

4 April 2025

Terry Niemeier
Director
Program and Market Development
Energy Security Safeguard
NSW Department of Climate Change, Energy, the Environment and Water

Via email: sustainability@environment.nsw.gov.au

Dear Mr Niemeier

Re: Proposed changes to the Energy Savings Scheme Rule and Regulation

Green Building Council of Australia (GBCA) welcomes the opportunity to comment on the proposed changes to the Energy Savings Scheme (ESS) Rule and Regulation. We commend the NSW Government's commitment to continuous improvement of the ESS. The scheme has already contributed to greenhouse gas emissions reduction of around 27 megatonnes (Mt) and has supported projects that will deliver 57,000 gigawatt hours (GWh) of energy savings over their lifetime.

GBCA's purpose is to lead the sustainable transformation of the built environment. We do this primarily through our core functions:

- We advocate policies and programs that support our vision and purpose.
- We educate industry, government practitioners and decision-makers, and promote green building programs, technologies, design practices and operations.
- We collaborate with our members and other stakeholders to achieve our mission and strategic objectives.
- We rate the sustainability of buildings, fitouts and communities through Australia's largest national, voluntary, holistic rating system – Green Star.

Green Star is Australia's most widely used sustainability rating system for the design, construction and performance of buildings – including social infrastructure – fitouts and communities. Green Star aims to transform the built environment by:

- reducing the impact of climate change
- enhancing our health and quality of life
- restoring and protecting our planet's biodiversity and ecosystems
- driving resilient outcomes for buildings, fitouts, and communities
- contributing to market transformation and a sustainable economy.

GBCA makes the following comments in relation to selected questions asked in the consultation paper:

Commercial Lighting Energy Savings Formula

1. What are your views on the proposal of discontinuing the CLESF?

GBCA supports the proposal to discontinue the Commercial Lighting Energy Savings Formula (CLESF). A range of evidence cited in the consultation paper shows that LEDs have reached market maturity in the commercial buildings sector. While other regulatory changes (such as the Minamata Convention on Mercury and the National Construction Code 2022) are also driving LED uptake.

GBCA also notes that discontinuing the CLESF expands the capacity to channel efforts and funds into other sectors of the market that need additional support to transition to lower carbon outcomes.

[Every Building Counts: For state and territory governments](https://www.propertycouncil.com.au/wp-content/uploads/2023/12/GBCA_EBC-StateandTerritory-2023-PolicyDoc_FA_18Aug_Digital_LR-6.pdf)¹ is a policy platform released by GBCA and the Property Council of Australia (first in 2019 and refreshed in 2023) which details ways in which governments can accelerate the transition to a sustainable built environment. *Recommendation 3.3 - Introduce and support the harmonisation of energy efficiency and electrification obligation schemes* asks governments to take actions to align existing schemes as much as possible across jurisdictions. GBCA notes that the Victorian Energy Upgrades (VEU) program has phased out lighting incentives and this proposed change aligns this aspect of the ESS with the VEU program.

3. What are your views on keeping other lighting upgrade activities (public lighting, HEER) and methods (PIAM&V method and MBM) unchanged? Do you have any comments on the market maturity of LEDs in the residential and public sectors?

As noted above, some sectors of the market still require support to transition to improved sustainability and low carbon outcomes. The consultation paper notes that there is limited data pointing towards the level of maturity of LEDs in the residential sector and so GBCA supports keeping other lighting upgrade activities unchanged.

Gas boiler activities

4. What are your views on removing deemed gas-based activities D11, D12, D21, F8 and F9 and gas boiler installations/replacements under PIAM&V and MBM?

As noted in the consultation paper, there were only 10 implementations under Activity definitions D11, D12, D21, F8 and F9 since 2021. GBCA supports removing these activities.

6. Do you support removing the eligibility for ESS incentives under performance efficiency improvements of gas boilers in the future

GBCA supports the proposal to discontinue gas boiler installation/replacement activities. It is critical that all aspects of the ESS support the NSW Government's wider policy commitments, including the *Climate Change (Net Zero Future) Act 2023* and the NSW Consumer Energy Strategy which aims to support the cost savings and emissions benefits from electrification.

