

Energy Security Safeguard rule change

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About the Justice and Equity Centre

The Justice and Equity Centre is a leading, independent law and policy centre. Established in 1982 as the Public Interest Advocacy Centre (PIAC), we work with people and communities who are marginalised and facing disadvantage.

The Centre tackles injustice and inequality through:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change to deliver social justice.

Energy and Water Justice

Our Energy and Water Justice work improves regulation and policy so all people can access the sustainable, dependable and affordable energy and water they need. We ensure consumer protections improve equity and limit disadvantage and support communities to play a meaningful role in decision-making. We help to accelerate a transition away from fossil fuels that also improves outcomes for people. We work collaboratively with community and consumer groups across the country, and our work receives input from a community-based reference group whose members include:

- Affiliated Residential Park Residents Association NSW;
- Anglicare;
- Combined Pensioners and Superannuants Association of NSW;
- Energy and Water Ombudsman NSW;
- Ethnic Communities Council NSW;
- Financial Counsellors Association of NSW;
- NSW Council of Social Service;
- Physical Disability Council of NSW;
- St Vincent de Paul Society of NSW;
- Salvation Army;
- Tenants Union NSW; and
- The Sydney Alliance.

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Acronyms list

| Acronym | Full name |
|---------|---|
| ACCC | Australian Competition and Consumer Commission |
| ACP | Accredited Certificate Provider |
| BESS | Battery energy storage system |
| CER | Consumer energy resource |
| DCCEEW | Department of Climate Change, Energy, the Environment and Water |
| ESS | Energy Savings Scheme |
| EWON | Energy and Water Ombudsman of NSW |
| GEMS | Greenhouse and Energy Minimum Standards |
| IPART | Independent Pricing and Regulatory Tribunal |
| JEC | Justice and Equity Centre |
| PDRS | Peak Demand Reduction Scheme |
| V2G | Vehicle-to-grid |
| VPP | Virtual power plant |
| WDRM | Wholesale Demand Response Mechanism |

1. Introduction

The Justice and Equity Centre (JEC) welcomes the opportunity to respond to the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW) Energy Security Safeguard rule change consultation paper (the Paper).

We support the ongoing evolution of the rules implementing the Energy Savings Scheme (ESS) and Peak Demand Reduction Scheme (PDRS) to ensure they better deliver on the stated scheme objectives and support the wider energy and climate objectives of the NSW Government – particularly those expressed through the NSW Consumer Energy Strategy.

In addition to the specific responses and recommendations provided here, we refer to our accompanying submission on the Energy Security Safeguard policy reform paper for further input related to objectives, principles and key priority areas to ensure reforms enhance the impact of these rule changes (see the appendix of this submission for our recommendations made in that consultation).

At a high level we recommend reforms to the Energy Savings Scheme (ESS) and Peak Demand Reduction Scheme (PDRS) should prioritise:

- more robust scheme architecture, with improved transparency, standards and robust regulation to prevent misconduct
- efficiency and flexibility of electricity demand alongside a robust embedding of electrification in the Safeguard schemes
- future-focused setting of targets and frameworks to provide certainty and strong incentives in the Safeguard schemes and the outcomes they aim for.

Rule changes made by DCCEEW should match and implement the intent of the policy reforms. The broad priority should be that the Safeguard schemes should contribute to a more flexible, efficient and lower cost electricity system through more efficient and flexible electricity utilisation - and that this helps evolve necessary changes to rules and ongoing expansion and strengthening of the program. As part of this, DCCEEW must also ensure the Safeguard schemes continue to support objectives throughout the transition to the future energy system.

2. Changes to existing activities

2.1 Changes to PDRS activities

2.1.1 Battery activities

The JEC is broadly supportive of enabling scope for 'benefit stacking' in circumstances where it meets other NSW Government priorities or objectives. This would include equity objectives or support for cohorts or 'circumstances' targeted under the NSW Consumer Energy Strategy.

The rules should set in place a robust framework for identifying the scope and materiality of the benefit of targeting a cohort, based on sector need as well as impact (either on the targeted cohort, and the energy system). At a minimum, eligibility should be measured against potential

contribution to the objectives of the PDRS, magnitude of the barrier to access and alignment with and objective(s) of the NSW Consumer Energy Strategy.

