



Declaration of Liable Acquisitions (DLA)

# Audit Guide – Scheme Participants

V2.1 June 2024

---

## **The Independent Pricing and Regulatory Tribunal**

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

## **Acknowledgment of Country**

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

---

# Contents

<b>1</b>	<b>About this guide</b>	<b>1</b>
1.1	Scheme Participant documentation	1
1.2	Document control	2
<b>2</b>	<b>Stakeholder requirements</b>	<b>3</b>
2.1	Scheme Participant requirements	3
2.2	Auditor requirements	4
<b>3</b>	<b>Audit requirements</b>	<b>5</b>
3.1	What information is required in the DSW?	5
3.2	Which audit standards can be used?	5
3.3	What information is audited?	5
3.4	Sampling and site visits	6
<b>4</b>	<b>Audit report</b>	<b>7</b>
4.1	Structure of the report	7
4.2	Audit opinions	7
4.3	Schedule of audit procedures and findings	8
4.4	How should auditors deal with errors and inconsistencies?	8
<b>5</b>	<b>Glossary</b>	<b>9</b>

# 1 About this guide

The *Audit Guide – Scheme Participants* (the **Guide**) summarises the key requirements that apply to the audit of a *Declaration of Liable Acquisitions (DLA)* prepared by scheme participants of the NSW Energy Savings Scheme (**ESS**) and Peak Demand Reduction Scheme (**PDRS**).





The purpose of this Guide is to help scheme participants and auditors specified in an Audit Services Panel Agreement (**Auditors**) understand DLA audit requirements and processes.

## 1.1 Scheme participant documentation

This is a guide only and is not legal advice and should be read in conjunction with other documentation relevant to scheme participants of the ESS and PDRS.

The legal requirements for scheme participants of the ESS and PDRS are set out in Table 1 along with relevant guidance material and reporting & administrative tools.

**Table 1 Documentation relating to scheme participants of the ESS and PDRS**

Document type	Document
Legislative requirements 	Part 1 and Part 2 of Schedule 4A to the <i>Electricity Supply Act 1995</i> ( <b>Act</b> ) Part 6 and Part 7 of the <i>Electricity Supply (General) Regulation 2014</i> ( <b>Regulation</b> ) <i>Peak Demand Reduction Scheme Compliance Rule of 2022</i> ( <b>PDRS Compliance Rule</b> )
Exemptions legislation 	<i>Energy Savings Scheme (Electricity Load Exemptions) Order</i> ( <b>ESS Exemptions Order</b> ) <i>Peak Demand Reduction Scheme (Electricity Load Exemptions) Order</i> ( <b>PDRS Exemptions Order</b> ) <i>Energy Savings Scheme - Scheme Regulator Exemptions Rule No. 1 of 2016</i> ( <b>ESS Exemptions Rule</b> ). <i>Peak Demand Reduction Scheme – Scheme Regulator Exemptions Rule No. 1 of 2023</i> ( <b>PDRS Exemptions Rule</b> ).
Guidance material 	<i>Compliance Guide – Scheme Participants</i> <i>Audit Guide – Scheme Participants</i> (this document)
Reporting & administrative tools 	<i>Declaration of Liable Acquisitions (DLA)</i> (excel template) Individual Liable Demand (online form) ESS Annual Statement (online form) PDRS Annual Statement (online form) <i>DSW Submission Form – Scheme Participants</i>

## 1.2 Document control

Version number	Change description	Date published
V1.0	Initial release	January 2021
V1.1	Adjustment of Section 5.3 to reflect the removal of requirement for reporting proportion of electricity used in connection with specified activity for Exempt Loads	March 2021
V1.2	Updated to reflect minor changes to processes following the introduction of The Energy Security Safeguard Application (TESSA)	September 2022
V2.0	Updated to include audits required under the Peak Demand Reduction Scheme and reference audit of the Declaration of Liable Acquisitions rather than the Annual Energy Savings Statement (AESS).	June 2023
V2.1	Updated to reflect outcomes of the March 2024 consultation on operational changes to scheme participant compliance processes.	June 2024

## 2 Stakeholder requirements

### 2.1 Scheme participant requirements

The DLA is a summary of a scheme participant's liable acquisitions. An audit of a DLA is required to ensure the scheme participant has entered complete and accurate liable acquisitions data. Scheme participants should:

- have their DLA audited, unless exempt from audit
- submit their DLA and audit report with their ESS Annual Statement and PDRS Individual Liable Demand submissions in TESSA by the due date on our [scheme participant compliance timeline](#).

