Secretary
Select Committee on Energy Affordability and Competitiveness in South Australia
By email: scenergy@parliament.sa.gov.au

6 November 2026

To whom it may concern,

Re: energy efficiency and electrification to improve energy affordability for South Australian households and business competitiveness

Thank you for the opportunity to provide a submission to the Select Committee on Energy Affordability and Competitiveness in South Australia.

The Energy Efficiency Council (EEC) is the peak body for energy management in Australia. Our members include technology suppliers, energy service providers, governments, education providers and NGOs that have come together to ensure Australia harnesses the power of efficiency, electrification, and demand flexibility to deliver a prosperous, equitable, net zero Australia.

The EEC has also signed a joint Industry Coalition submission to this inquiry[1]. This submission complements that submission by setting out priorities for households and reinforcing the role of energy efficiency, demand flexibility and electrification in lowering costs for commercial and industrial (C&I) businesses.

South Australia should put energy performance at the centre of its response to energy affordability.

Energy efficiency, electrification and demand flexibility (collectively referred to as 'energy performance') are key opportunities to reduce the cost of energy for South Australian households. Households with widely available features such as heat pumps, thermal efficiency improvements, rooftop solar or batteries benefit from significant savings on energy bills ranging from several hundred to thousands of dollars per year when compared with inefficient homes using gas.[2]

[1] See the joint industry submission from the Australian Institute of Refrigeration, Air-conditioning and Heating, Energy Efficiency Council, Energy Savings Industry of Australia, South Australian Independent Retailers and South Australian Business Chamber.
[2] See for example analysis by: Climateworks Centre https://climateworkscentre.org/resource/climate-ready-homes-building-the-case-for-a-renovation-wave-in-australia/; ACOSS https://www.acoss.org.au/media_release/efficiency-electrification-and-solar-could-save-low-income-households-up-to-6000/; SACOSS/Renew

Improving the energy performance of homes permanently reduces energy demand. Unlike temporary bill relief, these improvements continue reducing household bills year after year. Well insulated homes bring the additional benefit of increased comfort and resilience in extreme weather conditions.

Efficient, all-electric homes can take advantage of South Australia's leading deployment of renewable energy. Homes with solar and battery storage are ideally placed to run efficient, electric appliances to take advantage of onsite generation. Smart demand flexibility and coordination can increasingly lead to savings for energy systems and all South Australian electricity users.

The cost of gas for household consumers is high and increasing. Analysis for Energy Consumers Australia on South Australian residential gas customers[3] found that households remaining dependent on gas are exposed to the risk of bill increases of 64% in a decade and 265% by 2050. According to the same modelling, a South Australian household that switches from gas to electricity in 2026 would save roughly $500 a year, increasing to $750 by 2035.

Energy performance is also crucial for business competitiveness

Energy performance helps businesses lower operating costs, improve productivity and reduce their exposure to fluctuating energy prices. Changes in electricity, gas and liquid fuel costs can squeeze margins and make budgeting and investment decisions more difficult. Businesses reliant on liquid fuels such as diesel, are particularly exposed to volatility in international oil markets. Improving efficiency reduces the energy needed to deliver the same goods and services, limiting the impact of price increases and strengthening business resilience and competitiveness.

Efficiency, demand flexibility and electrification – particularly when partnered with on-site renewable energy and storage – give businesses greater control over how much energy they buy, when they use it and which fuels they rely on. Flexible electricity use can reduce exposure to high-price periods, while replacing fossil-fuelled equipment with efficient electric alternatives, where operationally suitable, can reduce dependence on gas and liquid fuels.

