



RESPONSE TO THE CONSULTATION ON CEILING INSULATION IN THE VICTORIAN ENERGY EFFICIENCY TARGET SCHEME

This submission is made on behalf of the Brotherhood of St Laurence, Consumer Utilities Advocacy Centre and the Victorian Council of Social Service (VCOSS).

We appreciate the opportunity to comment on the *consultation on ceiling insulation in the Victorian Energy Efficiency Target (VEET) scheme*.

Context

Energy efficiency provides an essential means to secure ongoing reductions in households' energy bills, improve Victorians' health and wellbeing and reduce greenhouse gas emissions. Energy efficiency is particularly important for low income households who spend proportionately more of their income on energy and who often face magnified capital barriers to installing energy efficiency measures in their homes.

The VEET scheme has proven to be effective in increasing the uptake of residential energy efficiency improvements, in particular the uptake of free items in disadvantaged areas (Sullivan & Johnson 2012).

Ceiling insulation is an important part of creating energy efficient homes, particularly for those who are facing poverty and disadvantage who often face difficulty in meeting their energy costs.

Issue

In the VEET scheme energy efficiency upgrades earn scheme credits (VEECs) based on their ability to reduce energy consumption and greenhouse gas emissions. The value for insulation was set to zero following concerns arising from the Commonwealth's Home Insulation Program.

Recommendations

We welcome the revaluation of ceiling insulation in the VEET scheme and anticipate that, as a no or low-cost item, it will address the capital barrier to the installation of insulation that currently exists.

The current VEET scheme can therefore be improved and we submit the following comments in relation to our recommendations to the Department to:

- 1. return the number of VEECs the installation of ceiling insulation earns from zero to a normal value as soon as outstanding safety issues are addressed***
- 2. prioritise support for the Essential Services Commission (ESC) to ensure compliance with the insulation installation guidelines so insulation can be returned to a normal value by 1 July 2016.***

In the following paragraphs, we outline the benefits of insulation, the prevalence of ceiling insulation in Victorian homes and issues that should be addressed as a priority in order to ensure the safety of insulation installation prior to its re-introduction into VEET.

1. INSULATION HAS MULTIPLE BENEFITS

The benefits of insulation have been well documented and include decreased energy consumption and expenditure, improved home comfort and reduced greenhouse gas emissions (see for example Mosher & McGee 2013).

Ceiling insulation works because it reduces summer heat gains within a dwelling by 25 to 35 per cent and reduces winter heat losses by 25 to 35 per cent (Mosher & McGee 2013). This makes homes more energy efficient.

As noted by KPMG (2015), Energy Efficient Strategies (2012) identifies **annual savings of \$586** per household per year from installing ceiling insulation. Sustainability Victoria (2014) identified more modest, but still significant savings.

Ceiling insulation retrofits to R5 level achieve **greenhouse gas emissions savings** in the order of 2 tonnes per household per annum on average in Victoria (EES 2011, p.52).

Insulation has also been shown to contribute to healthier homes

Howden-Chapman et al. (2007), for example, found insulating an existing home:

“led to a significantly warmer, drier indoor environment and resulted in improved self rated health, self reported wheezing, days off school and work, and visits to general practitioners as well as a trend for fewer hospital admissions for respiratory conditions (p.1).”

Ceiling insulation may also be useful in protecting Victorian householders from the impacts of heatwaves.

2. THE PREVALENCE OF CEILING INSULATION IN VICTORIAN HOMES

Around one in five (21%) Victorian households report they do not have ceiling insulation (ABS 2012). A further 14 per cent do not know if they have ceiling insulation. In 2009, 50 per cent of rental properties were uninsulated or effectively uninsulated and a further 27 per cent were inadequately insulated, with insulation of 90 mm or less. Only 11 per cent were deemed to be adequately insulated (EC 2009).

KPMG (2015) estimate there are 98,000 Victorian homes for which ceiling insulation would be cost effective to install.

3. DEALING WITH SAFETY AND RISK

The safety of individual households and workers installing insulation is of the utmost importance to the groups making this submission.

We welcome the "Review of Ceiling Insulation and the Victorian Energy Efficiency Target" (KPMG 2015), commissioned by the Department. As the report notes, a number of measures should be put in place prior to the VEET scheme supporting the installation of insulations. The measures include:

- Requiring installers to undergo specific industry training;
- Requiring skilled ESC audit and compliance teams to conduct spot audits;

- Restricting eligibility to non-conductive insulation only;
- Referencing the most up-to-date Australian Standards; and
- Regular performance reporting.

These measures should be implemented as a priority.

Address ceiling insulation issues without delay

It is essential that the issue of ceiling insulation in the VEET scheme be addressed now and not be further delayed. We note the previous consultant's report from May 2012, which concluded:

“The outcomes of the ‘Due Diligence’ review are generally in support of the re-introduction of ceiling insulation as a VEEC creation mechanism under the VEET.”

It is also worth noting, that even without support from the VEET scheme Victorian households are having insulation retrofitted into their homes. Addressing the training and compliance regime through VEET should help ensure insulation is safer for all Victorian households.

Recommendations:

- 1. Return the number of VEECs insulation earns from zero to a normal value as soon as outstanding safety issues are addressed**
- 2. Prioritise support for the ESC to ensure compliance with the insulation installation guidelines so insulation can be returned to a normal value by 1 July 2016.**

Yours sincerely,

[Signed]

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About the organisations

The Brotherhood of St Laurence (BSL) is an independent non-government organisation with strong community links that has been working to reduce poverty in Australia since the 1930s. Based in Melbourne, but with a national profile, the BSL continues to fight for an Australia free of poverty. We undertake research, service development and delivery, and advocacy with the objective of addressing unmet needs and translating the understandings gained into new policies, new programs and practices for implementation by government and others. <www.bsl.org.au>

The Consumer Utilities Advocacy Centre Ltd (CUAC) is a specialist consumer organisation established in 2002 to represent Victorian energy and water consumers in policy and regulatory processes. As Australia's only consumer organisation focused specifically on the energy and water sectors, CUAC has developed an in-depth knowledge of the interests, experiences, and needs of energy and water consumers. <www.cuac.org.au>

The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector in Victoria. VCOSS members reflect the diversity of the sector and include large charities, peak organisations, small community services, advocacy groups, and individuals interested in social policy. In addition to supporting the sector, VCOSS represents the interests of vulnerable and disadvantaged Victorians in policy debates and advocates for the development of a sustainable, fair and equitable society. <www.vcooss.org.au>

Founded 35 years ago, the ATA is a national, not-for-profit organisation whose 6,000 members are mostly residential energy consumers with an interest in affordable, sustainable energy and resource use. The ATA influences government policy by drawing on their technical expertise and members' experiences. The ATA advocates in government and industry arenas for easy access to sustainable solutions as well as continual improvement of the technology, information and products needed to change the way we live. <www.ata.org.au>

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Submitted November 2015