To determine if your DLA is exempt from audit, refer to Section 5 of the [Compliance Guide – Scheme Participants](#). Scheme participants who are not exempt from an audit of their DLA are required to engage an auditor and pay for the audit.

Scheme participants must engage the auditor from the [List of Audit Services Panel Members](#) on our website. IPART has established the Audit Services Panel to ensure audits are carried out by auditors who are suitably qualified and experienced to undertake the audits.

Scheme participants and auditors should schedule their work to align with the compliance timeline so that scheme participants can meet their regulatory deadline. Table 2 provides an indicative step-by-step process for undertaking the audit based on the current compliance timeline.<sup>a</sup>

Table 2 Expected timing to meet the ESS and PDRS regulatory deadlines

Stages of compliance process	Expected timing
1. Scheme participant engages auditor to audit its DLA (if required)	By August
2. Auditor prepares DSW submission form	
3. Auditor submits DSW to IPART for approval	
4. IPART approves DSW and confirms audit can commence	
5. Scheme participant prepares its DLA	By October
6. Auditor audits the DLA and provides report to scheme participant	
7. Scheme participant arranges authorised signature of final DLA	
8. Scheme participant submits DLA and audit report by regulatory deadline	By 15 November

After an audit firm has performed 3 consecutive audits for a scheme participant, the scheme participant must engage a different auditor for the next audit. After that, it may again engage the original auditor for another 3 consecutive audits.

<sup>a</sup> Current at June 2024

## 2.2 Auditor requirements

Auditors must abide by the *Audit Services Panel Agreement*.

The auditor must complete and submit the *Detailed Scope of Works (DSW) Submission Form – DLA* for approval by IPART. The DSW is not taken to be approved until IPART advises the auditor in writing.

An Audit Services Panel Member must not enter into any agreement with a scheme participant where a conflict of interest exists (see section 2.2.1 of this Guide). The Lead Auditor must declare there is no conflict of interest in the *DSW Submission Form – DLA*.

### 2.2.1 Conflict of interest

From the *Audit Services Panel Agreement*, conflict of interest means any actual, potential or perceived conflict of interest (including, but not limited to, any past, present, or anticipated agreement, arrangement, understanding or activity) which may affect the panel member's ability to perform any service under the agreement.

The panel member must warrant that neither it, nor any of its related parties, has any conflict of interest as at the commencement date of the *Audit Services Panel Agreement* which has not previously been notified to IPART in writing.

The panel member and its related parties must not enter into any agreement, arrangement or understanding or participate in any activity which amounts to a conflict of interest, without the prior written consent of IPART.

The panel member must notify IPART in writing of any conflict of interest that the panel member has, or that any of its related parties has, as soon as the panel member becomes aware of it.

For further information on conflict of interest refer to the *Audit Services Panel Agreement*.

## 3 Audit requirements

### 3.1 What information is required in the DSW?

The *DSW Submission Form – DLA* is a standard DSW form for all auditors to complete. This form is designed to ensure that audits of scheme participants are conducted in a consistent manner and to facilitate efficient assessment of DSWs.

The *DSW Submission Form – DLA* is to be populated with the following information:

- details of the scheme participant(s) whose DLA is being audited
- audit information, including audit team, standard used, audit plan and fee
- a Declaration by the Lead Auditor
- the audit scope items.

### 3.2 Which audit standards can be used?

In auditing the DLA, auditors must use an audit standard acceptable to IPART. Acceptable standards are:

- Australian Auditing Standards – as published by the Auditing and Assurance Standards Board (AuASB) including:
  - ASAE 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information
  - ASAE 3100: Compliance Engagements
- ISAE 3000: International Standard on Assurance Engagements
- ISO 14064-3: 2006: Greenhouse Gases – Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

Auditors may propose another standard but must have that standard approved for use by IPART prior to commencing the audit.

Auditors must list the audit standard they intend to use in the *DSW Submission Form – DLA*.

### 3.3 What information is audited?

Audits of a DLA will cover:

- general information of the DLA
- all non-market acquisitions<sup>b</sup> and exempt loads data entered into the DLA and

---

<sup>b</sup> Non-market acquisitions include non-market purchases and supply of generation by a retailer as described in Sections 4.3 and 4.4 of the *Compliance Guide – Scheme Participants*.



- implementation of previous recommendations.

Additional scope items may be included as requested by the scheme participant or the Scheme Regulator.

We expect the auditor to conduct sufficient audit procedures to enable the auditor to express a reasonable assurance opinion that the relevant liable acquisitions information, as detailed in the DLA, is fairly presented and has been calculated in accordance with the requirements of the Act.