Question 1. Are there any sectors that we have not identified that also have a genuine financial need and could be supported by an Exempt Energy Program?

Further populations to support by an Exempt Energy Program could include:

- energy rebate and EAPA recipients (particularly those with gas connections or appliances);
- social and community housing provider-managed homes (particularly those with gas connections);
- locations with identified network reliability, local solar excess or other constraints.

As further detailed in our submission to the Policy Reform Paper, any mechanism to target populations should be integrated with other measures to further reduce barriers/ enable intended impact through energy upgrades. Impact should also be a key criterion for eligibility to run Exempt Energy Programs. This can be measured based on:

- emissions reduction potential;
- materiality of current barriers to accessing battery technology/benefit;
- network context – including local reliability or solar excess.

Question 2. Should NSW Government agencies outside of DCCEEW and local government run Exempt Energy Programs? and Question 3. Are there other facilities that meet the criteria of being safe and have the potential to add new value that should be considered to run Exempt Energy Programs? and Question 4. What other criteria we should consider for facilities to be eligible to run Exempt Energy Programs?

We do not support any entity other than DCCEEW being an exempt energy provider and responsible for approving 'exempt energy programs'. We interpret 'running' schemes to mean 'administering' them (rather than approving them, which we interpret to be the sole role of DCCEEW).

DCCEEW holds key information on energy needs such as rebates and infrastructure investment, is an appropriately informed and resourced 'independent' entity, and is well-placed to identify priority populations with need for greater support to access the Schemes and ensure their interests are appropriately protected. Multiple agencies administering Exempt Energy Programs also runs the risk of administrative complexity and inconsistently applied criteria. Management by DCCEEW would also ensure that any Exempt Energy Program aligns with NSW Consumer Energy Strategy, whereas councils are not well-placed to robustly consider holistic impact.

Local Governments, social housing providers and potentially other entities could appropriately propose, offer or recommend Exempt Energy Programs to be run on behalf of DCCEEW, and according to their terms.

Question 5. What are your views on allowing battery installation incentives for government- owned and operated facilities and Exempt Energy Programs?

Battery installation incentives should be allowed according to consistently applied principles, objectives and criteria.

We do not generally support allowing battery installation incentives for all government-owned facilities, only those which meet the eligibility criteria and can demonstrate additional material impact towards equity or other objectives. Consideration should also be given to competitive neutrality principles to ensure that eligibility for incentives is in the public interest. If incentives are allowed for government-owned facilities, DCCEEW should also consider extending this to other similar large-scale facilities such as aged care, community halls or sports facilities.

Question 6. Please provide your feedback on the current Rule and options being considered, with supporting evidence where possible. You're invited to suggest additional approaches that accomplish the same policy objectives:

- **timing of virtual power plant ACP nomination**
- **changing the virtual power plant capacity holder**
- **expanding battery size eligibility for BESS2**
- **requiring solar for BESS2 eligibility**
- **warranties for batteries participating in BESS2.**

Reforms to the current rule are welcome where they are aimed at enabling impactful uptake and prioritise improved outcomes for consumers.

We consider recent increases in battery installations has highlighted rapidly emerging weaknesses in the current schemes, with significantly increased risks of poor consumer outcomes.¹ These should be key considerations for rule reforms. With a relatively novel technology such as virtual power plants (VPPs), the experience of today's consumers powerfully influences the future 'buy-in', with a very long 'tail' impact on consumer trust. This has critical implications for uptake and the overall success of the PDRS.

There is need for further analysis of both the reasons why consumers do not sign up for VPPs, as well as the actual or potential adverse consumer impacts being experienced, rather than simply 'reducing friction' in response to assumed contributors.

