

# 2023 ESS Rule change

6 March 2024

This Quick Reference Guide will help you understand changes to the *Energy Savings Scheme Rule of 2009* (**ESS Rule**) that will apply to all implementations from 19 June 2024.

## When the changes take effect

The *Energy Savings Scheme (Amendment No. 2) Rule 2023* was published on 19 December 2023. Transitional arrangements in the amended Rule mean the [April 2023 ESS Rule](#) will apply for all implementations before 19 June 2024. The amended ESS Rule will apply to all implementations on or after 19 June 2024.

## Key changes

Changes to the ESS Rule are summarised below. Details are provided in Table 1 at the end of the guide.

### ESS Rule change

- Increases **co-payments for water heater and air conditioner implementations** under the Home Energy Efficiency Retrofits (**HEER**) method from \$30 to \$200 (exclusive of GST) (Activity Definitions: D16–D21)
- Introduces a **\$200 (ex GST) co-payment for heat pump water heater implementations** under the Installation of High Efficiency Appliances for Business (**IHEAB**) method (F16, F17)
- Clarifies **multiple heat pumps connected by a manifold are one item** of end-user equipment (**EUE**) for the co-payment (F16, F17)
- Changes **baseline energy consumption and adjustment coefficients for all HEER water heater activities** (D17–D21)
- The **factors used to calculate energy savings from heat pump water heater activities** are determined by climate zone as well as system size (D17, D19)
- Changes definitions** to improve clarity and consistency

## What you need to do

1. Review this guide and guidance, documents and fact sheets published on our website including:
  - [ESS Rule](#), which will apply for all implementations on or after 19 June 2024
  - updated [HEER](#) and [IHEAB](#) method guides, [application forms](#) and [HEER audit scope](#) and a new [IHEAB audit scope](#) – see our [HEER](#) and [IHEAB](#) webpages for more information.
2. Start preparing your business now by updating your processes, documents and systems as needed.
3. Implement the changes from **19 June 2024**.

If you have any questions about the updated ESS Rule or our guidance, please contact us at [ess@ipart.nsw.gov.au](mailto:ess@ipart.nsw.gov.au).

**Table 1 Detailed changes to the ESS Rule**

Change	Impacts	What you need to do
<b>HEER</b>		
Increasing the minimum co-payment for air-conditioners (D16) – <b>clause 9.8.1(f)(i)</b>	A minimum co-payment of at least \$200 (excluding GST) per item of EUE applies to new or replacement air-conditioner implementations on or after 19 June 2024	Update internal systems and processes to collect correct co-payments from 19 June 2024
Increasing the minimum co-payment for all water heaters (D17–D21) – <b>clause 9.8.1(f)(i)</b>	A minimum co-payment of at least \$200 (excluding GST) per item of EUE applies to water heater implementations on or after 19 June 2024	Update internal systems and processes to collect correct co-payments from 19 June 2024
Existing minimum co-payment remains for other activity definitions in Schedule D or Schedule E of the ESS Rule– <b>clause 9.8.1(f)(ii)</b>	A minimum co-payment of at least \$30 (excluding GST) applies to implementations of all HEER activity definitions before 19 June 2024, and to implementations of all HEER activity definitions except D16–D21 on or after 19 June 2024	Maintain internal systems and processes to collect co-payments for these activities for implementations from 19 June 2024
Changes to baseline energy consumption and adjustment coefficients for HEER water heater activity definitions D17–D21 – <b>Schedule D</b>	Changes to baseline energy consumption reduce the energy savings that can be calculated from implementations on or after 19 June 2024 The baseline energy consumption and adjustment coefficients for Activity Definitions D17 and D19 are also now determined by climate zone (of the implementation) as well as system size	Review the changes and update internal systems and processes to correctly calculate energy savings from water heater implementations from 19 June 2024  Make sure you understand how to determine climate zone and system size in accordance with AS/NZS 4234
Climate zone as well as system size used to determine factors for calculating energy savings from heat pump water heater activities (D17, D19) – <b>Schedule D</b>	Aligning factors to the heat pump climate zone better accounts for heat pump performance in different climate zones and removes complexity of assigning Building Code of Australia climate zones.	Make sure you understand how to determine climate zone and system size in accordance with AS/NZS 4234
Simplifying wording for Equipment Requirements and Equipment energy savings for HEER water heater activity definitions D17–D21 – <b>Schedule D</b>	No impact on ACPs	Nothing
<b>IHEAB</b>		
Introducing a minimum co-payment for heat pump water heaters (F16 and F17) – <b>clause 9.9.1(e)</b>	A minimum co-payment of at least \$200 (excluding GST) per item of EUE applies to heat pump implementations on or after 19 June 2024	Update internal systems and processes to collect co-payments
Clarifying heat pumps joined by a manifold to form a single system are a single item of End-User Equipment for the purposes of the co-payment (F16 and F17) – <b>clause 9.9.1C</b>	Where a manifold heat pump system is installed only one co-payment is payable	Review clause 9.9.1C and make sure you have a system in place to determine how much co-payment is required.
<b>Commercial Lighting, HEER and IHEABs</b>		

Change	Impacts	What you need to do
Notes clarify that Non-Cash Inducements and in-kind payments do not count towards co-payments for the purposes of <b>clauses 9.4.1(e), 9.8.1(f) and 9.9.1(e)</b>	Non-Cash Inducements and in-kind payments cannot be counted towards the co-payment paid by customers	Review the Notes under clauses 9.4.1(i) (Commercial Lighting), 9.8.1B (HEER) and 9.9.1C (IHEAB) and make sure Non-Cash Inducements and in-kind payments are not counted towards co-payment
New definitions for Net Amount and Non-Cash Inducement to assist interpreting co-payment requirements – <b>clause 10.1</b>	Inducements such as a gift card, gift voucher, credit note or goods or services not necessary for an implementation do not count towards the co-payment and are netted out of the total cost	Review the definitions and understand the forms of payment acceptable towards co-payments
<b>Aggregated Metered Baseline</b>		
Removing the exception for natural gas from the restriction on offering goods and services that promote switching to a non-renewable energy source – <b>clause 8.9.2(f)(iii)</b>	The sites should not be offered goods and services that promote switching to a non-renewable energy source other than grid electricity	Review the changes and ensure you do not offer goods and services that promote switching to natural gas
<b>All methods</b>		
BCA Climate Zone for postcode 2529 updated in Table A26 to correct an error	Energy savings calculations may change for implementations of some activities in this postcode on or after 19 June 2024	Use the correct BCA Zone when calculating energy savings
Changes to definitions of Eligible Fuel and Publish to improve clarity – <b>clause 10.1</b>	No impact on ACPs	Nothing
Changes to definitions of Electricity Savings and Gas Savings for consistency with savings definitions for other fuels	No impact on ACPs	Nothing