### 3.4 Sampling and site visits

Where assessing significant quantities of input data, auditors may choose to test a representative sample of the data population. Auditors should refer to the relevant audit standards for guidance on sampling. Where auditors have tested a representative sample, the audit report should specify what proportion of the input was sampled.

Auditors may need to conduct site visits to verify the systems, procedures and controls in order to assure themselves of the integrity of the inputs. Site visits to a scheme participant's customer may also be required to verify the address and national metering identifier (**NMI**) where scheme participants are claiming exempt electricity loads.

## 4 Audit report

### 4.1 Structure of the report

The report must be presented as an audit report and a schedule of findings. The template information in Box 4.1 must be included.

#### Box 4.1 Template information

Title	"Independent Audit Report"
Address	Audit reports should be addressed to The Chair, IPART as the Scheme Regulator.
Signature	The final audit report must be signed and dated by the Lead Auditor. Scanned or electronic signatures are acceptable.

The audit report must contain:

- a statement that the audit was performed in accordance with an auditing standard acceptable to IPART
- details of any limitations in the scope of work
- detail of the matters being audited consistent with the approved DSW
- a description of the audit approach in relation to each matter being audited
- the audit opinion in relation to each of the matters being audited

The schedule of findings must provide IPART with sufficient detail to understand the basis for the conclusions made in the audit report.

### 4.2 Audit opinions

The auditor should express a reasonable assurance conclusion in the audit report.<sup>c</sup>

The audit report must identify whether the inputs of the DLA are:

- in accordance with Divisions 4 and 5 of Part 1 of Schedule 4A to the Act and in accordance with the [Energy Savings Scheme - Scheme Regulator Exemptions Rule No. 1 of 2016](#), and the relevant [ESS Exemptions Order](#)

<sup>c</sup> A reasonable assurance conclusion is a statement that in the opinion of the auditor there is no misstatement in the matter being audited that is material or pervasive enough to affect the matter being audited as a whole.

- in accordance with Divisions 2 and 3 of Part 2 of Schedule 4A to the Act and in accordance with the [Peak Demand Reductions Scheme - Scheme Regulator Exemptions Rule No. 1 of 2023](#), and the relevant [PDRS Exemptions Order](#)
- based on accurate and reliable records and other relevant supporting documentation
- entered in a manner consistent with the approach specified in the [Compliance Guide – Scheme Participants](#).

## 4.3 Schedule of audit procedures and findings

IPART requires a schedule of audit procedures and findings in relation to each scope item, including:

- specific matters to be audited identified in the scope
- audit procedures conducted for each scope item including documents viewed, data tested, sampling information, and number of records checked
- the findings and conclusion for each scope item, including:
  - a description of the approach used by the scheme participant to calculate the following inputs to the DLA:
    - Non-market purchases
    - Supply of generation by a retailer
    - Exempt electricity loads,
  - any inconsistencies identified (regardless of whether they were then corrected by the scheme participant)
  - calculations that were performed and other relevant numerical information that the auditor identified.

## 4.4 How should auditors deal with errors and inconsistencies?

Where the auditor identifies errors (misstatements) or inconsistencies during the audit, they should communicate these to the scheme participant who has commissioned the audit. The scheme participant may choose to amend the DLA accordingly before the audit is finalised. However, auditors must identify the original error and provide reasonable assurance over the amended input/calculation in the audit report.

