IPART Energy Sustainability Schemes

Scheme Participant

Compliance Guide

V7.0 June 2025

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from IPART's website.

Document Control

Version number	Change description	Date published
V3.3	Renamed 'Compliance Guide – Scheme Participants' Updated references of Schedule 4A to the *Electricity Supply Act 1995*	December 2020
V3.4	Amended requirement and guidance for the Inputs – Exempt Loads worksheet of the AESS template.	January 2021
V3.5	Removed requirement for reporting proportion of electricity used in connection with specified activity for exempt electricity loads	March 2021
V4.0	Amended signatory requirements and additional guidance on scheme participant obligations and how to comply with these obligations.	December 2021
V4.1	Updated to reflect the introduction of The Energy Security Safeguard Application (TESSA) and minor changes in procedure	September 2022
V5.0	Updated to incorporate scheme participant obligations under the Peak Demand Reduction Scheme	June 2023
V6.0	Updated to reflect outcomes of the March 2024 consultation on operational changes to scheme participant compliance processes.	June 2024
V7.0	Updated to remove the requirement to submit a Declaration of Liable Acquisitions.	June 2025

Contents

1 About this guide

This document provides guidance for scheme participants to meet their obligations under the:

- Energy Savings Scheme (ESS) and
- Peak Demand Reduction Scheme (PDRS).

You should read this document in conjunction with the relevant legislation, guidance materials and reporting and administrative tools set out in Table 1.

Table 1 Documents relevant to ESS and PDRS scheme participants

Document type	Document
Legislative requirements	Parts 1 & 2 of Schedule 4A to the *Electricity Supply Act 1995* (**Act**) Parts 6 & 7 of the *Electricity Supply (General) Regulation 2014* (**Regulation**) *Peak Demand Reduction Scheme Compliance Rule of 2022* (**PDRS Compliance Rule**)
Exemptions legislation	Energy Savings Scheme (Electricity Load Exemptions) Order (**ESS Exemptions Order**)[a] Peak Demand Reduction Scheme (Electricity Load Exemptions) Order (**PDRS Exemptions Order)**[a] *Energy Savings Scheme - Scheme Regulator Exemptions Rule No. 1 of 2016* (**ESS Exemptions Rule**). *Peak Demand Reduction Scheme – Scheme Regulator Exemptions Rule No. 1 of 2023* (**PDRS Exemptions Rule**).
Guidance material	*Compliance Guide – Scheme Participants* (this document) *Audit Guide – Scheme Participants*
Reporting & administrative tools	Individual Liable Demand (TESSA online form)[b] ESS Annual Statement (TESSA online form)[b] PDRS Annual Statement (TESSA online form)[b] *DSW Submission Form – Scheme Participants*

[a] The ESS Exemptions Order and PDRS Exemptions Order are made periodically, generally each year. Refer to our website for current ESS and PDRS Exemptions Orders.

[b] Online forms are available in our online system TESSA.

2 Scheme participant obligations

The *Electricity Supply Act 1995* (NSW) (the **Act**) sets out scheme participant obligations under both the ESS and PDRS. There are five key scheme participant compliance obligations (Figure 1). Each compliance obligation relates to reporting of liable acquisitions.

Figure 1 Scheme participant compliance obligations

01	**Notify the Scheme Regulator of PDRS exemptions and liable acquisitions** Clause 88 of Schedule 4A to the Act
02	**Lodge an ESS Annual Energy Savings Statement (ESS Annual Statement)** Clause 26 of Schedule 4A to the Act
03	**Notify the Scheme Regulator of PDRS Individual Liable Demand** Clause 89 of Schedule 4A to the Act
04	**Lodge a PDRS Annual Statement** Clause 103 of Schedule 4A to the Act
05	**Pay any shortfall penalty** Clauses 18 and 100 of Schedule 4A to the Act

The first obligation – to notify us of exemptions and liable acquisitions – is a requirement of the PDRS only. The notification process is outlined in Section 3 of this guide.

