



Department of Climate Change, Energy, the Environment and Water
By email: energysecurity@environment.nsw.gov.au

20 February 2026

To whom it may concern,

Re: Energy Security Safeguard policy reform consultation

Thank you for providing the opportunity to provide feedback to the Energy Security Safeguard policy reform consultation paper.

The EEC is the peak body for energy management and energy efficiency in Australia. Our members include technology suppliers, energy service providers, major energy users, governments, education providers and NGOs.

The Energy Security Safeguard has played a critical role in driving energy performance improvements in NSW. We welcome the consideration of important policy reforms outlined in this consultation paper. As argued by the EEC in our [submission](#) to the 2025 PDRS and ESS statutory reviews, there is a pressing need to rapidly reduce emissions from fossil fuels while optimising energy use to support higher levels of variable renewables and electrification. Demand management and energy efficiency are essential for a cost-effective, equitable, and orderly transition to net zero. Policy reforms to the PDRS and ESS can ensure the schemes continue to contribute to these objectives.

Comments on selected questions and consultation topics are as follows.

Supporting electrification

We welcome the consideration of policy options to achieve the key objective of reducing gas use while maintaining the overall benefits provided to the electricity system by improved energy efficiency. Efficient electrification is a key requirement for emissions reduction and the broader energy transition and should be incentivised effectively through the ESS.

Conversion factors offer an administratively simple option to increase uptake of electrification activities; however as identified in the consultation paper may require broader changes to scheme targets and result in unpredictable impacts on electricity savings in the scheme.

Establishing a standalone electrification scheme or a sub-target for electrification under the Energy Security Safeguard as considered in the consultation paper addresses the identified risks associated with reliance on conversion factors alone to drive electrification. In principle, a standalone scheme enables the effective setting of targets for electrification and gas savings while ensuring the continued delivery of savings in the electricity system.

Scheme design should consider alignment across schemes and the minimisation of duplication for scheme participants and certificate providers. Overlapping scheme objectives and eligible activities have been identified as a risk for additional administrative costs for scheme participants: for example the risk that multiple audits may be required for similar activities due to eligibility across multiple schemes. Audit regimes should be reviewed to ensure streamlining for participants while maintaining confidence in program outcomes.

The introduction of a standalone electrification scheme or other similarly substantial policy reforms may incur long implementation timeframes. Alongside expeditious policy implementation, interim additional measures such as the updating of conversion factors within the ESS should be considered as a means to ensure timely support for electrification activities.

ESS scheme targets and certificate supply

The EEC welcomes the Department's intention to undertake a detailed cost-benefit analysis on scheme targets.

A cost benefit analysis should consider the role of targets in driving deeper energy performance improvements, electrification and higher cost upgrades. The analysis should also consider possible equity impacts that may arise from higher certificate prices or a shift to higher cost activities, and the policy measures that may be required to mitigate any impacts such as higher energy costs for households unable to access incentives through the scheme.

We support the proposal to introduce a 5-year expiry on ESCs and consider the indicated 3-year transition period to be reasonable notice for any affected stakeholders.

PDRS: Supporting new activities

We acknowledge the proposal for annual scheme target setting as a reasonable response to evolving market conditions for the PDRS.

A review framework should aim to ensure long-term market certainty to the greatest degree possible. Annual reviews should be foreshadowed well in advance to minimise market uncertainty and potential price shocks, and assist market participants to plan ahead. The approach adopted by Solar Victoria in issuing a 'notice to market' offers an example considered as best practice.

We welcome the proposal to consult on 2027-28 targets in 2026. Targets should be set in line with the strategic objectives of further incentivising the range of peak demand

reduction activities that are complementary to home batteries supported through the Commonwealth CHBP such as VPPs, efficient technologies, M&V, and demand management systems; and improving access and equity for target sectors.

In the near term, target setting should take into account the opportunities offered by activities outlined in the current rule change consultation: for example, the stacking of battery incentives with the CHBP for target sectors or inclusion in government programs may lead to significant additional certificate creation. Ongoing evaluation of market conditions is important, particularly in the context of the significantly reduced scheme targets for the 2026-27 year.

Further comments on specific activities are provided in our response to the rule change consultation paper.

Evolving reliability risks

We acknowledge the proposal to maintain summer peak demand as the primary objective of the PDRS while monitoring emerging reliability risks such as winter peak demand or minimum demand. A key priority for monitoring and for program design should be to ensure consistency across the multiple schemes and to avoid measures from different schemes or activities potentially counteracting each other. Monitoring of impacts of existing PDRS activities or proposed ESS activities such as electrification on winter peak demand or minimum demand should be prioritised.

Access to scheme incentives

Equity and access to improved energy performance for households facing barriers must be an important objective for energy policy broadly and for the ESS and PDRS schemes.

Multipliers and sub-targets may each offer a viable pathway for improved incentives for target groups. Sub-targets provide greater certainty and control over target setting, and avoid the risk that even with generous multipliers in place activities for target households may be crowded out by other scheme activities.

Targeted inclusion measures in the ESS and PDRS schemes can furthermore underpin complementary policies and programs aiming to reduce energy costs for target groups. Certificate multipliers, sub-targets, or targeted Exempt Energy Programs can be leveraged to increase the impact of social housing upgrade programs, programs for households experiencing financial hardship, or to facilitate the introduction of minimum energy performance standards for rental homes.

The Home Energy Saver Program (HESP) offers a significant opportunity to improve access for households facing barriers to energy upgrades. Integration of ESS within HESP (such as referrals to activities undertaken by accredited scheme providers) can increase access to incentives while also improving consumer protections for households receiving incentives through the scheme.

Ongoing monitoring and evaluation should be in place to review the effects of existing consumer protections, including the existing ban on unsolicited doorknocking.

Third party product registers

NSW should support the development of a national product registry maintained by the Commonwealth and used by all jurisdictions. This could ensure confidence in schemes, underpin grants and programs, and minimise administrative costs.

Thank you for your consideration of our comments. For further information or to engage further on any aspect of this consultation, please contact Jeremy.sung@eec.org.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Jeremy Sung", is positioned below the closing text.

Jeremy Sung
Head of Policy
Energy Efficiency Council