Aspects of the option being proposed raise serious concerns and require much deeper consideration. In principle, we support reducing unnecessary barriers to uptake of VPPs, but this cannot come at the cost of appropriately structured and transparent processes, protection of consumer consent and control, and quality assurance. Regarding the specific options being proposed, we note:

- The risk involved in increasing time for ACP nomination does not appear to outweigh the benefits. There is no clear evidence that consumers need more time to make this decision, and the issue appears to be that this decision point is being overlooked or they have simply changed their mind. As noted in the paper, some VPP providers have already managed

¹ Delaney, A, 2026, [Australia's home battery boom risks locking households into closed ecosystems](#); CHOICE, 2025, [With solar subsidies on offer, dodgy installers are never far behind.](#)

issues by seeking nomination earlier in the onboarding process.² Delaying ACP nomination simply increases the scope for unintended adverse consequences without materially addressing the issue.

- We do not support the VPP provider acting as the capacity holder as this would fundamentally alter and undermine consumers' consent. Consumer consent and oversight is a critical (and non-negotiable) aspect of the PDRS and must be retained. Any change would materially increase risks to consumers. We regard this proposal as an unacceptably broad response to an apparently normal (and acceptable) issue of administrative friction. In any case the materiality of the problem has not been established, nor have reasonable alternative responses to any demonstrated 'problem' been provided.
- Expanding battery size eligibility whilst capping incentives appears to be an appropriate trade-off. Typical battery installations exceed the needs of households to meet their own consumption requirements,³ so appropriate incentives should exist to ensure these households participate in VPPs.
- In principle, the removal of the requirement for solar could enable wider participation and benefit. However, there are wider possible implications and deeper consideration of the potential impacts is required.

Over time, minimum load issues will increase in frequency and materiality and a greater orchestrated battery capacity not associated with onsite solar may be a valuable tool to respond to this.

Additionally, some consumers, such as those living in apartments or rentals, face physical barriers to installing rooftop solar but could benefit from an onsite battery. This is particularly relevant if the proposal to introduce battery incentives for multi-site dwellings is implemented (see section 3.1).

However, more analysis is needed to identify whether this still has the same demand flexibility benefit potential or whether a separate activity is needed. Consideration of this reform should also explicitly consider what other mechanisms benefit from non-solar connected batteries would be contingent upon. For instance – if it is assumed to contribute to management of minimum system load what other reforms would be required to enable this? And what services or products would need to be available?

- We do not support removing the warranty requirement at this time, since it is not guaranteed the CHBP will continue and that all batteries eligible for the PDRS will also have received a CHBP subsidy. Based on this, the risk of potential exclusion outweighs the benefit of a small reduction of administrative burden. We highlight the need to take a risk/ harm based approach to such reforms and ensure that any such changes which introduce potential consumer (and other) risks, come with demonstrated (rather than potential) material benefits

² NSW Department of Climate Change, Energy, the Environment and Water, 2025, [Energy Security Safeguard rule change consultation paper](#), p 13.

³ Edis, T, 2025, [Australians install 100,000 home battery systems in 17 weeks, and they are getting bigger](#)

which outweigh them.

- DCCEEW should also ensure that the standards of installed batteries are fit for purpose, not only now, but over the forward period over which the benefits of the scheme are expected to be realised. At a minimum, we reiterate our strong recommendation for the urgent implementation of interoperability standards for any products supported through the scheme, and for these to be properly enforced to ensure sustained benefits to both the consumer and the system.⁴

2.1.2 Commercial heat pump water heater activities

Question 11. What do you think is the size and scope for thermal storage opportunities in NSW?

Given that hot water commonly represents at least 20-30% of average household energy use, and that a substantial proportion of households have gas hot water, residential hot water conversion represents one of the most significant scale opportunities for households.

A comprehensive analysis of the size and scope of thermal storage opportunities – that separately assesses household opportunities - should be undertaken as part of the setting of energy efficiency and electrification targets as part of the NSW Energy Consumer Strategy. This should draw on robust, contemporary data.

Assessment of the scope of thermal storage opportunities within the ESS/PDRS should separately consider the scope of opportunity to:

- electrify and implement more efficient water heating/thermal storage
- implement storage that is flexible and responsive to peak demand (including that outside the PDRS window)
- implement storage that is capable of being deployed in response to minimum system load events.