The remaining obligations – lodging an ESS Annual Energy Savings Statement, notifying us of your PDRS Individual Liable Demand, lodging a PDRS Annual Statement and paying any shortfall penalty – are managed through our online system TESSA. You will need a TESSA account to complete these processes.[c]

Your ESS Annual Energy Savings Statement and PDRS Individual Liable Demand must include details of your liable acquisitions for the relevant compliance periods. Instructions for how to determine your liable acquisitions and the requirements for having your liable acquisitions audited are included in Sections 4 and 5 of this guide.

Section 6 details the process for lodging the ESS Annual Energy Savings Statement (referred to as the ESS Annual Statement in TESSA), PDRS Individual Liable Demand and PDRS Annual Statement in TESSA. Section 7 provides an overview of how we review and assess your compliance obligations and Section 8 outlines the process for paying any shortfall penalty.

[c] New scheme participants should contact the scheme participant compliance team at essregulator@ipart.nsw.gov.au for advice on creating a scheme participant TESSA account.

Key dates for scheme participant obligations are published on the scheme participant compliance timeline on our website. Please note that these dates are subject to change. You should refer to our website for the most up-to-date timeline.

The compliance timeline also sets out our responsibilities as Scheme Regulator. To help you meet your compliance obligations we will:

- determine and publish the scheme certificate target on our website
- nominate and publish the 4 peak days of the PDRS compliance period
- provide 20-week revision data from the Market Operator
- determine and publish the scheme liable demand
- publish information about the ESS and PDRS Exemptions Orders and ESS and PDRS scheme penalty rates on our website.

3 Notify us of PDRS exemptions and liable acquisitions

Clause 88 of Schedule 4A to the Act requires scheme participants to notify us of PDRS exemptions and certain liable acquisitions. We have aligned the requirements of this obligation with the requirement to notify the Scheme Regulator of your PDRS Individual Liable Demand. You will satisfy this obligation by lodging your PDRS Individual Liable Demand in TESSA by the due date published on our scheme participant compliance timeline.

4 Determine your liable acquisitions

Liable acquisitions are defined under clause 10 of Schedule 4A to the Act for the ESS and clause 90 of Schedule 4A to the Act for the PDRS. You must report your liable acquisitions for the relevant compliance period as follows:

- for the ESS – the period from 1 January to 31 December
- for the PDRS – the period between 2:30pm and 8:30pm AEST on each of the 4 peak days of the compliance period as published on our website

You are required to report the following categories of liable acquisitions:

- Market acquisitions
- Non-market acquisitions
- Exempt electricity loads

Your total liable acquisitions are the sum of your market acquisitions and non-market acquisitions minus any exempt electricity loads that you are entitled to claim.

In the sections that follow we provide guidance on how to determine your liable acquisitions under each of the categories outlined above.

4.1 Market acquisitions

Market acquisitions include:

- purchases of electricity from the Market Operator, and
- if you are a direct supplier of electricity,[d] the supply of electricity of a kind specified by the regulations

Purchases from the Market Operator

Electricity purchases from the Market Operator that must be reported as a liable acquisition are defined by clause 10(1) of Schedule 4A to the Act for the ESS and clause 90(1) of Schedule 4A to the Act for the PDRS.

We will provide 20-week settlement run data from the Market Operator for the relevant ESS and PDRS periods to help you to determine your market acquisitions.

[d] Direct suppliers of electricity are prescribed by clause 29 of the Regulation for the ESS and clause 59C of the Regulation for the PDRS

Direct supply of electricity

If you are a direct supplier of electricity under clause 29(1) or 59C(1) of the Regulation and you have supplied electricity of a kind specified by clause 29(2) or 59C(2) of the Regulation during the relevant compliance period, you must report this supply as a liable acquisition.

Direct supplies of electricity that must be reported as a liable acquisition are defined by clause 10(2)(b) of Schedule 4A to the Act for the ESS and clause 90(2)(b) of Schedule 4A to the Act for the PDRS.

We will provide 20-week settlement run data from the Market Operator for the relevant ESS and PDRS periods to help you to determine your market acquisitions.

4.2 Non-market acquisitions

Non-market acquisitions include:

- Non-market purchases
- Non-market supply of electricity generated by a retailer.