¹ GBCA and PCA. 2023. Every Building Counts: For state and territory governments.
https://www.propertycouncil.com.au/wp-content/uploads/2023/12/GBCA_EBC-StateandTerritory-2023-PolicyDoc_FA_18Aug_Digital_LR-6.pdf

Warranty requirements for heat pump hot water system activities

- 7. What are your views on requiring ACPs to provide customers with a minimum 5-year whole-of-system product warranty for all eligible systems?**
- 8. What are your views on including the requirement for ACPs to also provide a minimum 5-year installation warranty?**

And,

Market state of heat pump hot water system activities

- 14. What are your views on addressing the issues related to modelling, installation and consumer protection? What are the other key issues with heat pump hot water systems?**
- 15: Apart from warranty requirements, are there any other measures to address concerns of early equipment failures or to strengthen consumer protection for hot water systems such as the availability of spare parts or after sales customer service?**
- 16: What ESS Rule changes would you recommend to address the issues highlighted above (and the additional issues you identified in Question 14)?**

As noted at Q1, GBCA supports alignment of the ESS and the VEU program wherever possible and appropriate. We support changes to the ESS that will help to ensure that encouraging uptake of technologies such as heat pump hot water system will not lead to unintended consequences that will leave the consumer – and achievement of the scheme’s objectives – worse off.

While the rapid uptake of heat pump hot water system activities is the intended market outcome of incentives available under the ESS, GBCA supports further investigation and review of comments and evidence provided in relation to the quality of products, quality of installations, modelling procedures and customer protections.

Sale of New Appliances (SONA)

- 11. What are your views on discontinuing SONA?**

Where aspects of the scheme can be shown to have little influence or impact on positive change, GBCA supports updates that will allow efforts and support to be directed to sectors of the market where impact may be greater. As noted in the consultation paper, research has shown that the Sale of New Appliances method is not driving consumer decisions towards higher energy-efficient appliances.

GBCA notes that implementing appropriate minimum energy performance standards for appliances will be most effective in driving the change we need in relation to appliance energy use.

NABERS method

- 13. Do you support the proposed NABERS baseline method for the school and retail store sectors?**

GBCA supports enabling the ESS NABERS baseline method to calculate energy savings for schools and retail stores.

Market state of air-conditioning activities

- 17. What are the other opportunities and issues with air-conditioning activities that have not been identified in this consultation paper?**

18. How could the ESS best address the opportunities and risks highlighted in this consultation paper (and the additional ones you identified in Question 17)?

GBCA supports changes to the ESS that will help to ensure that uptake of commercial and residential air-conditioning activities drives energy savings without unintended consequences that will leave the consumer – and achievement of the scheme's objectives – worse off. GBCA supports further investigation and review of risks and opportunities identified in the consultation and through industry feedback in response to this consultation.

Telemarketing and door-knocking campaigns

19. What are your views on banning telemarketing and door-knocking campaigns in NSW?

As noted at Q1, GBCA supports alignment of the ESS and the VEU program wherever possible and appropriate.

Updating certificate conversion factors

21. What are your views of the certificate conversion factors being proposed?

22. Are there any other data sources to forecast the non-renewable primary energy factors for NSW grid electricity?

23. Do you agree with using the 10-year average of the forecasted non-renewable primary energy factors for grid electricity to update the certificate conversion factors of other fuel types?

GBCA supports the intention to update the certificate conversion factors so that they may support increased gas savings and accelerate electrification. We agree that the NSW Government should regularly monitor these factors and update them when required.

We also note that it is critical to drive overall energy efficiency and peak energy demand reduction. Please see our [previous submission](#)² to the Energy Saving Scheme and Peak Demand Reduction Scheme statutory review which notes that energy efficiency, load-shifting (such as grid-interactive buildings) and enabling demand-response (such as consumer energy resources) should be prioritised by all governments in tackling energy management.

While updates to the conversion factors will be an important lever within the ESS for driving electrification, it is important that energy efficiency remains a priority objective of the ESS.

To arrange further discussion or for additional clarification of the points made above, please do not hesitate to contact Shay Singh, Senior Manager – Policy and Government Relations, via email at shay.singh@gbca.org.au.

Yours sincerely



Davina Rooney
Chief Executive
Green Building Council of Australia

² GBCA. 2024. Submission to the Energy Saving Scheme and Peak Demand Reduction Scheme statutory review. <https://gbca-web.s3.amazonaws.com/media/documents/nsw-schemes-statutory-review-submission---green-building-council-of-australia.pdf>