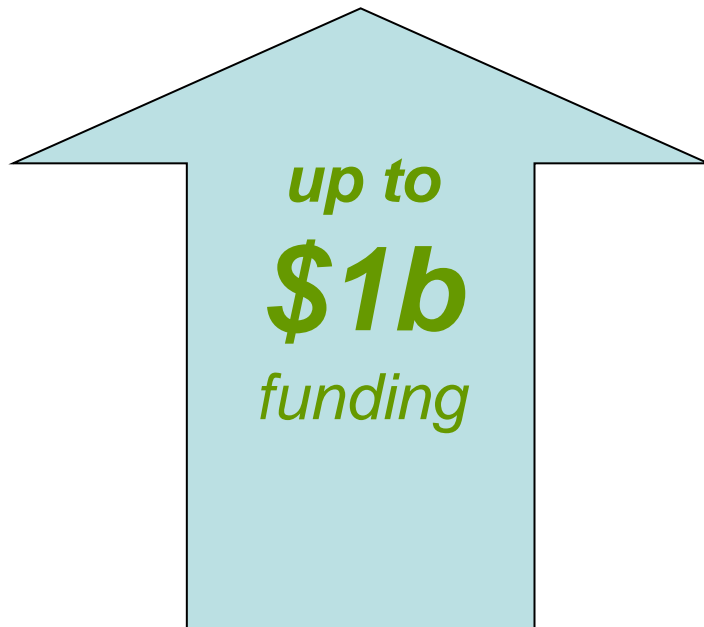


Overview of the NSW Energy Savings Scheme and the ESC market

PEPDEE Workshop,
12 December 2011

The Energy Savings Scheme will provide up to \$1 billion in funding for energy efficiency projects by 2020

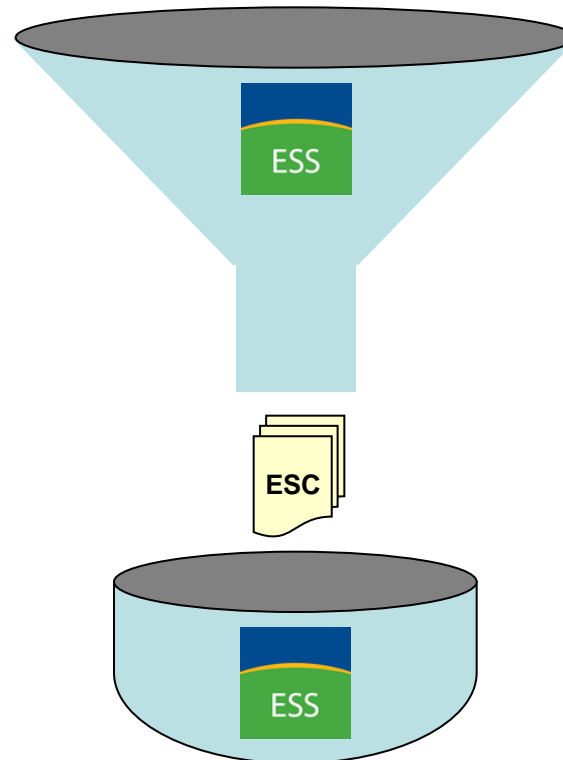
Increased investment in
energy efficiency projects