You must use comprehensive billing or other appropriate metering data (i.e. customer metering data) and have data capture systems which can be examined by an auditor to provide reasonable assurance that the non-market acquisitions reported are accurate.

If you have non-market acquisitions that are not measured by an interval meter (i.e. a basic meter), you will need to determine the timing of the non-interval purchases for the purpose of calculating your PDRS non-market acquisitions during the period between 2:30pm and 8:30pm AEST on the 4 peak days. Section 7 of the PDRS Compliance Rule provides two methods for determining non-interval acquisitions.

Non-market purchases

Non-market purchases are defined by clause 10(1) of Schedule 4A to the Act for the ESS and clause 90(1) of Schedule 4A to the Act for the PDRS. You should not include:

- purchases of electricity later acquired by the Market Operator through the NEM (e.g. the purchase of electricity by a retailer from a customer's rooftop solar that is onsold to the Market Operator)
- purchases of electricity from another scheme participant where the electricity has been treated as a liable acquisition for that other scheme participant or for a scheme participant further up the chain of supply.[e]

[e] Clause 10(2A) of Schedule 4A to the Act.

Non-market supply of electricity generated by a retailer

Non-market supplies of electricity generated by a retailer are defined by clause 10(2)(a) of Schedule 4A to the Act for the ESS and clause 90(2)(a) of Schedule 4A to the Act for the PDRS. You should not include electricity generated by you and later acquired by the Market Operator through the NEM (e.g. the generation of electricity from a coal fired power station that is supplied to the Market Operator).

4.3 Exempt electricity loads

The ESS Exemptions Order and PDRS Exemptions Order (the Orders) identify electricity loads that are eligible for exemption from each scheme for the relevant compliance period.[f] The ESS Exemptions Rule and PDRS Exemptions Rule outline how exemptions are to be calculated under Division 5 of Part 1 (ESS) and Division 3 of Part 2 (PDRS) of Schedule 4A to the Act.

Exemptions can only be claimed for electricity supplied in connection with a specified activity at the location listed in the Orders. To determine an exempt electricity load you must:

1. use unadjusted meter data[g] from the relevant NMI to determine the electricity supplied (MWh) in connection with the specified activity
2. multiply the electricity supplied by the exempt proportion (90%) set out in the Orders for the specified activity to determine the exempt proportion (MWh)
3. determine a deduction for losses (MWh) equivalent to 5% of the exempt proportion (MWh) determined in point 2 above.

The exempt electricity load is the sum of the exempt proportion (MWh) and the deduction for losses (MWh).

[f] Refer to our website for current ESS and PDRS Exemptions Orders.

[g] Unadjusted meter data is meter data prior to the application of loss factors.

5 Have your non-market acquisitions and exempt electricity loads audited, unless exempt

You are required to conduct an audit if:

1. You rely on an exempt electricity load, or
2. You have non-market acquisitions[h] and you do not meet the following exemption criteria:
    - your total non-market acquisitions are less than:
    – 10,000 MWh for the ESS compliance period
    – 45 MWh for the PDRS compliance period, and
    - you can provide satisfactory evidence of ESS and PDRS non-market acquisitions to us for internal assessment.

Audit requirements

The audit process is described in the *Audit Guide – Scheme Participants*. Key requirements that apply to the audit include:

- Where an audit is required, you must engage an approved auditor from the Audit Panel.
- You can only engage the same auditor for 3 consecutive audits.
- Auditors must submit a *DSW Submission Form – Scheme Participants* to us prior to audit.
- Auditors must abide by the Audit Services Panel Agreement.
- Auditors must declare any conflicts of interest

[h] Non-market acquisitions include non-market purchases and non-market supply of generation by a retailer as described in Section 4.2.

6 Reporting in TESSA

You are required to lodge your ESS Annual Statement, PDRS Individual Liable Demand and PDRS Annual Statement in TESSA. The purpose of each of these lodgements is outlined in Table 2.

