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Dear Lisa

Comments on the proposed accreditation framework for Energy efficiency retrofitting.

Thank you for the opportunity to provide feedback on the proposed framework for the accreditation of energy efficiency retrofitting professionals and organisations.

The Sustainable Energy Association of Australia (SEA) has a broad membership that includes many businesses and individuals involved in the area of energy efficiency and, as such, this is an area of interest for us. Overall, SEA's position is that there should be appropriate accreditation for energy efficiency industry professionals to ensure appropriate quality of services for consumers of energy efficiency services.

In relation to the proposed structure of the accreditation put forward in the discussion paper, SEA has a number of general comments to make in respect of the suggested accreditation mechanisms and processes put forward in the consultation paper.

Differentiation of accreditation schemes

There are already a number of energy efficiency accreditation schemes already in place in Australia in relation to energy efficiency. Each scheme is aimed at different segments of the market and it may be difficult for consumers of these services to differentiate between accreditation schemes, creating confusion in the market place. Stakeholder research by SEA on behalf of the Enterprise Connect program noted that the existing multiplicity of accreditation schemes can potentially be confusing for buyers of energy efficiency services. Such confusion can be problematic for accredited individuals and businesses as well as for buyers.

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Furthermore, the issue of compatibility of the accreditation schemes is an issue. Particularly on the business accreditation, the scheme must be compatible with current future energy efficiency accreditation mechanisms to remove consumer confusion. For example, there is no mention in the document of the International Standard on Energy Management (ISO 50001) or how such standards would be incorporated into the consideration of accreditation of processes etc.

On a variation on the issue of potential confusion, the use of the term EPC (“Energy Performance Contracting”) is identical to a commonly used engineering term standing for Engineering Procurement and Construction. While this term may be becoming common in some energy efficiency circles, it is likely to be a point of confusion or uncertainty for consumers who are not familiar with the terminology. For the sake of clarity, SEA will use the term “Performance Contracting” in this document.

Individual vs. corporate accreditation

SEA supports the accreditation of individuals in respect of energy efficient skills, however, we are at best ambivalent on the benefits for the accreditation of organisations to deliver particular outcomes outside of an independent set of standards such as those set out by ISO, Standards Australia etc.. There needs to be a greater differentiation between the accreditation of individual skills accreditation, versus the accreditation of a company’s process to comply with a standard.

The accreditation of organisations is normally to meet an independent standard on process capabilities and compliance rather than specific skills or outcomes that it is able to achieve (e.g. ISO 9000, 14000 etc.). As such, we believe that the most appropriate method would be for companies to be accredited to deliver ISO 50001 compliant energy management practices in their project.

Typically, individuals are accredited in relation to their relevant skills and capabilities e.g. engineers, accountants, auditors etc. which is a very different approach to that of companies.

If a consumer faces a choice where an accredited company tenders for work, but its individuals are not necessarily having that accreditation, and a company has accredited individuals but is not itself accredited, it raises the question of how does a consumer choose between these competitors, as each says that it has the correct model for delivering the appropriate outcomes.

Other issues facing the company vs. individual accreditation are:

- Is one organisation commercially advantaged over the other when they can deliver an identical outcome?
- How does a company meet CPD obligations that are required for individuals? A company cannot “learn”, only its staff can. However, if the accreditation is about process, then a company can demonstrate improvement / learning through continuous improvement programs such as those found in the ISO standards mentioned above..
- On p.9 of the Consultation Paper, it discusses Sustainability Victoria a report which identifies the gaps for accreditation of individuals within the energy efficiency industry.

Accreditation processes

The proposed accreditation process allows for the accreditation of both individuals and organisations. In both of these cases there is a requirement to disclose potentially commercially sensitive information to an unrelated third party. This issue should be a concern to both customers and organisations as:

- There is a requirement to disclose the value and nature of work undertaken for a specific, identifiable organisation by individuals, which may breach that individual’s contractual obligations to a current or previous employer;

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- Companies must disclose information on their customers, which may be commercially sensitive for the client;
- If this information was not available to or willing to be disclosed by the applicant, how would this affect their accreditation application; and
- There is no mechanism in place to verify any of this information without potentially breaching privacy or confidentiality obligations of individuals or organisations.

On the matter of the accreditation panel, the accreditation of organisation to a standard, is normally undertaken by an audit of the company to see that it complies with a standard's requirements. We would question whether a committee is the best or most efficient mechanism to undertake an assessment (or more specifically a large number of initial assessments).

In addition, how the proposed accreditation panel would operate may be problematic due to the potential geographical distribution of both panel members and applicants. If an interview is required for acceptance in the accreditation scheme, can this be managed in a cost effective manner for all participants without any perception of favouritism for a particular geographic location for the interview process.

Furthermore, in many professional organisations, the accreditation of individuals is through a process endorsed by their peers. Is it appropriate and acceptable to the industry to have clients, who are arguably not the peers of those being assessed, deciding on whether or not a company or individual should be accredited? It would provide a fairly unique situation but one that we don't believe would produce the best outcomes for the industry.

On individual assessments, we believe that there are better existing mechanisms than interviews to assess skills and capabilities already used in the market, and these models should be followed.

Levels and types of accreditation proposed.

On the matter of companies being accredited for two kinds of deliver (Performance Contracting and Integrated Retrofit) there is a risk in creating distortions in the market. As noted above, the accreditation of businesses should be on the basis of their processes and procedures to support a specific outcome SEA's view is that the Performance Contracting accreditation goes well beyond process and effectively endorses a business' finances to conduct these activities at no financial risk to the client.

Accreditation of Performance Contracting is not an appropriate mechanism for accreditation in a free market unless the accreditor would provide a financial guarantee as it can be misleading as to consumers. This should be a commercial decision made by a buyer without an external endorsement , rather it should be subject to normal market forces.

Furthermore, from the Consultation paper is unclear whether Performance Contracting accreditation is for a single project or as many projects as are within the company's' portfolio. In both of these cases, it is not possible for a potential buyer to know what the potential liabilities for a vendor might be and whether the accreditation provides a guarantee. If it does not provide a financial guarantee, then it is not appropriate to accredit a company for financial performance.

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Conclusions

While SEA is overall supportive of the concepts of accreditation of both individuals and companies in relation to particular aspects of energy efficiency retrofitting, there are issues to be addressed prior to a determination in how this will be implemented. As there are already many pre-existing accreditation schemes, for both individuals and organisations, the model for energy efficiency retrofitting should follow these well-established patterns.

Should you require clarification on any of the issues raised here, please contact Neil Prentice via email at nprentice@seaaus.com.au

Yours sincerely

A handwritten signature in black ink that reads "Ray Wills". The signature is written in a cursive, slightly slanted style.

Prof Ray Wills
Chief Executive Officer
Sustainable Energy Association of Australia Inc. (SEA)