

Changing audit and certificate creation limit conditions consultation – What we heard

13 May 2024

Thank you to everyone who provided a submission. This paper outlines the key insights from the consultation including a summary of stakeholder feedback. We have carefully considered the feedback provided and this has informed our final approach and [Guide for amending audit and certificate creation limit conditions \(Guide\)](#).

We received 8 written submissions and met with the Energy Savings Industry Association (**ESIA**) at its request to hear members' views.

Five public submissions and submissions from 2 respondents that requested to remain anonymous are published on our website. One confidential submission has not been published. With the respondent's permission, feedback in the confidential submission has been included in the general summary of stakeholder feedback (section 3).

1 Consultation outcomes

The Scheme Administrator has decided to refine the approach outlined in the consultation paper. Feedback from consultation clearly indicated we need to better explain how the new approach will work, and that respondents supported balancing flexibility with opportunities for learning. Our new [Guide](#) clarifies:

- our expectations about undertaking audits and progressing through certificate creation limit conditions for an ACP with good compliance
- applications are assessed on a case-by-case basis – this means we may not grant an application or may set a lower certificate limit if we are not satisfied the information provided supports the request and that compliance risks are low
- what we take into account when assessing your application, including compliance risks
- unaudited certificate creation limits are set within a range that reflects our assessment of the risks.

The Guide provides examples illustrating how conditions may change over time for Accredited Certificate Providers (**ACPs**) with different compliance histories to help ACPs understand our approach.

We will begin using the new approach for applications to change audit and certificate creation limit conditions that are received from today:

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, past, present and emerging. We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

- You should now apply using the new [application form](#).
- If you have already submitted an application, we will contact you to discuss your application.
- If you are preparing an application you can contact us via TESSA or by emailing ess_applications@ipart.nsw.gov.au to discuss your options.

To assist ACPs we have:

- published a [Guide for amending audit and certificate creation limit conditions](#)
- published a new [application form](#) for applying to amend audit and certificate creation limit conditions
- updated our website and [Application for Accreditation Guide – ACPs](#)
- made minor changes to other application forms to reflect the new approach.

2 Key insights from feedback

- Respondents were generally supportive of the proposed change in approach.
- The introduction of an application form was supported.
- Some stakeholders were concerned that the new approach would lead to certificate creation limits being increased too quickly without sufficient scrutiny, especially for new ACPs.
- There was also a view that more flexibility would remove barriers to entry and enable greater competition.
- There was mixed support for the proposed 'automatic' progression from pre-registration to a volumetric limit – with those opposing mainly concerned this would occur without any assessment from IPART.
- Audits are a great learning tool and there were concerns that new ACPs would have less opportunity to learn if they are doing fewer audits.
- Stakeholders wanted greater clarity on what IPART would assess and what evidence we would use to determine whether an ACP should receive a higher certificate creation limit.
- Some ACPs are interested in applying for certificate creation limits higher than 200,000 ESCs/2,000,000 PRCs.