Table 2 Purpose of ESS & PDRS Annual Statement and Individual Liable Demand

Document	Purpose
ESS Annual Statement	Allows you to submit your ESS liable acquisitions information and audit report (if required) to TESSA and nominate certificates for surrender and any carry forward shortfall to meet your obligations under the ESS.
PDRS Individual Liable Demand	Allows you to submit your PDRS liable acquisitions information and audit report (if required) to TESSA.
PDRS Annual Statement	Allows you to nominate certificates for surrender and any carry forward shortfall to meet your obligations under the PDRS.

Note that while the ESS process is a single-step process, the PDRS process is separated into two steps. This is because PDRS individual certificate targets cannot be determined until all scheme participants have lodged their PDRS Individual Liable Demands and we have published the scheme liable demand on our website.

Based on the information you submit to TESSA at each of these steps, TESSA will:

- calculate your individual energy savings target and determine how many energy savings certificates (**ESCs**) you need to surrender to meet your ESS obligations
- calculate your individual liable demand
- calculate your individual certificate target and determine how many peak reduction certificates (**PRCs**) you need to surrender to meet your PDRS obligations.

Details of the calculations automated in TESSA are included in Appendix A.

The following sections outline the processes for lodging your ESS Annual Statement, PDRS Individual Liable Demand and PDRS Annual Statement in TESSA.

6.1 Lodge your ESS Annual Statement in TESSA

You must lodge your ESS Annual Statement in TESSA by the due date published on our scheme participant compliance timeline to satisfy your obligations under clause 26(1) of Schedule 4A to the Act.

The process for lodging your ESS Annual Statement is detailed in the TESSA Knowledge Articles video and described below.

6.1.1 Create an ESS Annual Statement case

Log in to TESSA and create an ESS Annual Statement case for the compliance year.

In the ESS Annual Statement case:

1. Enter your liable acquisitions information for the ESS compliance period as follows:
   - *Market Acquisitions (AEMO)(MWh):* enter the total of your purchases of electricity from the Market Operator and direct supply of electricity (refer to Section 4.1)
   - *Non-market Acquisitions (MWh):* enter the total of your non-market purchases and non-market supply of electricity generated by a retailer. (refer to Section 4.2)
   - *Exempt Electricity Loads (MWh):* enter the total of all exempt electricity loads being claimed (refer to Section 4.3).[i]
2. Attach your:
   - Audit report, if required
   - Other supporting documents, as necessary

To add attachments, select the (paperclip icon) at the bottom of the case.

Tick the 'Commit Documents to Submission' checkbox for all attached documents.

Select the (pencil icon) in the External Document table for each document and select a document type from the list. You can add a document note if you wish.

Select the 'Was this submission audited?' drop-down and select yes or no. If the submission was audited, select the auditor group who performed the work.[j]

Tick the 'Acknowledgement' checkbox acknowledging that the information in your ESS Annual Statement is correct and not misleading and that there are penalties for knowingly providing false or misleading information.

Tick the 'Offline Payment' checkbox if you wish to pay using the offline payment method. If you wish to use the online payment method leave this checkbox unticked. Do not make any payment until we have reviewed your ESS Annual Statement case and you have received a penalty invoice (refer to Sections 7 and 8).

Within the ESS Annual Statement case TESSA calculates:

- your individual energy savings target for the compliance year
- the maximum shortfall you can carry forward to next year[k]
- how many ESCs you need to surrender to avoid a shortfall penalty.

[i] All exempt electricity loads must be calculated in accordance with the ESS Exemptions Rule.

[j] An ESS Annual Statement requiring an audit will not be considered complete unless an audit report is attached at the time of submission in TESSA.

[k] A scheme participant may nominate to carry forward up to 10% of its individual energy savings target to the next year but must remedy that shortfall carried forward in the next year.

6.1.2 Nominate carry forward shortfalls and ESCs for surrender

When you submit your ESS Annual Statement you must nominate:

- any shortfall you wish to carry forward to the next year
- the number of ESCs you wish to surrender against your combined individual energy savings target and shortfall carried forward from the previous year.

