

# Overview of the Energy Saving Rule

Presentation to the  
Energy Saving Scheme Rule Workshop  
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# Outline of Presentation

- What is the Energy Savings Rule?
  - How does it relate to the GGAS DSA Rule?
  - What certificate creation methods will it include?
- How will the Rule be updated?
  - What did stakeholders submissions propose?
  - What activities will be covered under the Rule?
- What are the next steps for making the Rule?

# What is the energy savings Rule?

- Like the Rules under GGAS, the Energy Savings Rule will determine:
  1. the activities that eligible under the scheme for certificate creation; and
  2. outline methods for calculating the number of certificates a given activity can generate.

# How does it relate to the GGAS DSA Rule?

- The DSA Rule will cease under GGAS, except for on-site Generation.
- Energy Savings Rule will adopt the energy efficiency end-use methods currently under the GGAS DSA Rule
- These methods will be updated to:
  - maintain their accuracy;
  - add new eligible activities; and
  - Reduce transaction costs.

# What certificate creation methods will it include?

- The Energy Savings Rule include three of the current DSA methods:
  - Project Impact Assessment Method
  - Metered Baseline Method
  - Default Abatement Factor (DAF) Method

# The Project Impact Assessment Method

- Case by case approach for calculating savings from one-off energy savings projects
- Best suited to projects where savings can't be accurately detected by site metering
- Based on an assessment of the confidence that estimated savings occur
- Opportunities for (discounted) forward creation of certificates to reduce transaction costs
- Opportunities to cover new installations (benchmarked against best existing)

# Metered Baseline Method

- Savings calculated by using metered data
- Baseline electricity consumption is established before an energy savings project is implemented.
- Savings are calculated based on improvements against this baseline for a given level of output.
- Certificates can be claimed each year if savings continue.
- The method includes sub-methods for established ratings tools (eg. ABGR)

# Default Abatement Factor (DAF) Method

- A generic approach for measuring the life time (deemed) savings of a “standard” activity.
- A formula or a default number of certificates per activity is set in the Rule.
- Certificates can be claimed at the time of installation and assigned to the installer or supplier.
- Allows for the capitalization of life time benefits, to reduce the upfront cost of energy savings measures.

# How will the Rule be updated?

- Consider what has worked well and what hasn't under GGAS DSA
- Expand eligible activities
- Reduce transaction cost where possible
- Update existing DAF's where there have been significant changes to the regulatory environment
- Align as far as possible with the VEET and REES

# Major themes from stakeholder submissions

- Alignment with GGAS, VEET or REES
- Providing transparent and flexible processes to add or update activities and methods
- Recommended new DAF's for residential, commercial and industrial activities

# Alignment with GGAS and VEET

- Tensions between a desire for consistency with GGAS while aligning with other state schemes.
- Issue relating to Alignment with GGAS and VEET include
  - Align activities with VEET
  - Retain GGAS systems and processes
  - Different rounding rules from VEET
  - Include gas
  - Exclude commercial and industrial
  - Inclusion of targets for low income households
- We will seek to strike a balance between these considerations and welcome further feedback.

# Transparent and flexible processes to add or update activities and methods

- Like GGAS, eligible activities and methods under ESS are set in Rules.
- The Minister will have the power to approve new activities or revise methods as required.
- We will develop guidelines to help stakeholders develop proposal for new activities and methods.

# Changes to the activities and methods from the DSA Rule

- Submissions included a broad range of proposed new activities and methods
- We have or are in the process for developing methods for the majority of these.
- Many will be included in the first iteration of the Rule for July 1
- Others require further work and will be added to a new rule next financial year if appropriate.
- Some however will not be included in the Rule unless some major issues can be addressed.

# Methods and activities that will not be included

- On-site generation (including co-gen)
- Solar Photovoltaic (PV)
- Solar, heat pump and gas water heaters
- Residential ceiling insulation
- Removable flow restrictors
- Replacing incandescent lamps with CFLs

# What are the next steps for making the Rule?

- Following workshop, draft ES Rule will be prepared and written submissions sought by May.
- The ES Rule will be approved by the Minister and gazetted by 30 June 2009.
- Additional DAFs are likely to be included as additional work on methodologies is completed in the period after 30 June.