In undertaking this assessment, it is important to recognise that some capacity and different uses are more amenable to some opportunities than others – for instance, due to their flexibility, or the particular level of risks involved. Based on this, the scope of opportunity for thermal storage may need to be divided into:

- total efficient, electric capacity,
- total capacity that can be deployed to shift peak demand, and
- total capacity that can be deployed in response to minimum system load events.

There may be some overlap in these categories, but they should be assessed separately.

For example, dynamic commercial laundries' hot water maybe shifted without much risk or impact – while representing a material reward opportunity for participants due to the energy demand

⁴ For more detail on interoperability standards see [Justice and Equity Centre submission to Technical standards for CER interoperability consultation paper](#).

involved - whereas food and beverage manufacturing may have increased risks associated with dynamic load shifting that means scope can only be counted as total capacity. Again, a risk/harm-based approach should be taken to this assessment.

Question 12. Why do you think the development of a measurement-based method for thermal storage projects should or shouldn't be supported? and Question 13. What are the key challenges to consider when developing a project-based measurement method for thermal storage?

Overall, we support activities based on accurate savings and impacts as preferable.

Accordingly, we support the development of a measurement-based method for thermal storage projects. However, this should not unduly delay the implementation and reform of activities where material benefits are relatively predictable, or where good 'proxies' can be used while delivering reliable benefits to participants. Where this is not the case, we would support suspension of the activity while a robust method is developed, on the proviso this process is rapid. We note that a more bespoke way to measure the benefits of technologies in different contexts would be useful to overcome the challenges noted in the paper.

A detailed analysis of the size and scope of opportunities, as well as risks of unintended consequences, should underpin the development of the method. We encourage DCCEEW to create more opportunities for consultation from diverse stakeholders during the method development process. While industry stakeholders hold strong expertise in the technologies being considered, there is always the risks of a vested interest in promoting or enabling certain technologies.

As noted above, another key challenge is measuring the context that different industries operate in, where risk and safety requirements may impact the impact to shift load dynamically.

2.2 Changes to ESS activities

2.2.1 Insulation activities

The re-activation of insulation activities in the ESS is a considerable opportunity to support households to make impactful energy savings upgrades. We strongly support progressing these proposals and look forward to supporting DCCEEW's investigation of this opportunity later in 2026. In the meantime, encourage DCCEEW to review the existing evidence base for energy savings potential from thermal efficiency upgrades (including insulation), such as:

- RACE for 2030, 2023, [Enhancing home thermal efficiency](#)
- IEEFA, 2025, [A focus on homes, not power plants, could have energy bills](#)
- Climateworks Centre, 2023, [Building the case for a renovation wave in Australia](#).

2.2.2 Air conditioning activities

Question 7. What are your views on the proposed changes to air conditioning activities?

We support the broader scope for air conditioning activities, but highlight the need to ensure there is robust consideration of what is being replaced (as part of optimising the impact of activities).

The changes appear to be in alignment with the Greenhouse and Energy Minimum Standards (GEMS) and/or the Victorian Energy Upgrades program.

Multi-split air conditioners are often a practical choice and can create a significant benefit if replacing gas or other inefficient heating/cooling, however the benefit of installing a multi-split air conditioner when no previous air conditioning existed – or where it is replacing a basic split system - is negative or, at best, not sufficiently material. Ensuring these activities target replacement of existing gas ducted systems or combination systems will help ensure assumed impacts are delivered.

We support the inclusion of large air conditioners, but recommend these come with strict eligibility requirements to prevent over-sized systems being installed.

Question 8. What are your views on the proposed option to calculate Energy Savings Scheme and Peak Demand Reduction Scheme incentives? How can we ensure savings for multi-split systems are representative and installations are fit for purpose?

On balance, the second proposed option to calculate ESS and PDRS incentives is appropriate. Taking the lower sum of rated capacities helps to disincentivise oversizing of units. In the situation where details of the indoor unit are not available on the GEMS register, it would be simplest to use the rating of the outdoor unit by default.

As with other activities, we recommend that the product installed is required to have controllable or dynamic load capability (even if not immediately utilised) in order to enable maximum long term activity benefits. This would be best complemented by interoperability requirements to protect consumers from unnecessary proprietary lock-ins.

