

ESIA Media Release

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NSW Energy Savings Scheme expanding and extending to 2050 with peak demand reduction scheme

The ESIA welcomes the announcement today by NSW Energy and Environment Minister Matthew Kean that the NSW Energy Savings Scheme (ESS) will be expanded and extended to 2050 with a more ambitious target increasing gradually up to 13% by 2030. Customers will save \$40 a year on bills. The ESS will be rebadged to become part of the Energy Security Safeguard. The Safeguard will incorporate a new demand reduction scheme to support technologies like batteries that can reduce demand from peak periods.

“We welcome this practical policy announcement which is a sensible leveraging of the highly successful ESS and addresses the critical issue of peak demand impacts on energy reliability, affordability and security,” said the President of the Energy Savings Industry Association (ESIA), Mr Rod Woolley.

The NSW ESS is delivering an average annual reduction of total electricity consumption of *at least four per cent*. The additional demand reduction initiatives will reduce pressure on summer peak demand times from 6-9pm when the system is under most stress and risk.

The NSW government’s Safeguard commitment will help fill the gap caused by the retirement of aging and unreliable coal generators. It will also help to meet the state’s target of net zero emissions by 2050, help drive down wholesale power prices to reduce all energy customers’ bills as well as deliver further direct savings for those households and businesses that undertake upgrades under the ESS. The Safeguard will support more jobs and investment contributing to a more resilient NSW economy.

“With the lack of a coherent national energy and climate policy, it is crucial that the states step up. The NSW government has provided a strong signal to the market to invest and deliver energy-saving solutions sooner and provides long-term certainty for our transformational industry. All four state-based energy savings schemes in NSW, Victoria, SA and ACT have target reviews during 2019-2020, with post 2021 targets to be announced during 2020.

NSW has now led the way on a demand reduction scheme. SA and the ACT both have peak demand reduction on their review agendas as they consider their post-2020 energy savings schemes’ expansion. Victoria is yet to show clear intention on peak demand reduction, with a consultation imminent.

“Energy savings scheme end dates now run at 2050 for NSW, 2030 for Victoria and ACT, and SA considering 2025. That leaves Queensland with one foot in the COAG Energy Council (EC) leadership huddle, with that state committing to launching an energy savings scheme before the next election on 31 October 2020, but no word yet as peak demand there continues to rise. We encourage the state COAG EC members to all get into the huddle on this challenge,” said Mr Woolley.

The Energy Savings Industry Association (ESIA) is the national peak body that represents accredited businesses actively involved in investing and driving technology and market transformation through energy savings schemes in Victoria, NSW, SA and the ACT, and under the Emissions Reduction Fund

(ERF). This maturing industry has rolled out energy efficiency upgrades to more than 2.3 million households and businesses under the state schemes.

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Background information

NSW Electricity Strategy, Released 22 Nov 2019

[Two reference documents](#) available:

- Overview of the NSW Electricity Strategy
- Detailed NSW Electricity Strategy

Excerpt (from [Detailed NSW Electricity Strategy](#) pp28-29)

Encouraging reliable, affordable and clean technologies to take pressure off the grid

Action 5: The ESS will be reconstituted as the Energy Security Safeguard

There are a range of technologies that support a more reliable, affordable and sustainable electricity system by impacting when and how much electricity is drawn from the grid. As noted above, these technologies include energy efficient appliances, systems which allow consumers to reduce their electricity demand at times of peak demand (and receive bill savings as a result), and systems which allow electricity consumers to shift demand to times of higher supply and lower prices (such as when the sun is shining and solar generators are producing electricity).

To support the efficient rollout of these technologies, the ESS will be reconstituted as the Energy Security Safeguard (the Safeguard) with the objective of accelerating the deployment of:

- energy efficiency technologies which reduce demand on the electricity or gas networks (putting downward pressure on prices and reducing network pressures); and
- peak demand reduction technologies, such as household batteries, smart pool pumps and electric vehicle infrastructure (reducing market volatility, electricity prices and deferring investments in network infrastructure).

The first component of the Safeguard will involve expanding the existing Energy Savings Scheme to 2050, with targets increasing gradually up to 13 per cent by 2030 and participants able to receive certificates for an expanded set of activities which reduce demand on electricity and gas networks, including substituting gas for biomass.

The second component of the Safeguard will involve establishing a new certificate scheme for the deployment of peak demand reduction technologies, such as batteries, smart pool pumps and electric vehicle chargers that enable electricity demand to be shifted away from peak periods. These technologies will provide a critical mass of demand reduction capacity to help manage wholesale market volatility and defer investments in network infrastructure.

The target trajectory and detailed scheme design of the Safeguard will be subject to further consultation and detailed analysis. The Safeguard's primary purpose is to reduce electricity prices by driving investment in price reducing technologies, saving households up to \$40 per year. It will also support the electricity system's reliability and, as discussed below, provides a tool to avoid electricity emergencies, if risks emerge.