Avoided electricity
supply costs

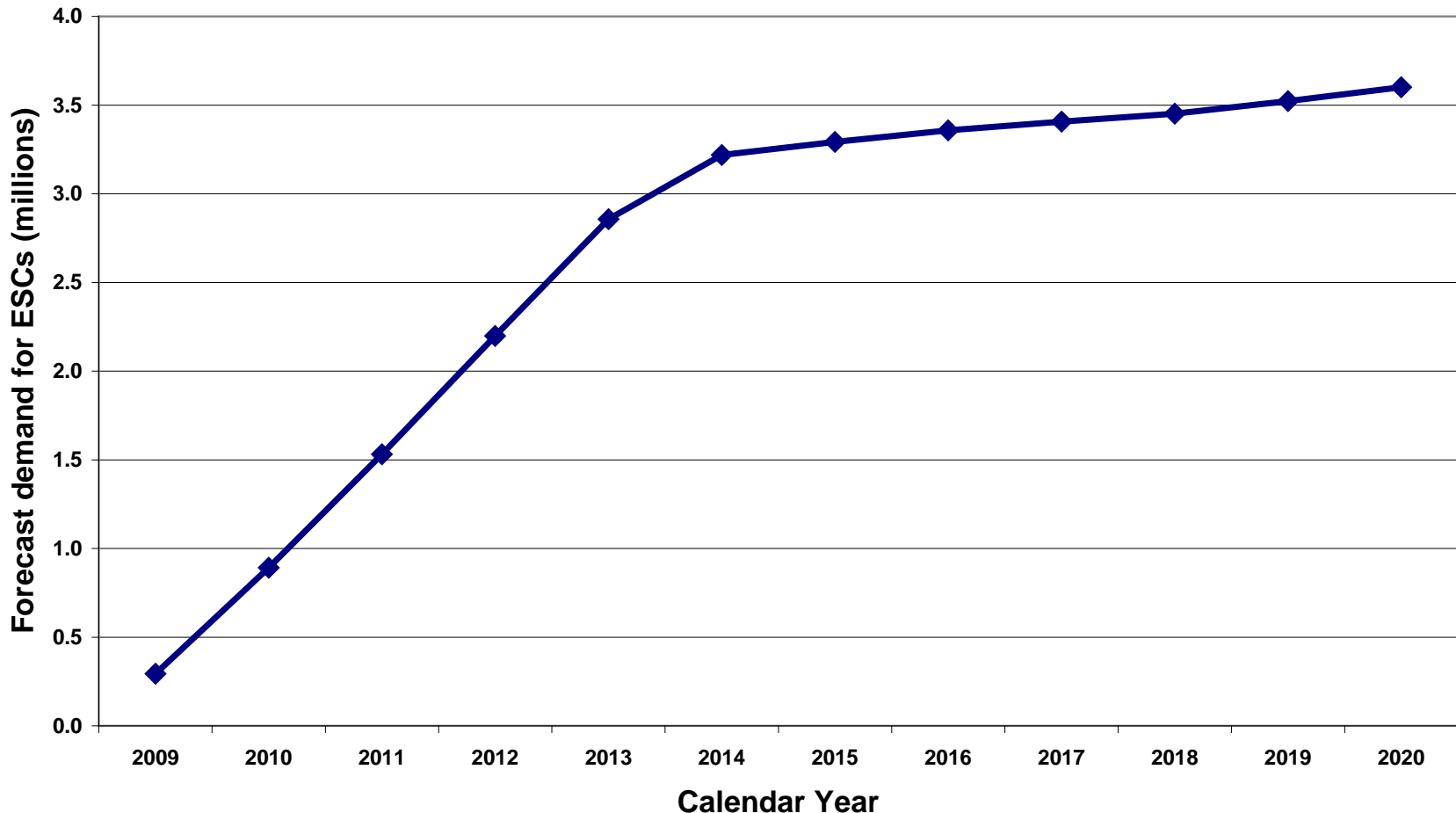


The ESS turns energy savings into a tradable commodity and creates a demand for it



Legislated targets for electricity retailers ensure demand for energy savings certificates

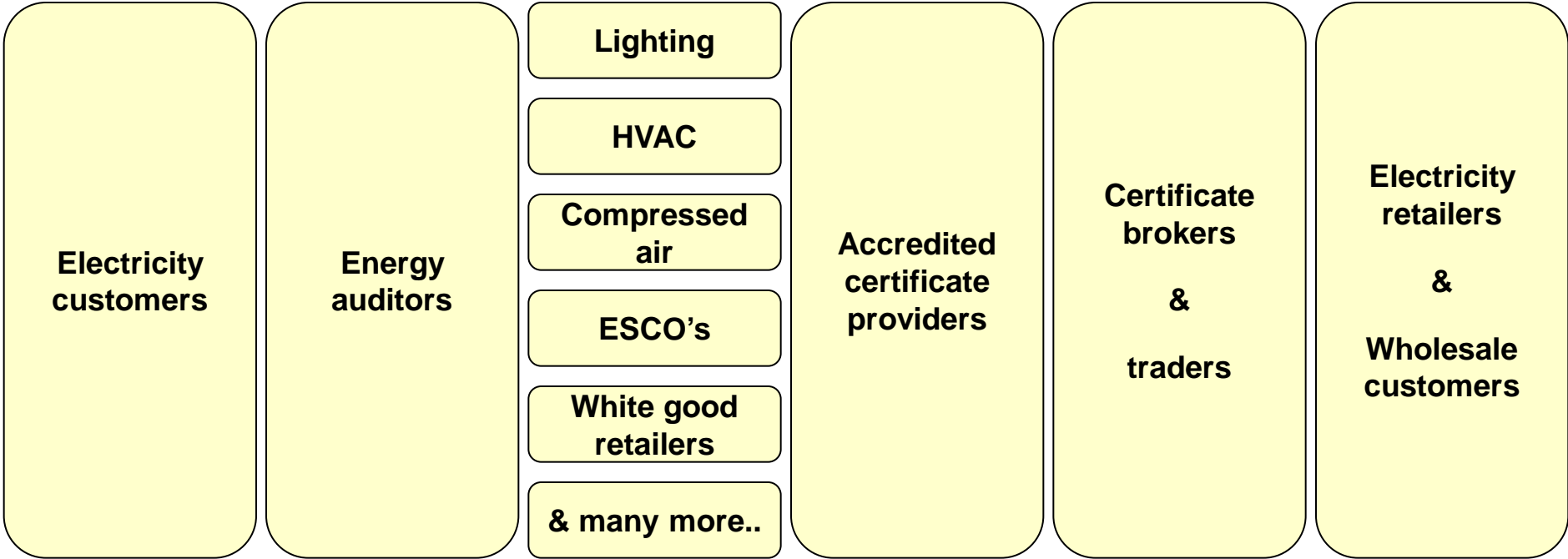
Forecast demand for Energy Savings Certificates to 2020
(Based on 2010 TransGrid forecast for electricity demand)



