



Introduction

Welcome to Issue 56 of our ESS Newsletter. The July to September quarter is a time for the ESS team to take stock after the 30 June legislative deadline to register and surrender Energy Saving Certificates (**ESCs**), and focus on improving the way we administer the scheme and how we engage with our stakeholders.

COVID-19 has changed a number of aspects of our lives and how we operate day-to-day. Like many of our stakeholders, the ESS team continues to work remotely and flexibly. We have updated many of our business processes to accommodate the remote working arrangements. In this newsletter, we highlight some of the administrative improvements we have made to make it easier for you to do business in the ESS. This section will be standard in future newsletters.

We remain committed to providing flexibility to those that are affected by COVID-19 on a case by case basis. For the 2019 compliance year that just ended, we provided concessions to Accredited Certificate Providers that were adversely impacted by COVID-19. We also provided Scheme Participants extensions to penalties they elected to pay in lieu of surrendering ESCs to meet their 2019 legislative obligations under the scheme.

Of late, we have been taking the impacts of the pandemic into account when considering requests for audit waivers and extensions. However, we also expect businesses that wish to retain accreditation in the ESS make the necessary adjustments to the pandemic. This includes demonstrating compliance via audits in accordance with their conditions of accreditation.



Stakeholder update

We recently announced our upcoming Stakeholder Update and Workshop. With COVID Public Health Orders still in place, this year's meeting will be conducted virtually and attendees will have the opportunity to interact and ask questions.

- ▼ Date: 29 October 2020
- ▼ Time: 10am – 12pm
- ▼ Digital platform: TBA

The agenda and a link to register for the Stakeholder Update will be sent out in the coming weeks.

We look forward to seeing you or a representative from your organisation at the Stakeholder Update.



Making it easier for you to do business

We are committed to finding ways to make it easier for our stakeholders to do business and are continually working behind the scenes to deliver improvements. These are the changes that we have implemented recently or where release is imminent:

Improvements to the ESS Registry for Accredited Certificate Providers (ACPs)

It is now easier for you to find out how many ESCs you can register against each accreditation before you reach your limit. This is available to all ACPs with an accreditation.

To find out how many ESCs you can register before you reach your limit:

1. Select “Current Holdings”
2. Select “My Holdings: Summary of ESS Certificates I have created”
3. Select “Date range”
4. Select “View Accreditation or Select View project and then View project again”.

The remaining number of certificates that you can register before you reach your limit will be shown as “Certificates Allowable for Registration”.

Improved Applications Process

We are on the verge of the release of a streamlined application process, which is designed to improve the efficiency of the application process for both applicants and IPART. This release includes:

- ▼ Shorter Application Guide and Form with clearer instructions and less duplication
- ▼ A new streamlined path available to qualifying ‘lower’ risk applicants with existing accreditations under the scheme
- ▼ Reduced red tape.

Improved guidance material and website

We have restructured and improved key guidance material for ACPs, and updated the ACP section of our website. These changes are due to go live at the end of September or early October and you will be kept informed of the exact release date. The changes will achieve the following outcomes:

- ▼ Improving the usability and accessibility of our guidance documents
- ▼ Improved usability of the website, so that it is easier to navigate and find information on participating in the ESS, ESS requirements and any recent changes
- ▼ Providing increased clarity to stakeholders on ESS requirements.

Use of e-signatures

We have recently moved to the use of e-signatures in our formal documentation. This has increased both our administrative efficiency and customer service to our stakeholders.

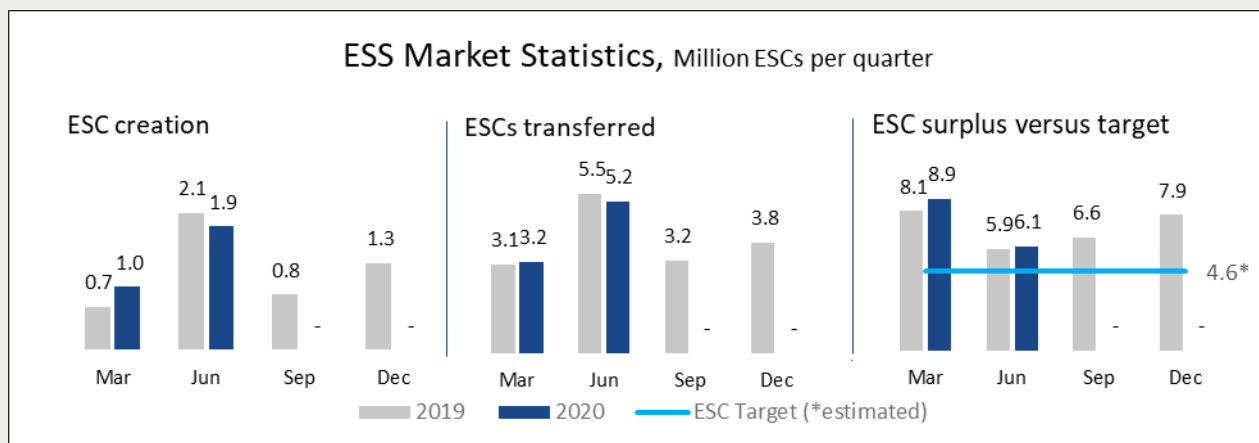
Have your say

We are committed to continuous improvement in our communication, processes and systems and we welcome your feedback, comments and suggestions to ESS@ipart.nsw.gov.au.



ESS market statistics

We have expanded our reporting of key ESS market statistics for stakeholders. At the end of the newsletter you will still find the usual registry and accreditation statistics. We have released this data to highlight trends in registration compared to the previous year. The quarters reported are for the calendar quarters and are relevant to scheme milestones.



