



Scheme Participant Information Session

February 2022

Agenda

Prelim Welcome and introductions

Part 1 Scheme Participant Compliance – 2021
Compliance year

Part 2 Peak Demand Reduction Scheme



NSW Energy Savings Scheme

Introductory session for Scheme Participants

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Agenda

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- 01 About the Scheme and legislative overview

 - 02 Scheme Participant obligations

 - 03 Scheme Participant compliance timeline

 - 04 Relevant legislation, guidance and tools

 - 05 Questions

About the Scheme

- The NSW Energy Savings Scheme (**ESS**) was established in 2009 under the *NSW Electricity Supply Act 1995* (**Act**)
- Seeks to reduce energy consumption in NSW by creating financial incentives to invest in energy savings projects.
- The Act defines who is required to participate in the scheme (scheme participants) and defines the energy savings target for the scheme.
- IPART is the Scheme Regulator of the ESS.

Legislative overview

Scheme Participants

- All scheme participants have an individual energy savings target, calculated from the energy savings target
- Scheme participants meet its individual energy savings target by surrendering energy savings certificates (**ESCs**)
- If a scheme participant fails to meet its target, it is liable to pay an energy savings shortfall penalty
- Scheme participants must lodge an energy savings statement each year

Who are Scheme Participants?

Scheme participants are:

- Electricity retailers
- Direct suppliers of electricity
- Market customers



Clause 4 of Schedule 4A to the Act and clause 29 of the Regulation defines who is required to participate in the scheme.

Scheme Participant obligations

1. Prepare an energy savings statement

Determine if you need to complete an Annual Energy Savings Statement (**AESS**) template or Nil return

2. Calculate your individual energy savings target

The individual energy savings target is calculated in your AESS or declared as zero in a Nil return

3. Meet your individual energy savings target and carried forward shortfall:

by acquiring and surrendering ESCs*

4. Have your energy savings statement audited (unless exempt)

5. Sign your statement according to signatory requirements

6. Lodge your statement by 30 April

Lodge your AESS (and audit) or Nil return

7. Pay an energy savings shortfall penalty if required

*If you fail to meet your individual energy savings target and carried forward shortfall by surrendering enough ESCs at step 3 you are liable for an energy savings shortfall penalty

1. Prepare an energy savings statement

- Scheme participants must lodge an energy savings statement each year using either the AESS template or **Nil Return Form**.



Liabile acquisitions are defined in Clause 10 of Schedule 4A to the Act

- Use the [annual energy savings statement template](#) to calculate your individual energy savings target, this is available from our website.

2. Calculate your individual energy savings target

$$\begin{array}{ccccccc}
 \textit{Individual} & & & & \textit{Energy} & & \\
 \textit{energy} & & & & \textit{savings} & & \\
 \textit{savings target} & = & \textit{Liabile} & \times & \textit{scheme target} & \times & \textit{Energy} \\
 \textit{(notional} & & \textit{acquisitions} & & \textit{(\%)} & & \textit{conversion} \\
 \textit{MWh)} & & \textit{(MWh)} & & & & \textit{factor}
 \end{array}$$



The scheme target for each compliance year is specified in Schedule 5 of the Act.



Clause 9 of Schedule 4A to the Act describes how to calculate your individual energy savings target.

3. Meet your individual energy savings target

- Scheme participants meet their individual energy savings target, and any carried forward shortfall by surrendering ESCs.
- A scheme participant may carry forward up to 10% of its individual energy savings target to the next year.
- Any shortfall carried forward must be remedied the following year

$$\begin{array}{ccccccc} \textit{ESCs required} & & & & & & \\ \textit{to be} & & & & & & \\ \textit{surrendered to} & = & \textit{Individual} & + & \textit{Shortfall carried} & - & \textit{Shortfall carried} \\ \textit{meet your} & & \textit{energy savings} & & \textit{forward from} & & \textit{forward to next} \\ \textit{target and} & & \textit{target} & & \textit{previous year} & & \textit{year} \\ \textit{shortfall} & & \textit{(notional MWh)} & & \textit{(notional MWh)} & & \textit{(notional MWh)} \end{array}$$

- Scheme participants may submit a **Nil return form** to declare that no ESCs need to be surrendered for the compliance year.

3. Meet your individual energy savings target (cont'd)

Registry account

- You can self-register an ESS Registry account, or request us to set it up for you by emailing ESSRegulator@ipart.nsw.gov.au.

Acquiring ESCs

- ESC trades occur outside of the ESS Registry, however the transfer of ESCs must occur in the ESS Registry.

