26 September 2022

Independent Pricing and Regulatory Tribunal NSW

Lodged by email: ESS@ipart.nsw.gov.au

Dear Sir/Madam,

Response to Consultation: Combined audit process for Scheme Participants

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Combined audit process for Scheme Participants.

Origin is a large Australian integrated energy company with activities in energy retailing, power generation, natural gas production and LNG export. Origin also has recent experience in exploring new product offerings and has focused on areas such as solar & storage, connected homes, electric vehicles (EVs) and future fuels including hydrogen.

We support the NSW Governments' goal of achieving net zero emissions in the state by 2050. Origin has supported a net zero goal for the electricity sector in Australia for many years and has also set its own targets to accelerate emission reductions.

We have recently released our first Climate Transition Action Plan that outlines the strategy and ambition to lead the energy transition through cleaner energy and customers solutions. This includes a new ambition of reaching net zero Scope 1, 2 and 3 emissions across the value chain by 2050 and a new medium-term target consistent with the goals of the Paris Agreement to reduce Scope 1, 2 and 3 equity emissions intensity by 40 per cent by 2030, from a FY2019 baseline. Significantly for NSW, we have notified the Australian Energy Market Operator (AEMO) of the potential early retirement of Eraring Power Station in August 2025.

Origin is a strong supporter of the Energy Savings Scheme (ESS) framework by consistently meeting its compliance and reporting obligations since its inception. We also have significant experience with other environmental schemes and programs, mandatory and voluntary, including Large-scale Renewable Energy Target (LRET), Small-scale Renewable Energy Scheme (SRES), Victorian Energy Upgrades (VEU), GreenPower, Climate Active and the National Greenhouse and Energy Reporting (NGER) framework.

As expressed in previous submissions, we welcome the opportunity to be involved in consultations or any other way we might share our knowledge and experience to support the development new schemes and implementation of any new registries or systems.

Whilst we are also supportive of the newly created Peak Demand Reduction Scheme (PDRS), and appreciate the proposal of combining the audit submission for the next compliance period, we have outlined our specific concerns in the attached table. In summary, we propose that ESS and PDRS are kept separate, ESS is in its own right functioning well, and we should not include PDRS at least in the interim, with a main point that the compliance periods are not the same.

Combining audits should only be in consideration once ESS & PDRS compliance periods are made to be aligned, e.g., on a financial year basis.

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Separate to this specific consultation paper we wish to also note our concern with the lack of stakeholder engagement to date with the implementation of TESSA. The extremely compressed timeframe to navigate a new registry within which 'live' ESCs are held, delayed transactions being completed for a number of days, thereby disrupting the market. TESSA training for scheme participants that is scheduled / for February 2023 is also significant oversight to the immediate needs of stakeholders using a live registry.

We would like to request a copy of the Terms and Conditions pertaining to IPART's Service Now implementation. We will provide separate communications with a more comprehensive list of our concerns about features and functionality of the new TESSA registry. **Appendix A** details some of our concerns regarding TESSA.

We provide responses to the specific consultation paper questions in the **attached table**. If you wish to discuss any aspect of this submission further, please contact [redacted] at [redacted]. Please do not hesitate to contact us for further consultation.

Yours sincerely,

[redacted]

Susan Setiawan
Head of Carbon Advisory, Regulations and Reporting
Origin Energy Limited
[redacted]

Attachment: Responses to consultation paper questions

Issue	*Consultation question*	*Origin comment*
1. Page 2	Is there anything about the combined audit approach that will impact (positively or negatively) your current processes? If so, what are the issues?	While we appreciate the investigation into efficiencies of combined ESS and PDRS audits there may be value in keeping reporting calendars separate for the first compliance period (2022-23) of the PDRS as stakeholders master the new scheme and its requirements. There are also other significant regulatory changes and consultations on the horizon. Scheme participants such as Origin Energy are familiar with and have well established processes for the ESS. As with all new schemes how customers, activity providers and the market will behave are unknown. We believe all stakeholders will be better placed to provide more meaningful recommendations once the first compliance year of the scheme has taken place and opportunities for efficiency become more apparent. Any feedback prior to this would be of limited value and may even cause the need for a second adjustment the following year to remedy unintended consequences of dramatic changes to timelines. Multiple adjustments are highly undesirable due to the significant administration involved in establishing and approving changes to the yearly reporting calendar. The respective schemes report on distinctly different data (ESS whole calendar year and PDRS 4 peak days between 14:30 and 20:30 AEST over November to March period). The proposed timeline appears to be drawn out and it is difficult to determine from where the efficiencies are derived. Stakeholders would likely end up in progress arrangements throughout the year with auditors rather than distinct audit periods, such arrangements are usually a more expensive exercise. We appreciate the mirroring of the ESS where possible, however we do not believe this extends to reporting and the audit at this stage. Reviewing the proposed PDRS timeline whether the audits are combined or not: - Scheme participants would be able to communicate with IPART regarding whether they had non-market acquisitions and exemptions much earlier than 31 May if a simple yes or no is required. Post compliance period (31 March) 1 April is likely to be possible.