ESC creation is down from last year

ESC creation for the June quarter was down 10% compared to the same time last year. ESC creation was lower in each of the three months of this quarter.

ESC creation is typically higher in the June quarter as ACPs create ESCs prior to the 30 June deadline for the creation of the previous year's vintage ESCs.

ESC transfers are also down this quarter

The volume of ESCs transferred during the June quarter was down 5% compared to the same time last year. ESC transfers were higher in April compared to last year, but were lower in May and June. ESC transfers are likely to have remained high in April due to scheme participant activity purchasing ESCs to surrender against their 2019 compliance year obligation.

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ESC transfers are typically higher in the June quarter as scheme participants aim to meet the April deadline for the surrender of ESCs against their 2019 compliance year obligations.

ESC surplus continues to grow

The ESCs surplus reached 8.9 million in the March quarter before dropping to 6.1 million by the end of the June quarter. The reduction is due to the surrender of ESCs by scheme participants in April.

The surplus at the end of the June quarter represents a 3% increase from the previous year. The surplus remains large and above the estimated 2020 compliance year target of 4.6 million ESCs.

General Trends

It is difficult to determine if these trends are related to the effects of COVID-19 or whether they reflect natural variations from year to year, or structural shifts in activity under the scheme.

We will continue to monitor and report on these trends in the December Newsletter.



Compliance update

The period leading up to the 30 June deadline for registration of 2019 vintage ESCs was a very busy period for the ESS team. The team successfully completed assessments of over 60 audits in the 3 months leading up to 30 June 2020. While the majority of audits demonstrated high levels of compliance, there were a number of issues identified where ACPs were not compliant with ESS legislation and the *Energy Savings Scheme Rule of 2009* (**ESS Rule**). Some of the recurring issues included:

- ▼ Nominations occurring after the implementation date
- ▼ Incorrect classification of space types
- ▼ Unimplemented recommendations from previous audits
- ▼ Unsatisfactory record keeping processes
- ▼ Creation of additional ESCs from projects no longer eligible to create ESCs using Project Impact Assessment Method (PIAM) and Metered Baseline Methods (MBM).

It may be an opportune time to review and update your compliance processes to ensure your business is well prepared to manage and prevent these types of issues occurring.

ACPs using the MBM and PIAM methods should review their eligibility to create additional ESCs from existing projects.



Creation of ESCs from 240V LED Lamps removed from Public List of Accepted Products

On 6 August 2020, we ceased to accept a number of *LED Lamp Only – 240V Self Ballasted lamps (240V LED Lamps)* as meeting ESS equipment requirements.

These products were removed from the public list of accepted products as, after contacting stakeholders, we were unable to establish the existence of an Australian Certificate of Approval (COA) that was required by law from 1 July 2020.

ACPs wishing to use 240V LED Lamps that were removed from the list

From 6 August 2020, an ACP wishing to use the 240V LED Lamps removed from the public list will need to reapply for acceptance and submit a COA.

What if I completed an implementation before the list was updated?

ACPs will still be able to create ESCs from an Implementation involving the installation of a 240V LED Lamp that was removed from the public list, if the relevant 240V LED Lamp was accepted on the public list at the Implementation Date (despite it not being on the list at the time of ESC registration).

However, the ACP **must** have a COA to demonstrate acceptance under the ESS for any implementation undertaken between 1 July 2020 and 6 August 2020 with a 240V LED Lamp that was removed from the list of accepted products.

ESCs cannot be created from the installation of a 240V LED Lamp after 1 July 2020 if a COA had not been issued at the time of sale.

These arrangements apply only to the 240V LED Lamps removed from the public list on 6 August 2020. Different arrangements may apply to other equipment removed from the public list of accepted equipment from time to time.



What is 'Netting-off' and is it always permitted?

Netting off is the practise of reducing the number of over-created ESCs that the Scheme Administrator requests an ACP forfeit by the number of under-created ESCs that the audit report considers eligible for creation following a post-registration audit.

This is an administrative arrangement that is sometimes offered in lieu of the ACP having to separately forfeit all improperly created ESCs before registering all under-created ESCs which the audit report considers eligible for creation. The arrangement recognises that an ACP would be otherwise likely to create the under-created ESCs on completion of the audit.

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However, this arrangement is discretionary. The Scheme Administrator may request the surrender of any ESC which it is satisfied has been improperly created.

The Scheme Administrator may determine not to offer netting-off in a range of circumstances including where it has obtained information additional to the audit or because the ESS Rule does not allow for the creation of those ESCs. A common example is that ESCs identified as under-created are out of 'vintage'. ESCs must be created no later than six months after the end of the year in which the energy savings occurred. In line with this, the Scheme Administrator does not permit netting-off under-created ESCs later than six months after the end of the year in which the energy savings occurred.



ESS registry and accreditation statistics

Table 1: ESS certificate statistics

Total ESCs created under the ESS since 2009 ^a	ESCs available for surrender ^a	Compliance Year	Estimated target	ESCs created ^a
35,339,469	6,689,507	2019	4,600,000	4,869,980
		2020	4,600,000	1,558,582

Table 2: Current and recent accreditations

Total current accreditations ^{a,b}	178
New accreditations this quarter ^c	3

Table 3: Recent accreditations under the Energy Savings Scheme^c

Company name	Accreditation name	Project type	Sector
CO2 Free Pty Ltd	CO2 HEER	Lighting	Residential/ Small Business
Energy Makeovers Pty Ltd	Energy Makeovers PIAMV	HVAC	Commercial
In2 Energy Pty Ltd	LED Upgrade Residential and Small business	Lighting	Residential/ Small Business

Notes:

- a) Data as at 31 August 2020
- b) Multiple project accreditations count as single accreditations
- c) During the period 1 June 2020 to 31 August 2020



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