2.2.3 Fuel switching activities

Question 16. What are your views on the proposed changes to the emissions factors of eligible fuel types within the Energy Savings Scheme Rule? How do they affect your planned or ongoing projects?

In general, electricity emissions factors are decreasing to zero (or near zero) in the longer term. Fixed emissions factors are increasingly likely to become quickly outdated in the context of the transition and are likely to under-represent the benefits of electrification activities. Accordingly, we support simplified factors and comparisons, with the intent to reflect the average (or reducing) estimated emissions over the likely/assumed life of the asset. We would expect DCCEEW to be transparent on the method used and consult where appropriate. As a starting point, it could consider an average emissions factor over the life of the asset using a discounting rate that estimates future emissions reductions potential in line with NSW Government targets and policy.

We also note that most residential electrification activities result in immediate emissions reduction,⁵ suggesting that determining the specific emissions factor for additional electricity demand under the ESS would hold limited value.

⁵ IEEFA, 2023, [Managing the transition to all-electric Victorian homes](#), p 13.

2.2.4 Other activities

We have no comments on questions 10 (liquid chilling), 14 and 15 (commercial heat pump water heaters), and 17 and 19 (project impact assessment with measurement and verification method).

3. Exploring new opportunities

3.1 Residential heat pump water heaters

The PDRS should introduce a new activity for upgrading residential resistive electric hot water systems to heat pumps, where they are configured or controlled to avoid the peak demand window.

While the energy savings potential of heat pump hot water systems is recognised in the ESS, further opportunities exist to recognise peak demand reduction/ energy flexibility benefits. Hot water heaters are effectively ‘batteries’ and heat pump water heaters configured or controlled to avoid the peak demand window can achieve material peak demand reductions when deployed at a scale resulting from the electrification of NSW household hot water. Technologies for flexible water heating are already widely available (and deployed), so introducing an incentive to optimise water heating loads has the potential to create significant systems savings.⁶ Including residential hot water upgrades aligns well with DCCEE’s work to develop a project-based measurement method for thermal storage for commercial heat pump water heaters (see section 2.1.2).

3.2 Large-site batteries

Overall, the JEC supports the introduction of batteries for larger multi-dwelling or commercial sites into the PDRS. On an aggregate level, these sites have the potential to significantly contribute to peak demand reduction but face unique barriers to uptake. As further detailed in our responses to the questions below, we encourage DCCEE to consider non-cost barriers as well as parallel measures under the NSW Consumer Energy Strategy to ensure the benefits of introducing this activity are fully realised, but also fairly distributed or targeted to those who would be most significantly impacted.

Question 19. What impacts do you anticipate the proposed incentive levels will have on battery uptake in commercial and industrial (C&I) and multi-dwelling residential sectors?

The proposed incentive levels should support battery uptake in C&I and multi-dwelling residential sectors, but barriers remain. More analysis and consultation are needed to identify the specific barriers or considerations for uptake in these sectors, as most research has focused on detached household batteries.

Question 20. What safety considerations or requirements should be factored in for incentivising battery installations in commercial and industrial (C&I) and multi-dwelling residential sectors?

⁶ IEEFA, 2024, [Australia needs more efficient, smarter home hot water systems](#)

DCCEEW should take a risk-based approach to safety considerations, to ensure any material safety risks are prevented under its consumer protection framework. Where possible, the same safety considerations as for BESS1 should apply. It is not clear how the Development Application and network requirements will cover all bases for consumer protections. There is also no guarantee that all batteries targeted under this activity will require a Development Application and network approval – where it is not required, the scheme should fill these gaps to ensure consistent oversight and visibility, particularly at a network level.

This also links to the need for accreditation of installers, to ensure more robust monitoring of installation activity (see our submission to the Policy reform paper and Recommendation 1 in this paper's appendix).

Question 21. What are your thoughts on the proposed battery capacity thresholds for commercial and industrial (C&I) and multi-dwelling residential incentives?

