Overview of the NSW Energy Savings Scheme and the ESC market

PEPDEE Workshop,
12 December 2011
The Energy Savings Scheme will provide up to $1 billion in funding for energy efficiency projects by 2020.

- Increased investment in energy efficiency projects: up to $1b funding
- Avoided electricity supply costs: up to $2.5b savings
The ESS turns energy savings into a tradable commodity and creates a demand for it
Legislated targets for electricity retailers ensure demand for energy savings certificates

Forecast demand for Energy Savings Certificates to 2020
(Based on 2010 TransGrid forecast for electricity demand)
Three methods can be used to create certificates for a broad range of energy savings activities

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The trade of energy savings certificates provides funding for energy savings activities.

- **Electricity use**
- **Identify savings**
- **Implement projects**
- **Create certificates**
- **Trade certificates**
- **Surrender certificates**

**Electricity customers**
**Energy auditors**
- Lighting
- HVAC
- Compressed air
- ESCO’s
- White good retailers
- & many more..

**Accredited certificate providers**
**Certificate brokers & traders**
**Electricity retailers & Wholesale customers**
Incentives can be even more effective if bundled into energy efficiency product and service offerings

Commercial lighting case study

Outcome:

- Capital Cost $446,760
- 630 MWh p.a. of electricity
- Bill savings $94,275 p.a.
- Maintenance savings $66,725 p.a.
- **Payback period 2.7 years**
- 6,600 ESC value of $132,000 (after transaction costs)

ESC reduced payback to 1.9 years
White certificates schemes offer benefits to Government and investors over other policy options

Benefits to Government
- Long term funding certainty

Benefits to business
- Outcome based funding
- Certainty over access
- Efficiency through competition
- Reduced volatility
- Scale
- Flexibility
But multiple barriers to energy efficiency require multiple solutions

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