Vintage of ESCs

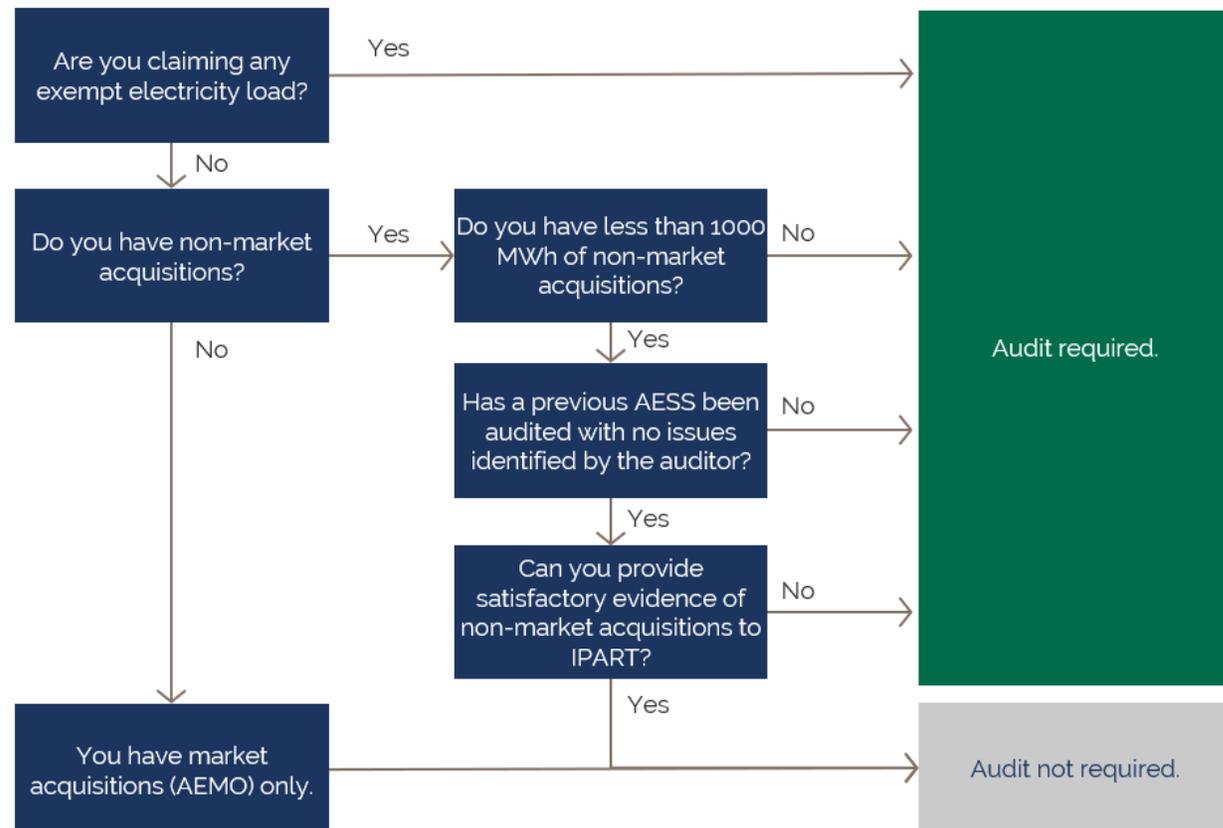
- Each ESC has a vintage
- Scheme participants can only surrender ESCs of a current compliance year vintage or earlier.

Surrendering ESCs

- ESCs are surrendered in the ESS Registry.
- Scheme participants can surrender or un-surrender up until 30 April.

4. Have your energy savings statement audited (unless exempt)

- Nil return forms do not require an audit.
- Further guidance can be found in the [Audit Guide – Scheme Participants](#) which is published on our website.



5. Sign your statement according to the Signatory requirements

We require scheme participants sign the energy savings statement either by:

1. Adhering to section 127 of the *Corporations Act 2001 (Cth)*.
That is, by:
 - 2 directors of the company; or
 - A director and a company secretary of the company; or
 - For a proprietary company that has a sole director who is also the sole company secretary – that director.
2. Signing by a person or persons who have provided evidence that the scheme participant has lawfully authorised them to sign the energy savings statement on the scheme participant's behalf.