3 Summary of stakeholder feedback

Question	Summary of stakeholder feedback	IPART response
Would the introduction of an application form for amendments pose any issues or challenges for your business? Please provide details or examples where possible.	<ul style="list-style-type: none"> All respondents supported introducing an application form and did not foresee any major challenges or issues. There were suggestions that we move to an online application process within TESSA. Some respondents expressed interested in providing feedback on the application form. 	<ul style="list-style-type: none"> We have published a new application form which must be used from 13 May 2024. Future development plans for TESSA include online applications. We always welcome feedback on our guidance and documents and encourage stakeholders to send any feedback to ess_applications@ipart.nsw.gov.au
Do these proposed information requirements pose any issues or challenges for your business? Is there other information you could provide us to support your application? Please provide details or examples where possible	<ul style="list-style-type: none"> No respondents anticipated the information requirements would pose major issues or challenges. Several respondents provided suggestions for how the flow of information between IPART and ACPs could be improved. 	<ul style="list-style-type: none"> Our Guide for amending audit and certificate creation limit conditions (Guide) details the information required to support applications. We value open communication and welcome the suggestions for improving communication channels between IPART and ACPs.
Does the proposal to automatically progress from pre-registration to periodic audit conditions (providing the first audit is satisfactory and there are no compliance issues) raise any issues or challenges for your business? Please provide details or examples where possible.	<ul style="list-style-type: none"> Respondents held diverse views about this proposal, with some supporting and others suggesting a different approach. Respondents that suggested a different approach expressed a range of concerns including: <ul style="list-style-type: none"> risks to scheme integrity and consequently to the reputation of the scheme removal of learning opportunities for new ACPs through reduced audits – as audits are a useful learning tool needing greater clarity around the evidence IPART would use to determine that an ACP is ready to move to higher limits. 	<ul style="list-style-type: none"> We are always working to improve the integrity of the scheme and consider this is best achieved through taking a risk-based approach to administration and compliance. In keeping with a risk-based approach we will assess all applications and make decisions on a case-by-case basis to appropriately manage risks. Critical to the integrity of the scheme is ensuring ACPs understand their obligations and we are always exploring ways to better educate and inform our stakeholders. The Guide sets out how IPART assesses applications and the evidence we require to make this assessment. Audit conditions set mandatory requirements. However, it is open to ACPs to conduct audits outside those requirements to manage risks and provide learning opportunities. Many ACPs initiate audits well under their audit limits to assist managing their limits and the timing of audits. We scrutinise the outcomes of all audits and address learnings through close out meetings with our ACPs. Any progression from a pre-registration audit to a periodic audit condition would only occur after a proper assessment of the compliance risk.

Question	Summary of stakeholder feedback	IPART response
Are you likely to need to apply for limits higher than 200,000 ESCs or 2,000,000 PRCs? Do you see any challenges or issues with the proposed approach to setting audit conditions for these higher limits? Please provide details or examples where possible.	<ul style="list-style-type: none"> Respondents' views on whether they were likely to apply for higher limits varied, with some indicating they would apply and others uncertain. 	<ul style="list-style-type: none"> We have provided information for ACPs seeking higher unaudited limits in our Guide. We expect these ACPs to have demonstrated ongoing compliance over high volumes of certificates and over a sustained period. We will require an audit at least every 6 months and may impose other conditions. We encourage ACPs to contact us to discuss applying for higher limits or if their situation changes.
Other feedback		
Table setting out our typical approach	<ul style="list-style-type: none"> Some respondents found the table setting out our typical approach confusing and disagreed with the unaudited certificate creation limit 'steps'. 	<ul style="list-style-type: none"> The table was intended to illustrate our typical approach to increasing certificate creation limits for an ACP with good compliance history where the risk of improper certificate creation is low. We have replaced the table with a figure and examples to illustrate how conditions may change over time to help ACPs understand our approach. Unaudited creation limits steps included in the table in the consultation paper were only ever intended to be indicative. Each application will be assessed on a case-by-case basis and limits set within a range that reflects our assessment of the risks.
Auditor availability and costs	<ul style="list-style-type: none"> Several respondents raised concerns about the limited availability of auditors, the associated impacts on audit costs and timeframes, and the flow on impacts for managing certificate allocation and for personnel and financial resourcing. 	<ul style="list-style-type: none"> We recognise ACPs' valid concerns about auditor availability and associated impacts.
Factors to consider in creating risk profile	<ul style="list-style-type: none"> It was suggested the calculation methods and previous certificate creation should be considered when creating an ACP's risk profile. ESIA suggested the risk matrix should include years of experience and the compliance record of the participating business, and guidance to inform IPART of any major staff changes within the business that impact on the skills of that team. 	<ul style="list-style-type: none"> The Guide sets out how IPART assesses applications and what evidence we require to make this assessment. This includes the activities ACPs undertake.