If you fail to surrender enough ESCs to meet your individual energy savings target, as well as any shortfall carried forward from the previous year, then you will have an energy savings shortfall and be liable to pay an energy savings shortfall penalty (refer to Section 8).

Restrictions on the surrender of certificates

Certificates surrendered to meet an ESS individual energy savings target for a compliance period or carried forward shortfall from the previous year must be:

- Energy Savings Certificates (**ESCs**)
- ESCs created in relation to energy savings that occurred before the end of the year to which the energy savings statement relates [a]

You should consider these restrictions when acquiring certificates.

a. This means the ESC must have a 'vintage' of the current compliance year or earlier. For example, scheme participants can only surrender ESCs of 2009 to 2024 vintage to meet a 2024 compliance year obligation, 2025 vintage ESCs cannot be surrendered against a 2024 compliance year obligation.

6.1.3 Submit your ESS Annual Statement

Once you have entered your liable acquisitions data, attached any required documents and nominated any carry forward shortfall and ESCs for surrender, you will be able to submit your ESS Annual Statement case to us for review (refer to Section 7).

After the case is submitted a case number will be generated and you will receive an email notification confirming your submission.

6.2 Lodge your PDRS Individual Liable Demand in TESSA

You must lodge your PDRS Individual Liable Demand in TESSA by the due date published on our scheme participant compliance timeline to satisfy your obligations under clause 89(4)of Schedule 4A to the Act.

The process for lodging your PDRS Individual Liable Demand is detailed in the TESSA Knowledge Articles video and described below.

6.2.1 Create a PDRS Individual Liable Demand case

Log in to TESSA and create a PDRS Individual Liable Demand case for the compliance period.

In the PDRS Individual Liable Demand case:

1. Enter your liable acquisitions information for the period between 2:30pm and 8:30pm AEST on the 4 peak days of the PDRS compliance period as follows:
   - *Market Acquisitions (AEMO) (MWh):* enter the total of your purchases of electricity from the Market Operator and direct supply of electricity (refer to Section 4.1)
   - *Non-market Acquisitions (MWh):* enter the total of your non-market purchases and non-market supply of electricity generated by a retailer (refer to Section 4.2)
   - *Exempt Electricity Loads (MWh):* enter the total of all exempt electricity loads being claimed (refer to Section 4.3)[l]
2. Attach your:
   - Audit report, if required
   - Other supporting documents, as necessary

To add attachments, select the (paperclip icon) at the bottom of the case.

Tick the 'Commit Documents to Submission' checkbox for all attached documents.

Select the (pencil icon) in the External Document table for each document and select a document type from the list. You can add a document note if you wish.

Select the 'Was this submission audited?' drop-down and select yes or no. If the submission was audited, select the auditor group who performed the work.[m]

Tick the 'Acknowledgement' checkbox acknowledging that the information in your PDRS Individual Liable Demand is correct and not misleading and that there are penalties for knowingly providing false or misleading information.

TESSA calculates your individual liable demand for the compliance period.

You do not need to nominate any carry forward or certificates for surrender as part of your PDRS Individual Liable Demand submission. You will make this nomination in your PDRS Annual Statement.

6.2.2 Submit your PDRS Individual Liable Demand

Once you have entered your liable acquisitions data and attached any required documents, you will be able to submit your PDRS Individual Liable Demand case to us for review (refer Section 7).

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l All exempt electricity loads must be calculated in accordance with the PDRS Exemptions Rule.

m A PDRS Individual Liable Demand case requiring an audit will not be considered complete (i.e. in a form approved by the Scheme Regulator) unless an audit report is attached at the time of submission in TESSA.

After the case is submitted a case number will be generated and you will receive an email notification confirming your submission.

6.2.3 The Scheme Regulator publishes the Scheme Liable Demand

We will determine the scheme liable demand by adding together each scheme participant's individual liable demand. We will publish the scheme liable demand on our website by the date listed on our scheme participant compliance timeline. TESSA uses the scheme liable demand to calculate your individual certificate target for your PDRS Annual Statement.

