

Thinking of installing a heat pump water heater?

Things to consider when offered a heat pump water heater through the NSW Government's Energy Savings Scheme

Top 5 things to consider

About heat pump water heaters

A heat pump water heater extracts heat from the surrounding air to heat water. It can be a single integrated unit with a tank, fan and compressor or a split system where the tank and compressor are separate.

A heat pump water heater uses up to 75% less energy than an electric storage water heater. It can also use less energy than a gas water heater. Energy savings do not necessarily equal cost savings. Cost savings depend on the electricity tariff used to heat water and whether you have solar panels.

Before deciding on a heat pump water heater be sure to consider:

- 1. System capacity and water use:** Choose a system with capacity to support your water use. A small system can run out of hot water while a large system can cost more to run than necessary.
- 2. Noise:** Heat pump water heaters generate noise comparable to an air conditioner. Integrated systems can create more noise than split systems but take less space. Locate the system so it is appropriate for you and your neighbours and complies with [heat pump noise regulations](#).
- 3. Space:** Heat pump water heaters take up more space than a conventional water heater and need to be in a well-ventilated area, typically outdoors. Split systems that sit on the floor can take more space than integrated systems. Ideally the system should be located close to where hot water is used (like a bathroom, kitchen or laundry).
- 4. Warranty:** Normal consumer rights and warranties apply. Consider the length of any product warranty, what it covers, and whether the heat pump supplier has appropriate after-sales service, spare parts, geographical coverage, and warranty provisions to back up any stated product warranty it offers on its products.
- 5. Who can install:** Businesses IPART has accredited to create certificates can arrange installation at a lower price. Search 'IPART energy upgrades help' in your web browser to see a list.

How you get the benefits

The scheme can make it less costly to install a heat pump water heater and help you benefit from ongoing lower water heating bills.

The scheme makes this possible by enabling accredited businesses to create certificates from energy savings that will occur after your upgrade.

The accredited business can sell these certificates and use a portion of their value to offer you a lower installation price. You will typically deal with installers associated with these businesses.

The NSW Government doesn't set the price of the water heater or installation, or endorse products accepted for use in the scheme.

What you need to do

- 1. Use an accredited business.** See the list of accredited businesses by region on the [Energy website](#). You aren't obliged to use a particular business or install a heat pump, and they aren't obliged to provide an upgrade. We recommend shopping around to get the best deal.
- 2. Pay at least the minimum payment per heat pump.** You need to pay a minimum payment - see our [website](#) for details. Depending on the type, model and complexity of the installation, you may need to pay more than the minimum payment.
- 3. Sign a nomination form before installation and a declaration that you are satisfied after installation.**

Advantages

- Save money in operating costs
- Better for the environment – they consume less energy and reduce greenhouse gas emissions
- More affordable installation under the Energy Savings Scheme



Note: IPART accredits businesses to create certificates. We don't license tradespersons or regulate safety or consumer rights, which are NSW Fair Trading functions

Frequently Asked Questions

About heat pumps

Are heat pumps cheaper to run than my old system?

Heat pump water heaters use significantly less energy than gas or electric resistance water heaters. However, bill savings are also influenced by whether you use off peak electricity to heat your water or if you have solar panels. For example, a heat pump running during peak tariff times won't deliver the claimed financial savings compared to an off-peak electric storage water heater.

Check your bill to see your current billing arrangements. How much energy you save depends on how much hot water you use, the ambient temperature in your location and when you run the heat pump. Discuss with your installer what energy and bill savings your heat pump can achieve.

How do I know what product is right for me?

You should consider what system is best for your situation. This includes other types of water heaters, including electric- and gas-boosted solar water heaters that can also be installed under the scheme. Other factors you should consider include system size, the climate and product warranties.

If you've chosen a heat pump system, be aware some heat pumps struggle in air temperatures near freezing. In this case your system may need a resistive electric booster to ensure hot water is available on very cold days. A booster will deliver hot water at these times but could impact your energy savings if used frequently. Consider your own needs.

See our website for [information you should know about installing heat pump water heaters](#).

You can also review other sources of product information such as consumer choice and product rating websites.

What size heat pump should I choose?

Consider the capacity of the heat pump module along with the tank size. Factors like large or growing households, hot water for laundry, spa baths, long showers and cold climates may mean you need a larger system. We recommend you discuss your needs with your installer to determine the optimal system size.

Where should I locate the heat pump?

Consider installing heat pump water heaters away from bedrooms, windows and neighbouring properties due to the sound and cool air they generate and to comply with [residential noise regulations](#). The installation area should have good air flow. Locating the water heater close to the main areas hot water is used can help save energy.

What products are available?

To be eligible for an upgrade under the Energy Savings Scheme a business accredited to create certificates or their installer must install a product accepted for use under the scheme. You can search the [Accepted Products List](#) to check the models on the list. Not all businesses will offer all products.

(Note: Normal consumer rights and warranties apply, but the scheme doesn't provide additional rights and warranties)

The installer says I can get a great offer on a heat pump. Is this true?

Yes, a business accredited by IPART to create certificates for heat pump activities, or their installer can offer installation at a lower price. However, IPART doesn't regulate the prices offered to customers, so we can't advise on the actual costs. Costs can vary depending on factors such as whether the existing water heater is electric or gas and the complexity of the installation. Ask for written disclosure of any additional costs such as installing valves, electrical upgrades, relocation fees, concrete slab installation and removing old appliances. We recommend you shop around for a product/service that best meets your needs – see a list of [accredited businesses by region](#) on the Energy website.

Can I keep my old water heater?

No, your old water heater must be removed and disposed of by the installer. This is a legislated requirement to ensure inefficient older systems aren't reused and that genuine energy savings are achieved.

About the scheme

Where can I find out more about the scheme?

For more information see:

- [how the Energy Savings Scheme works](#)
- [information for households and small businesses including FAQs](#)

What does the minimum payment cover?

The scheme requires that you at least pay a non-refundable minimum payment per heat pump installed – see our [website](#) for details. It may cover the costs of products, installation, site assessment or other related works carried out at your property. Depending on the type, size, model and complexity of the installation, you may need to pay more than the minimum payment.

Why do I need to sign a nomination form?

By signing this form you give the business the right to create certificates from your installation. They can then sell these certificates, which allows them to offer the heat pump water heater at a lower price. They can't create certificates without this form.

Who can I contact if I have concerns?

If you are not happy with the quality of work, or require more information, speak to your ACP or lighting provider first. If you are unable to resolve the problem, NSW Fair Trading or Building Commission NSW may be able to assist. NSW Fair Trading investigates unfair practices and ensures the products sold in NSW are safe and meet its regulations and safety standards. Its website has information about your rights as a consumer, tips for resolving consumer disputes, and how you can make a complaint: www.fairtrading.nsw.gov.au.

The [Building Commission](#) licenses tradespeople such as electricians and plumbers and is responsible for the regulation of laws that apply to them. The Building Commission may be able to assist if you have concerns about the work of licensed tradespeople or unlicensed work.

If you are concerned the accredited business or its representative has not complied with ESS requirements or they're not responding, you can contact us at: ESS.Compliance@ipart.nsw.gov.au.

You may be contacted by an auditor to confirm details of the installation. By assisting the auditor you can help maintain the integrity of the scheme.

Get the online version of this fact sheet by searching 'ESS need to know heat pumps' or at:
<https://bit.ly/ess-heat-pump-water-heaters>