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		- AEMO data should be supplied as close as possible to the current ESS time frame, we consider mid-August unnecessarily late in the year which ultimately compresses the audit. While data provided later in the year is of greater accuracy there is a need to balance accuracy with reporting risk and burden. In our experience where there are changes with later revisions of data they tend to be immaterial and do not present significant enough of a gain in reporting to justify the drawn out reporting year. We recommend when the scheme is reviewed that a 'wash-up' task is incorporated, this would enable a more reasonable reporting timeline. - Competing deadlines in September/October with National Greenhouse Emission Reporting, Safeguard Mechanism Baseline Setting, Quarterly SRES and GreenPower, as well as internal reporting, additional PDRS requirements would add to the burden at an already challenging period, add to that the availability of auditors. June-August would be a more suitable period to conduct an audit. - If earlier versions of AEMO data may be used, we suggest the publication of scheme liable demand and annual statement both be scheduled a month earlier (Scheme Liable Demand 15 October and Annual Statement 15 November). - Any opportunity to shuffle the proposed calendar towards the front end of the year would reduce workflow and resource management challenges towards the end of the year. The consultation paper proposes surrender dates for the ESS as 30th September and PDRS as 15th February. If ESS and PDRS reporting were combined, we would recommend surrender dates should be too, as well as AESS and PDRS liable demand submission dates. For PDRS liable demand provision we suggest submission by 30 August.
2. Page 2	Does the timing of the combined audit approach adversely affect your business? If it does, please explain how.	Yes, the proposed timeline appears to be drawn out in sections and compressed in others. For example, while 20 week revision data would provide greater accuracy there needs to be consideration of reporting risk and burden which it would add to. In our experience changes between revisions tend to be immaterial. The use of 20 week data from the end of the PDRS season allows for a maximum of six weeks to complete the audit. It has been noted that there could be delays with data delivery, but the audit submission would firmly remain 30th September.

		Publication of the scheme liable demand and submission of PDRS annual statement timing is too close to the end of the year. We recommend respective tasks are scheduled one month earlier than currently proposed. Other timing challenges listed in the answer to question number one.
3. Page 2	Would you prefer to keep the audit and compliance processes separate? If so, why?	Yes. See response 1.
4. Page 2	Are there any benefits to you to use the 20 week revised statement from AEMO for your ESS reporting? Is so, what are they?	Comparative to the turnaround required to deliver the audit by the deadline, we do not believe so.
5. Page 3	Given the timing set out above, could the audit of Individual Liable Demand and the AESS be completed by 30 September?	After seeking external advice, we believe this will be challenging.
6. Page 3	Are there any impacts on your business from deferring ESS shortfall penalty payments to March in the following year?	We do not believe so.
7. Page 3	Does requiring shortfall penalty payments for both schemes at the same time have an impact on your business? If so, please explain what these impacts are	The mid-April timing is manageable. Earlier in the year and June are undesirable times due to competing tasks.

Appendix A: TESSA Registry concerns

Title	Description	Category
Registration of multiple liable entities	Unlike all other registries with which we interact TESSA requires unique email accounts for each business. This presents security, operational and communication risks.	General
Public register of ESCs difficult to use	Navigation is not intuitive. Similar language or icons from the previous registry would have been helpful.	General
Poor layout	Service now registry format not ideal for trading activities.	General
Account Administration	Unable to restrict access to activities such as surrenders or transfers during user creation including "read only" access.	Account Administration
User Termination	User maintenance cannot be completed by registry admin. This is a risk and vital part of account management to ensure holdings are not at risk.	Account Administration
Static Organisation Details	Unable to edit OEEL business details such as address or add in ACN.	Account Administration
Admin Menu Options	Menu links to manage account are not presented anywhere other than at the bottom of the Organisation Details page as a footer for "related links". These links are not clearly available anywhere else in TESSA.	General
No summary holdings	Unable to view available certificates on home screen.	Inventory Management
Search Certificates	No detailed certificate search functionality.	Inventory Management
Data extraction	Unable to extract certificate holdings from registry or transaction log.	Inventory Management
Certificate Holdings	Certificate project details not available, accreditation information and batches not providing much value.	Inventory Management
General lack of meaningful information being presented	Transfer list does not indicate direction - Buy/Sell (inbound/outbound).	Inventory Management
Transaction notification email lacking transaction information	Transaction notification should present certificate volume and transferring account name.	General
Purpose of reject comments in approval screen unclear	During certificate acceptance the comments box notes rejection rather than comments.	General
Certificate tagging	Certificate tagging completed using transaction rejection comments.	Inventory Management

Title	Description	Category
Transaction log	Seeking extractable transaction log to view buy, sell and surrender transactions, as well as transacting account details such as the initiator.	Inventory Management
Clicking "My Cases" does not allow certificate transaction approvals	Clicking "My Cases" and then the transaction ID does not allow for certificate transfers to be accepted. Acceptance seems to only be available via the TESSA home screen.	Inventory Management
Cancelation of certificate transfers	Unable to cancel a transfer of certificates. Cancelations rely on recipient rejecting a transaction.	Inventory Management