6.3 Lodge your PDRS Annual Statement

You must submit your PDRS Annual Statement in TESSA by the due date published on our scheme participant compliance timeline to satisfy your obligations under clause 103(1) of Schedule 4A to the Act. You will not be able to lodge your PDRS Annual Statement until the scheme liable demand has been published (refer to Section 6.2.3).

The process for lodging your PDRS Annual Statement is detailed in the TESSA Knowledge Articles video and described below.

6.3.1 Create a PDRS Annual Statement case

Log in to TESSA and create a PDRS Annual Statement case for the compliance period.

In the PDRS Annual Statement case:

1. Link your PDRS Individual Liable Demand case for the compliance period. This will auto-populate your liable acquisitions information.
2. Attach any other supporting documents required.

You do not need to attach your Audit Report here as you will have attached it to your PDRS Individual Liable Demand case, if required.

To add attachments, select the 📎 (paperclip icon) at the bottom of the case.

Tick the 'Commit Documents to Submission' checkbox for all attached documents.

Select the ✏ (pencil icon) in the External Document table for each document and select a document type from the list. You can add a document note if you wish.

Tick the 'Offline Payment' checkbox if you wish to pay using the offline payment method. If you wish to use the online payment method leave this checkbox unticked. Do not make any payment until we have reviewed your PDRS Annual Statement case and you have received a penalty invoice (refer Sections 7 and 8).

TESSA calculates:

- your individual certificate target for the compliance period

- the maximum shortfall you can carry forward to the next year[n]
- how many PRCs you need to surrender to avoid a shortfall penalty.

6.3.2 Nominate carry forward shortfalls and PRCs for surrender

When you submit your PDRS Annual Statement you must nominate:

- any shortfall you wish to carry forward to the next year
- the number of PRCs you wish to surrender against your combined individual certificate target and shortfall carried forward from the previous year.

If you fail to surrender enough PRCs to meet your individual certificate target and any shortfall carried forward from the previous year, then you will have a shortfall and be liable to pay a shortfall penalty (refer Section 8).

Restrictions on the surrender of certificates

Certificates surrendered to meet a PDRS individual certificate target for a compliance period or carried forward shortfall from the previous year must be:

- Peak Reduction Certificates (**PRC**)
- PRCs that either:
  - are registered as 'Active' at the time of surrender, or
  - were registered as 'Active' during the compliance period for which the certificate is surrendered.

Peak Reduction Certificates are 'Active' for a limited time. They will expire on 31 October, in the year 2 years after their vintage.[a]

Expired certificates **can only be surrendered** by a scheme participant to meet a target or carried forward shortfall if the PRC was active during the compliance period for which the certificate is surrendered. Expired certificates cannot be transferred.

You should consider these restrictions when acquiring certificates.

a. For example, 2023 vintage PRCs will expire 31 October 2025

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[n] A scheme participant may nominate to carry forward up to 10% of its individual certificate target to the next year but must remedy that shortfall carried forward in the next year.

7 Assessing scheme participant compliance

After you lodge your ESS Annual Statement, PDRS Individual Liable Demand or PDRS Annual Statement we will:

- review each of your cases, and
- assess compliance with your reporting obligations.

If a scheme participant has failed to submit an ESS Annual Statement, PDRS Individual Liable Demand or PDRS Annual Statement we may make a default assessment.

The following sections outline each of these processes.

7.1 Reviewing the ESS Annual Statement, PDRS Individual Liable Demand and PDRS Annual Statement

We will review each of your ESS Annual Statement, PDRS Individual Liable Demand and PDRS Annual Statement cases when you submit them in TESSA. If submissions are incomplete (e.g. missing an audit report), errors are identified, or we require more information you will receive a request for information (**RFI**) though TESSA. You will be able to respond to the RFI in TESSA. The process for responding to an RFI is detailed in the TESSA Knowledge Articles video.

7.2 Assessing compliance with obligations

Once we have resolved any issues with the case, your case will be accepted. The next steps then depend on the type of case as follows:

PDRS Individual Liable Demand

For PDRS Individual Liable Demand you will receive an email notification that your case is complete. You will then be able to lodge your PDRS Annual Statement provided the scheme liable demand has been published.