6. Lodge your statement by 30 April

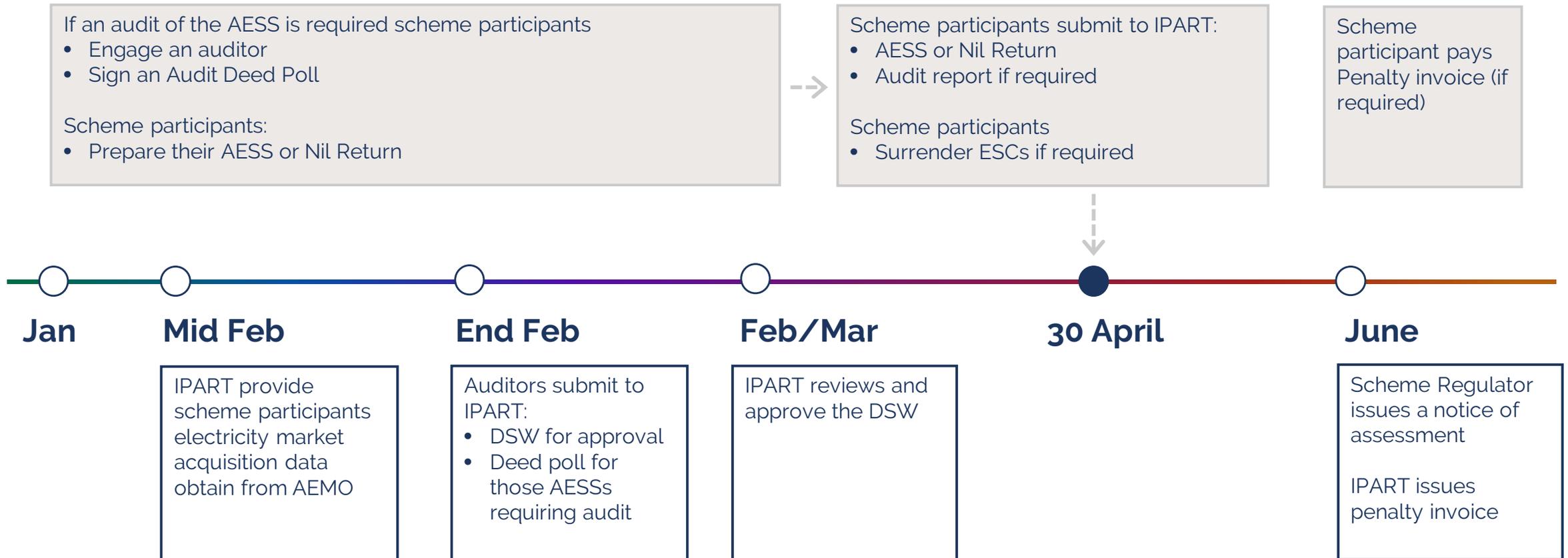
- You must lodge the documents relevant to your situation by 30 April by email to ESSRegulator@ipart.nsw.gov.au

Nil Return form	AESS
An electronic copy of the signed Nil Return	An electronic copy of the signed AESS
If adopting Option 2 of signatory requirements, evidence of the signatory's authority	Excel version of the AESS
	Audit report (where required)
	If adopting Option 2 of signatory requirements, evidence of the signatory's authority

7. Pay any energy savings shortfall penalty

- If you fail to meet your individual energy savings target
 - you are liable for an energy savings shortfall penalty.
- We will notify you of any liability for an energy savings shortfall penalty in your Notice of Assessment and in an accompanying invoice.
- Payment of this penalty is due by 30 June of the year the relevant AESS is lodged.

Scheme Participant compliance timeline



Additional guidance - Exemptions

- The Minister may grant full or partial exemptions from the scheme
- Exemptions are granted for specific activity and location
- Annual exemptions are published in the *Energy Savings Scheme (Electricity Load Exemptions) Order* (**Ministerial Order**)

Relevant legislation, guidance and tools

Document type	Document
Legislative requirements 	<i>Electricity Supply Act 1995</i> (Act) <i>Electricity Supply (General) Regulation 2014</i> (Regulation)
Exemptions legislation 	<i>Energy Savings Scheme (Electricity Load Exemptions) Order</i> (Ministerial Order) for the relevant compliance year <i>Scheme Regulator Exemptions Rule No. 1 of 2016</i> (Exemptions Rule).
Guidance Material 	<i>Compliance Guide – Scheme Participants</i> <i>Audit Guide – Scheme Participants</i> <i>Panel Agreement – Audit Services Panel</i>
Reporting and Administrative Tools 	<i>Template – Scheme Participants – Annual Energy Savings Statement</i> <i>Form – Scheme Participants – Nil Return</i> <i>DSW Submission Form – AESS</i>

Where do I find guidance?

Subject	Link
Audit panel members	https://www.ess.nsw.gov.au/Auditors-and-MV-Professionals/Audit-Panel
Audit requirements	https://www.ess.nsw.gov.au/Auditors-and-MV-Professionals/About-Audits/Auditing-Scheme-Participants
Scheme participant requirements	https://www.ess.nsw.gov.au/Scheme-Participants/Scheme-Participant-Requirements
Exempt electricity loads	https://www.ess.nsw.gov.au/Scheme-Participants/Exempt-Electricity-Loads
Targets and Penalties	https://www.ess.nsw.gov.au/Scheme-Participants/About-Targets-and-Penalties
Legislation	https://www.ess.nsw.gov.au/Home/About-ESS/Legislation-ESS-Performance
Applying for exemptions	https://energy.nsw.gov.au/government-and-regulation/energy-savings-scheme

Contact details

Contact details for questions about scheme participant compliance:

Phone: (02) 9290 8452

Email: ESSRegulator@ipart.nsw.gov.au

Questions

