



Rheem Australia

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NFEE Submission
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About Rheem Australia – Since 1936

- No.1 water heater supplier with 7 brands in Australia and NZ
- Subsidiaries in Australia, New Zealand and China
- Manufacturing sites in NSW, Vic, WA, NZ and China – Distribution in all States
- Exporting to over 50 countries
- Employing over 1300 people – 1000 in Australia, principally in manufacturing
- Pioneer in more Energy Efficient appliances without regulation
- Pioneer and leader in sustainable water heating and has been the main driver of alternative energy sources for Water Heating – Solar and Heat Pump
- Has a full range of products across all technologies and is in favour of industry wide mandates for more energy efficient water heaters
- But we are deeply concerned about the collision of current fast track regulatory plans and their unknown and unintended consequences

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Water Heaters in Australia – EE Regulatory Impacts

Storage electric	366	K units
Storage gas – 3 star	91	K units
Storage gas – 5 star	41	K units
Instantaneous gas – 5 star	145	K units
Solar	55	K units
Heat pump	12	K units

65 %

- Electric is now proposed to be progressively banned without an assessment of the cost to Australian manufacturing industry, consumers or scarce water resources
- Simultaneously Gas MEPS proposes to ban 3 Star Gas on the premise that substitutable 5 Star Gas Product are available – They are not.
- Despite rebates, the capital cost of Renewable Energy Products, Solar and Heat Pump, are still unaffordable to most
- 5 Star Gas storage technology is mainly “condensing” and costs up to 50% more

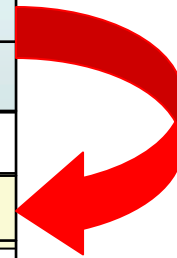
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- Cheaper imported Instantaneous water heaters will prevail
- No regulation currently exists with respect to start up water losses on Instantaneous
- A substantial increase in domestic water consumption of 5 to 10% will result
- Without time and assistance to restructure, the Australian Industry will collapse and Renewable products will become uneconomic – Thousands of Jobs are at stake

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MEPS

- Rheem has already supported the introduction of MEPS for electric water heaters and invested heavily to ensure compliance
- Rheem still supports the principle of MEPS for gas water heaters but with the following provisos:
 - Introduce a ‘MEPS 1’ which goes to the limit of current cost effective gas storage (non condensing) technology
 - The proposed new standard for the future rating of gas water heaters must be completed and published prior to any industry agreement to Stage 2 MEPS levels
 - The industry must then be given sufficient development time after this new rating standard is published to develop ‘ MEPS 2’ compliant product
 - Regardless of the MEPS terms and timetable, a maximum water wastage requirement must be included in the standard

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MEPS (cont)

- Rheem has proposed an alternative regulatory timetable
 - Now - Agree Gas MEPS 1 - a “4 star” minimum based on AS 4552:2005
 - September 2008 - Publication of new standard (AS 4552:2008)
 - April 2009 - Agree a Gas MEPS 2 standard for 2012 using AS 4552:2008
 - April 2009 - Introduce Gas MEPS 1
 - April 2012 – Gas MEPS 2

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The National Water Heater Strategy

- Rheem supports an integrated approach to the reduction of greenhouse gas emissions associated with water heating
- But Rheem believes that the Consultation Paper's 2nd objective for a water heating strategy is overly simplified and carries a significant cost to water and the economy
 - Solar / Heat Pump is most appropriate where the customer can afford the upfront capital cost, can cope with the extra installation time and can find trained installers
 - MEPS compliant gas is most appropriate in gas reticulated areas where gas is readily available or where the householder is prepared to pay for connection
 - MEPS compliant electric on is most appropriate where natural gas is not available and where the addition of a “green premium” to off peak electricity rates still results in a lower running cost than LPG
 - MEPS compliant electric will also still be required for replacements in Class 2 Homes etc.

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The National Water Heater Strategy (cont)

- Avoiding a blanket ban on particular water heater types ensures that the market will more ‘naturally’ progress to the best alternative solution within a given framework
 - Allows the market to work out how to overcome barriers to achieve a given outcome
 - Creates space for government intervention via rebates to influence market outcomes
 - Doesn’t unfairly burden householders based on the availability of energy in their locality
 - Doesn’t put at risk an important local industry
- Government and industry guidance to householders on their choices will be crucial
- A research study into the true water heater energy and water usage of households, by region, is required urgently for this and other initiatives

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Finally.....

- State and National Schemes to reduce Greenhouse emissions must be brought into one cohesive and binding strategy
- Having one or two States immediately ban a federally MEPS compliant and approved technology is an impossible situation for an Australian manufacturer trying to remain competitive
- The outcome of the federal election may determine yet another roadmap ?
- We need:
 - **One, longer range plan,**
 - **Executed nationally by all States,**
 - **For greater energy efficiency and reduction in GGE reduction,**
 - **Which Conserves water,**
 - **And doesn't destroy a competitive Industry and 1000's of Australian jobs.**

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