Three methods can be used to create certificates for a broad range of energy savings activities

	Residential	Commercial	Industrial
Deemed savings factors & formulas	✓	✓	✓
Engineering assessments	x	✓	✓
Measured savings	?	✓	✓

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



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)

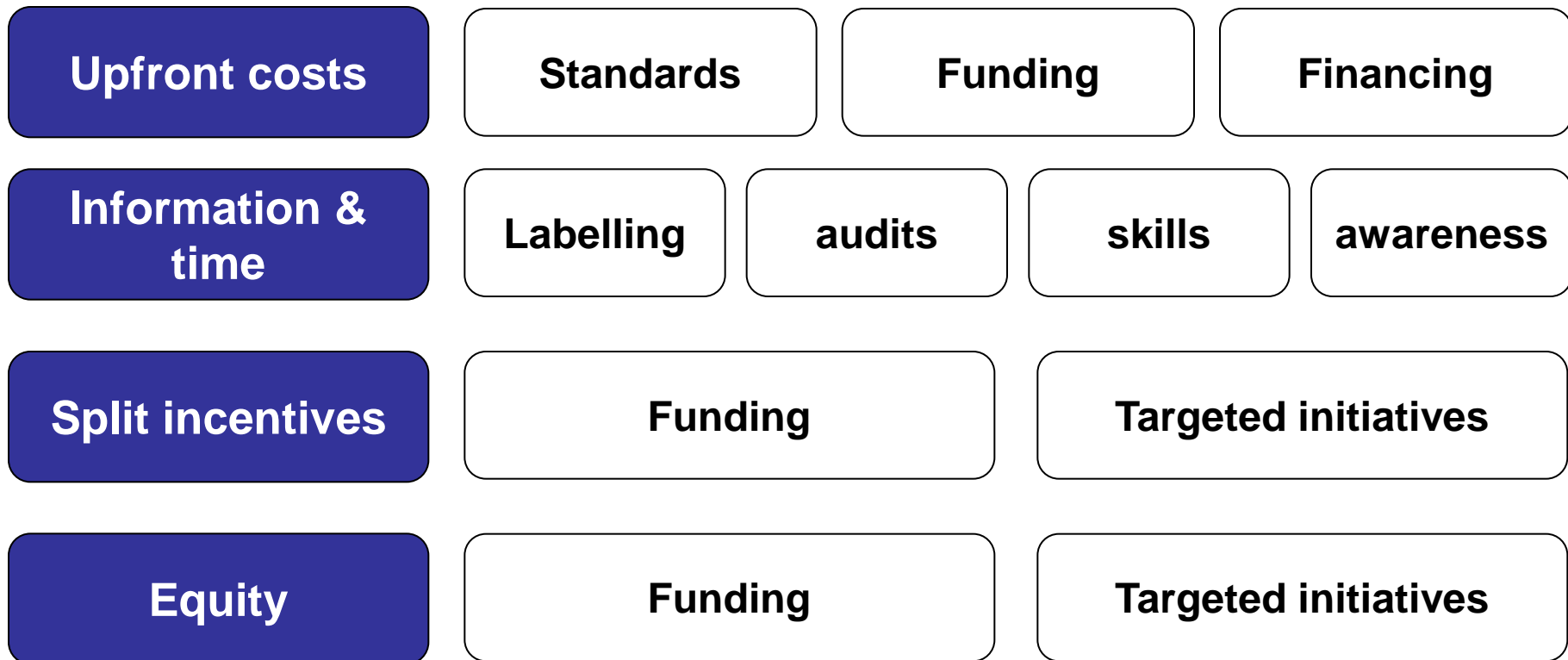
ESC reduced payback to 1.9 years



White certificates schemes offer benefits to Government and investors over other policy options

	Benefits to Government	Benefits to business
Legislated targets	Long term funding certainty	
Rules based	Outcome based funding	Certainty over access
Broad based	Efficiency through competition	Reduced volatility
Market mechanism	Scale	Flexibility

But multiple barriers to energy efficiency require multiple solutions



Additional Information

- www.ess.nsw.gov.au
- henry.adams@environment.nsw.gov.au or
9995 6321
- michael.oppermann@environment.nsw.gov.au or ph: 9995 6324