$200 to \$100.

Activating the changes

We believe that Option 1 is the most suitable for the transition, primarily to ensure compliance processes' efficacy and integrity. We support the proposed three- month timeframe for the introduction and increases in co-payment for IHEAB and HEER methods.

However, the changes in the energy savings calculations with increasing the minimum co-payment for HEERs jobs will mostly impact small to medium-sized installation providers. To fulfill their already negotiated obligations under the current calculation formula and adapt their sales strategies to the new calculation, it is essential to ensure they receive appropriate notice of the change and more than three months' timeframe. This will guarantee that the stakeholders involved keep trusting and supporting the Scheme.

We, therefore, recommend a **six-month transition** timeframe for the energy saving calculation changes, to ensure the necessary time for businesses to make a sustainable transition.

Final Comments

As one of the largest and longest-standing ACPs in the ESS, we take our responsibility to ensure the health and longevity of the ESS program very seriously.

We believe the proposals made in this document are reasonable, will benefit all ESS participants, and help to improve installation quality and customer experience in hot water activities.



Yours sincerely,

Carolina Castro
National Carbon Bank of Australia
General Manager

About us

National Carbon Bank of Australia and Green Energy Trading are part of the Green Energy Group. This submission represents the views of both companies.

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

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

As an Accredited Provider (AP), we create and trade environmental certificates for solar PV, hot water, commercial lighting and other energy efficiency upgrades under Federal and State-based renewable energy and energy efficiency incentive schemes.

As a member of the Energy Savings Industry Association (ESIA), we work embrace opportunities to strengthen the schemes we work in to ensure integrity and longevity of those schemes.

National Carbon Bank of Australia is an independent and transparent facilitator of carbon abatement certificates, helping businesses claim financial incentives available from the NSW ESS, PDRS and ERF.

Founded in 2012, National Carbon Bank of Australia is committed to accelerating the uptake of energy efficient technologies, powering Australia to Net Zero and beyond.

As an Accredited Certificate Provider (ACP), we create certificates for air conditioning, hot water, lighting and other energy efficiency projects under the Energy Savings Scheme and Peak Demand Reduction Scheme.

We are committed to building strong partnerships with installers and product suppliers and engaging strong with them and their customers to educate them on the benefits of participating in NSW government scheme driving energy savings and emissions reductions.

We also work with the Emissions Reduction Fund (ERF) creating carbon credit units for commercial lighting and public lighting upgrades all over Australia.