## 5 Glossary

Acronym and key terms	Definition
<b>Act</b>	<i>Electricity Supply Act 1995</i>
<b>Activity</b>	This is the Specified Activity listed in Schedule 1 Table of Exemptions in the ESS Exemptions Order or PDRS Exemptions Order, as the case may be.
<b>AEST</b>	Australian Eastern Standard Time
<b>Audit Services Panel</b>	A list of auditors approved by the Scheme Administrator to conduct audits for the ESS and PDRS
<b>Audit Services Panel Agreement</b>	An agreement between IPART and the Audit Services Panel Member.
<b>Audit Services Panel Member</b>	A person who has been nominated by IPART to join the Audit Services Panel and who has entered into an Audit Services Panel Agreement with IPART.
<b>Audit Guide – Scheme Participants</b>	This guide. This summarises the key requirements that apply to the audit of a DLA prepared by scheme participants of the ESS and PDRS. The <i>Audit Guide – Scheme Participants</i> is published on the Energy Sustainability Schemes website.
<b>Compliance Guide – Scheme Participants</b>	This document assists scheme participants to complete the DLA and meet obligations for ESS and PDRS compliance periods. The <i>Compliance Guide – Scheme Participants</i> is published on the Energy Sustainability Schemes website.
<b>DLA</b>	Declaration of Liable Acquisitions submitted by scheme participants of the ESS and PDRS
<b>DSW Submission Form - DLA</b>	A form which the auditor completes and submits to the Scheme Regulator to IPART for approval prior to commencing the audit. The <i>DSW Submission Form – DLA</i> is published on the ESS website.
<b>ESS</b>	The NSW Energy Savings Scheme.
<b>ESS compliance period</b>	The period of 12 months commencing on 1 January of the year that a DLA relates to. The 2023 compliance year includes liable acquisitions for the period 1 January 2023 to 31 December 2023.
<b>ESS Exemptions Order</b>	The order made under clause 22 of Schedule 4A to the Act as applicable to the relevant ESS compliance period.
<b>Exempt electricity loads</b>	An electricity load used in connection with an Activity that is specified as fully or partially exempt from the ESS or PDRS under the ESS Exemptions Order or PDRS Exemptions Order.
<b>IPART</b>	The Independent Pricing and Regulatory Tribunal of NSW
<b>Liable acquisitions</b>	Has the meaning defined in clauses 10 and 90 of Schedule 4A to the Act.
<b>Market purchases</b>	Purchases of electricity by a scheme participant from the Market Operator, where the electricity is purchased for consumption by, or onsale to, end users in NSW or for use in NSW. If the scheme participant is a Direct Supplier of Electricity, the supply of electricity of a kind specified under clauses 29(2) and 59C(2) of the Regulation is also a market acquisition.
<b>Non-market acquisitions</b>	The sum of a scheme participant's non-market purchases and supply of generation.
<b>Non-market purchases</b>	Purchases of electricity by a scheme participant from any person other than the Market Operator, where the electricity is purchased for consumption by, or onsale to, end users in NSW or for use in NSW. Non-market purchases do not include electricity purchases later supplied to the Market Operator through the NEM (e.g. the purchase of electricity by a retailer from a customer's rooftop solar that is onsold to the Market Operator).
<b>PDRS</b>	The Peak Demand Reduction Scheme of NSW
<b>PDRS compliance period</b>	The period from 1 November through to 31 March of the following year. The 2023-2024 compliance year is for the period from 1 November 2023 to 31 March 2024. Only liable acquisitions from the period 2:30pm to 8:30pm AEST on each of the 4 peak days are included as a scheme participant's individual liable demand.

Acronym and key terms	Definition
<b>PDRS Exemptions Order</b>	The order made under clause 93 of Schedule 4A to the Act as applicable to the relevant PDRS compliance period.
<b>Regulation</b>	<i>Electricity Supply (General) Regulation 2014.</i>
<b>Scheme Administrator</b>	The person or body required to exercise the functions of Scheme Administrator under Parts 1 and 2 of Schedule 4A to the Act.
<b>Scheme participant</b>	Has the meaning given in clauses 2 and 81 of Schedule 4A to the Act.
<b>Scheme Regulator</b>	The person or body required to exercise the functions of Scheme Regulator under Parts 1 and 2 of Schedule 4A to the Act.
<b>Supply of generation</b>	A supply of electricity generated by a retailer and supplied by the retailer for consumption by, or onsale to, end users in NSW or for use in NSW. Supply of generation does not include electricity generation that is supplied to the Market Operator through the NEM.

© Independent Pricing and Regulatory Tribunal (2024).

With the exception of any:

- a. coat of arms, logo, trade mark or other branding;
- b. photographs, icons or other images;
- c. third party intellectual property; and
- d. personal information such as photos of people.

this publication is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia Licence.



The licence terms are available at the [Creative Commons website](https://creativecommons.org/licenses/by-nc-nd/3.0/au/)

IPART requires that it be attributed as creator of the licensed material in the following manner: © Independent Pricing and Regulatory Tribunal (2024).

The use of any material from this publication in a way not permitted by the above licence or otherwise allowed under the Copyright Act 1968 (Cth) may be an infringement of copyright. Where you wish to use the material in a way that is not permitted, you must lodge a request for further authorisation with IPART.

#### **Disclaimer**

Nothing in this document should be taken to indicate IPART's or the NSW Government's commitment to a particular course of action.

This document is published for the purpose of IPART fulfilling its statutory or delegated functions as set out in this document. Use of the information in this document for any other purpose is at the user's own risk, and is not endorsed by IPART.