The proposed thresholds create a gap for batteries between 100 and 200 kWh which would not be eligible for incentives. The capacity range in this gap would likely be suitable for some businesses in the diverse C&I sector. Having an excessively high threshold would likely incentivise oversized battery systems for some businesses. As incentives are proportional to battery size, we consider it would be appropriate to expand the range of capacity that is eligible. However, this should come with consideration of measures to match capacity to the circumstances of the participant or introduce complementary mechanisms to encourage the efficient deployment of excess capacity for systemic or equitable benefit.

Question 22. What data or evidence could help inform a more robust and effective incentive structure for commercial and industrial (C&I) and multi-dwelling residential batteries?

We recommend reforms to ensure the scheme increasingly focuses on incentivising the actual 'realisation' of peak flexibility benefits – rather than assuming benefits match available capacity.

Accordingly, we support the providing a smaller, flat upfront incentive with the bulk of incentives being based on measured actual peak demand reduction/flexible deployment. This is also most appropriate due to the uncertainty of response and potential for unintended consequences.

It would be inconsistent with the objectives of the PDRS to provide an incentive for an unqualified outcome. For example, in multi-dwelling sites variability could arise from whether batteries are used to supply only common areas, or individual lots. It is also not yet clear how strata can and will respond to such incentives, or whether excessive barriers remain.

Question 23. What challenges might arise if larger batteries are required to register as Voluntarily Scheduled Resources (VSR) under the Integrating Price-Responsive Resources into the National Electricity Market (IPRR) rule?

In principle, we support an exploration of the ability to integrate voluntary scheduled resources (VSRs). There is also opportunity to explore further enabling of demand response as part of this analysis.

We advocate for expansion of the Wholesale Demand Response Mechanism (WDRM) and for more active promotion of it through the scheme. This includes expanding access to households participating through not-retail aggregators. For more detail see previous submissions including [submission to the Review of the Wholesale Demand Response Mechanism](#) (p 20) or [submission to NEM Wholesale Market Settings Review](#) (pp 10-11).

3.3 Smart electric vehicle charging

Question 24. What do you think is stopping customers from using smart charging and vehicle-to-grid (V2G) technology today?

It is likely the barriers to smart charging are similar to those to signing up to a VPP. These are relatively unfamiliar technologies with use-cases and benefits dependent upon behaviour that has no well-established equivalent. Uptake is not yet sufficiently wide, and the premise of these technologies is not yet sufficiently transparent for people to overcome their perception of the risk of ceding control of their assets or consumption.

This is understandable at this stage of the development of these technologies. However, these circumstances are rapidly changing with the exponentially reducing cost-curves of these technologies, and there is significant likelihood of a step-change in the short to medium term. To enable this, consumers need strong protections and standards to ensure quality and build trust in the value such technologies (and the associated use cases) can provide to them.

A lack of assured interoperability for many smart charging and V2G systems is also a risk for consumers which can be addressed by the scheme.

There are also technological limitations including limited support by distribution networks, potential voiding of vehicle warranty and limited availability of bidirectional chargers which may not be resolvable within the scheme, but which can be highlighted to ensure they are addressed by supporting government and industry measures.

Question 25. Given the broader functionality of vehicle-to-grid (V2G), should smart charging be included in the Peak Demand Reduction Scheme (PDRS) as a separate activity? How can we confidently measure the impact of smart charging, and ensure that incentives are driving new behaviour and not just rewarding what's already happening?

Smart charging should be included in the PDRS due to its large peak reduction/flexibility response potential, if implemented correctly, with realistic assumptions and guardrails such as:

- qualifiers including an approved smart charging device with appropriate functionality and/or a smart-charging specific VPP;
- assuming the use of commonly available tariffs for incentive calculation, and/or requiring an EV specific tariff to be an activity requirement (providing incentives for networks and retailers to develop them);
- assuming minimal intervention by the consumer on top of automated response by the technology, to reduce the contingency on unpredictable consumer behaviour.

On balance, the peak demand reduction benefit of incentivising smart charging outweighs the potential overestimation of new behaviour as long as baseline assumptions underpinning the

'base case' are not unreasonable – for instance assuming that absent the scheme consumers will charge their vehicle every evening during peak times.