Improving South Australia's energy performance will directly benefit the grid, reducing electricity costs for all South Australians

The benefits of improved energy performance extend beyond the homes and businesses receiving upgrades. Energy efficiency reduces the electricity needed to deliver services, while demand flexibility shifts consumption away from periods of peak demand and scarce supply towards times when renewable electricity is abundant. Together, these measures can reduce reliance on higher-cost generation during tight market conditions and put downward pressure on wholesale prices. Better alignment of demand with renewable output can also reduce the amount of additional firming capacity, such as dispatchable generation and

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https://sacoss.org.au/wp-content/uploads/2024/05/230713-SACOSS-Efficient-Heating-and-Cooling-in-Adelaide-Homes-.pdf

[3] Energy Consumers Australia / Dynamic Analysis 2026. https://energyconsumersaustralia.com.au/report-managing-transition-gas-south-australians-new-modelling (accessed 6/11/26)

storage, needed to maintain reliability, lowering the cost of supplying electricity across the system.

Energy performance can also lower network costs by reducing demand at the times and locations that drive investment in poles, wires and substations. Shifting flexible loads into periods when spare network capacity is available improves utilisation of existing infrastructure, while reducing local peaks can defer or avoid costly augmentation. Well-managed electrification can add useful electricity demand without a corresponding increase in peak capacity requirements, spreading network costs across a larger volume of electricity delivered. These wholesale and network benefits put downward pressure on the costs recovered through electricity bills, creating benefits for all electricity users—not just households and businesses that receive upgrades. The scale and timing of bill reductions will depend on where and when demand changes, and how system savings flow through network charges and retail prices.

Key barriers are preventing households and businesses from benefiting from energy efficiency and electrification.

The EEC's 2026 State Energy Performance Policy Scorecard found that South Australia is lagging on policy measures to support the energy efficiency and electrification of homes.[4]

While energy performance upgrades to homes and appliances typically pay for themselves over time thanks to reduced energy bill costs, the upfront cost of thermal upgrades or appliance replacements is a barrier preventing households from accessing long-term savings. Costs are typically prohibitive for low-income households without support through measures like rebates, concessional loans or other financial support.

Rental homes face specific barriers to energy performance upgrades due to a split incentive in which owners pay the cost of upgrades while renters pay energy bills. Poor energy performance means that renters on average pay higher energy costs than owner-occupiers living in otherwise similar homes.[5]

Commercial and industrial businesses also face capital constraints, split incentives, limited internal capability and the cost of measuring more complex projects. Retailer incentives alone may not overcome these barriers, particularly for smaller and regional businesses. Tailored projects need clear eligibility rules, proportionate administration and robust independent measurement and verification.

A range of policy measures are available to address these barriers and improve energy affordability for South Australian households and businesses.

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[4] Full report available at: https://eec.org.au/publication/state-energy-performance-policy-scorecard-2026/

[5] Best, Rohan and Paul J. Burke 2022. *Effects of renting on household energy expenditure: Evidence from Australia.* CCEP Working Paper 2202. https://crawford.anu.edu.au/sites/default/files/2025-03/ccep2202_best_burke.pdf (accessed 6/11/26)

Recommendations

1. Strengthen the Retailer Energy Productivity Scheme

The Retailer Energy Productivity Scheme (REPS) is a well-established scheme that can deliver reductions in the upfront cost of energy performance upgrades for households and businesses. However, recent changes to REPS – in particular, a halving of the scheme's annual target – will negatively impact on its ability to deliver meaningful energy performance upgrades for South Australian households and businesses.

1.1 Increase the REPS target

The Government recently slashed the annual REPS target from 3.75 million normalised GJ in 2025 to 1.65 million normalised GJ per year for 2026–2030. The Government should consider a stepped increase from 2027 onwards, aligned with renewable electricity, demand flexibility and affordability objectives. A stronger commercial and industrial pathway should complement, rather than displace, the protected priority-group commitment and support for households experiencing energy hardship.

1.2 Review scheme activities through a lens of affordability, equity and energy system optimisation

For households, the scheme should continue to prioritise efficient electric appliances and building upgrades, including insulation, draught sealing, reverse-cycle heating and cooling and heat pump hot water systems, and new activities to increase demand flexibility (such as vehicle to home / grid). Existing activities allowing for the installation of gas appliances should be removed. Incentives for priority group households should be maintained but outcomes should be monitored to ensure these households are benefiting from tangible upgrades that measurably improve the energy performance of homes.