Question 26. What limitations should be placed on eligibility for a smart charging or vehicle-to-grid (V2G) incentive under the Peak Demand Reduction Scheme (PDRS)?

We agree with the policy position proposed in section 2.2.3 of the paper. While smart charging and V2G have benefit regardless of solar, we recommend DCCEEW explore whether different factors could be used to determine the incentive of the activities for households with solar present compared to those who do not.

Question 27. How can this smart charging or vehicle-to-grid (V2G) activity be designed to keep administration simple and cost-effective, so more value flows directly to consumers?

While the technology develops, we support clear regulations and caution against excessive 'administrative simplification' at the cost of robust protections. Protections set clear guidelines and provide certainty to the market. Strong eligibility and customer protection requirements should be in place, as for other similar activities. DCCEEW should also monitor customer outcomes to ensure there are no unintended consequences.

Question 28. How will vehicle-to-grid (V2G) impact electric vehicle (EV) warranty, and what role should the Peak Demand Reduction Scheme (PDRS) play in protecting consumers in this regard?

The issue of voiding warranties presents a significant potential barrier and risk.

However, this is not necessarily a risk which can be fully managed within the scheme as it is open to consumers to choose between the benefits of a product which utilises their EV and how that may impact their EV over time (as they are able to do with any energy related appliance or fixture).

It is incumbent on the scheme regulation to regulate and protect action within the parameters of the scheme, not to attempt to control or reduce all external risks which consumers may face.

Accordingly, it may be appropriate for the PDRS to require that the vehicle model includes V2G support in its warranty terms, or at the very least that it does not explicitly preclude it (or list it as a condition which voids the warranty).

Risks could also be managed through a requirement for V2G activities to highlight upfront consumer responsibility for any impact on their vehicle, with specific information and consent requirements to ensure any participation is done with recognition of any risks.

In the longer term, this issue is one which may be most durably dealt with through ensuring fair contract and 'best interests of the consumer' terms, implemented through reforms to consumer regulations and protections.

4. Continued engagement

We would welcome the opportunity to discuss these matters further with the Department and other stakeholders. Please contact Kira van Os (kvanos@jec.org.au) to arrange any follow up.

Appendix: recommendations to Energy Security Safeguard policy reform consultations paper

Recommendation 1

That regulation, oversight and enforcement mechanisms in the schemes be strengthened, involving at a minimum:

- *requiring installers to be accredited and 'listed' subject to licensing and compliance;*
- *granting IPART powers to suspend, ban and pursue further enforcement action for misconduct in the Schemes;*
- *pursuing further measures for robust, independent product standard setting, verification and accreditation for use in the schemes.*
- *streamlining complaints resolution, including by requiring ACPs to have EWON membership.*

Recommendation 2

That DCCEEW enhances pathways of entry to the Schemes, including integrating with other consumer touchpoints with energy information where possible. This should include consideration of a mechanism for simple consumer 'sign-up' to identify targeted household circumstances for the generation of 'warm lead' connections to accredited providers.

Recommendation 3

That the ESS and PDRS include a target for identified cohorts and typologies of households who otherwise face barriers to access upgrades through the Schemes, due to location, housing situation or income, and who would be materially impacted by scheme interventions in line with the wider objectives of the Consumer Energy Strategy.

Recommendation 4

That ambitious targets remain and penalty/shortfall payments be exclusively directed to support the schemes through a mechanism - such as an enhanced Safeguard Acceleration Program or other measures - to enable additional support for interventions for identified household cohorts.

Recommendation 5

That support for electrification in the Energy Savings Scheme be increased, through setting an ambitious electrification sub-target that is additional to the existing overall target.

Recommendation 6

That targets for the Peak Demand Reduction Scheme be:

- *set for the coming years until at least 2030, ensuring any review is only able to increase targets, and*
- *ambitious, evidence-based and in alignment with and support of NSW Consumer Energy Strategy objectives and the objectives of other relevant NSW Government energy transition policy.*

Recommendation 7

That the Peak Demand Reduction Scheme objectives be reframed to focus on maximising flexible demand, with opportunities to respond to both peak and minimum demand circumstances.