The Government should retain and improve the Commercial and Industrial Demand Savings REPS activity. It should support tailored, site-specific projects, including across multi-site businesses, with clear eligibility rules, proportionate administration and independent measurement and verification. This is particularly important for process improvements, controls and electrification projects that cannot be assessed fairly through a simple deemed-savings schedule.

1.3 Remove designated-purchases exclusions to improve REPS equity

The Government should revoke the current REPS2 designated-purchases determinations so energy purchases supplied under large individual retail contracts are included in the scheme, as they were before the REPS2 review. Broadening the base over which obligations are apportioned would address the disproportionate burden on households and small businesses. This should be accompanied by continued access to eligible activities for businesses of all sizes and a published distributional-impact assessment covering retailers, large energy users, small businesses and households.

1.4 Publish transparent REPS business and system outcomes

The Government and ESCOSA should publish an annual REPS outcomes dashboard or equivalent disclosure, reporting commercial and industrial delivery by activity type, sector, business size and region where practical. It should cover reported energy productivity, delivery and administration costs, the methodology for estimated bill savings, demand-flexibility outcomes, audit findings and action taken where activities fail to meet requirements. Reported scheme energy productivity should not be presented as a direct estimate of every participant's bill savings.

2. Introduce minimum energy efficiency and electrification standards for rental homes

Regulated minimum standards are a necessary response to the structural gap in incentives and are required to protect South Australian renters from the impacts of poorly performing homes. South Australia should require rental homes to meet thermal performance standards with insulation and draught proofing; set minimum efficiency standards for appliances including heating, cooling and hot water; and require the replacement of gas appliances in rental homes with electric alternatives at end of life.

3. Introduce a mandatory energy ratings disclosure scheme

Mandatory disclosure of Home Energy Ratings at the point of sale and lease will provide households with the information they need to choose an efficient, electric home and drive improvements across the housing stock. South Australia should implement a mandatory ratings disclosure scheme in line with the national Home Energy Ratings Disclosure Framework.

4. Require new homes to be all-electric

Building new homes with gas locks households into rising costs and adds to the cost of future remediation. Planning or other regulations should be adopted to require all-electric new homes. In the immediate term, South Australia should reverse its decision to opt out of AEMC rules applied in other states requiring home builders to pay the upfront cost of new gas connections, rather than sharing the cost across all network customers.[6]

5. Develop a South Australian household electrification strategy

A policy roadmap should establish clear timelines for phasing out gas appliances in households including the regulated requirement for efficient electric replacements when gas appliances reach end of life. The strategy should include targets and consider consumer protections, incentives and support, workforce, support for low-income households, and a coordinated strategy for infrastructure decommissioning.

6. Provide a stable, evidence-led energy productivity pathway

The Government should deliver its planned Energy Transition White Paper, with energy modelling that robustly examines energy efficiency, demand flexibility and electrification alongside new supply. A stable REPS pathway through 2030 and early planning for the post-2030 period should support investment and workforce development. A published interim

[6] See AEMC determination (ref GRC0085): https://www.aemc.gov.au/rule-changes/updating-regulatory-framework-gas-connections

review of REPS2 should consider target achievement, delivery costs, additionality, activity quality and outcomes for priority groups and commercial and industrial customers. Future changes should be evidence-led, signalled early and avoid unnecessary disruption to delivery capability.

7. Pair business incentives with finance and practical delivery support

The Government should explore expanded grants, concessional finance, trusted advice and project-development support for small and medium businesses, coordinated with REPS incentives. This would help viable upgrades proceed where capital constraints, split incentives or limited internal capability prevent investment, and improve access for regional and smaller businesses.

Thank you for considering this submission. This submission has focussed on selected items within the Select Committee's terms of reference; a lack of comment on any item does not indicate an EEC position.

EEC would welcome an opportunity to present oral evidence or provide further information to the Committee.

Please do not hesitate to contact me at Jeremy.sung@eec.org.au should you require any information or to further engage with any aspect of this submission.

Yours faithfully,



Jeremy Sung
Head of Policy
EEC