ESS and PDRS Annual Statements

For the ESS Annual Statement and PDRS Annual Statement, if there is no shortfall penalty payable, you will receive an email notification that the case is complete. You will be able to view your Notice of Assessment within your TESSA case.

If a shortfall penalty is payable, you will receive an email notification that the case is awaiting payment. You will be able to view your penalty invoice together with your Notice of Assessment in your TESSA case. Section 8 outlines the process for paying a shortfall penalty. Once the penalty payment has been made you will receive an email notification that the case is complete.

7.3 Failure to lodge an ESS Annual Statement, PDRS Individual Liable Demand or PDRS Annual Statement

The Scheme Regulator may make a default assessment of your individual energy savings target, individual liable demand, individual certificate target and any resulting shortfall penalty if you fail to submit an ESS Annual Statement, PDRS Individual Liable Demand or PDRS Annual Statement in accordance with the Act[o].

We will notify you of any default assessments made and attach a Notice of Assessment and a penalty invoice, where relevant. You will be required to pay any shortfall penalty due.

Failure to lodge an ESS Annual Statement, PDRS Individual Liable Demand or PDRS Annual Statement by the due date are offences under the Act[p]. The maximum penalty for each offence is $27,500 for a corporation or $11,000 for an individual.

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o Clauses 28(c), 89(5) and 103(7)(a) of Schedule 4A to the Act and clauses 33, 62D and 62E of the Regulation.

p Clauses 26(6), 89(4) and 103(6) of Schedule 4A to the Act.

8 Pay any shortfall penalty

You must pay any ESS or PDRS shortfall penalties[q] by the due date published on our scheme participant compliance timeline to satisfy your obligations under clauses 18 and 100 of Schedule 4A to the Act. An unpaid shortfall penalty may be recovered in any court of competent jurisdiction as a debt due to the Crown.

You should not pay any shortfall penalty until a penalty invoice has been issued in TESSA. You can pay the invoice using one of the following methods:

- The online payment platform, or
- The offline payment method.

The following sections outline the process for each of these methods.

The online payment platform

Payment using the online payment platform is the preferred option. You can pay online using credit card, PayPal or PayID. No merchant fees apply.

To make a payment:

1. Open your Annual Statement case
2. Select 'Proceed to Payment' at the bottom of the case
3. You will be re-directed to the payment portal to pay through TESSA.

The offline payment method

Alternatively, you may pay offline using direct deposit:

1. Open the payment invoice in the Annual Statement case
2. Follow the offline payment instructions on the invoice
3. Email the Scheme Regulator at essregulator@ipart.nsw.gov.au to notify us once payment has been made.

[q] If you nominated to surrender fewer certificates than needed to meet your target and carried forward shortfall you will have been notified in your Notice of Assessment of a shortfall penalty and an invoice will be created in TESSA.

Appendix 1: TESSA Calculations

ESS Annual Statement

In the ESS Annual Statement, TESSA calculates your individual energy savings target and the number of ESCs you need to surrender to avoid paying a shortfall penalty as follows:

Calculating your individual energy savings target

Individual energy savings target (notional MWh)	=	*Liable acquisitions (MWh)*	x	*Energy savings scheme target (%)*	x	*Energy conversion factor*

Note. The energy savings scheme target and energy conversion factor for each compliance year are set out in Schedule 5 of the Act. The relevant energy savings scheme target and energy conversion factor are built-in to TESSA.

Calculating how many ESCs you need to surrender

ESCs required to be surrendered to avoid a shortfall penalty	=	*Individual energy savings target (notional MWh)*	+	*Shortfall carried forward from previous year (notional MWh)*	-	*Shortfall carried forward to next year (notional MWh)*

PDRS Individual Liable Demand

In the PDRS Individual Liable Demand, TESSA calculates your individual liable demand as follows:

Calculating your Individual Liable Demand

Individual liable demand, kilowatts	=	*Liable acquisitions, MWh*	÷	*(4 x 6)*	x	*1000*

PDRS Annual Statement

In the PDRS Annual Statement, TESSA calculates your individual certificate target and the number of PRCs you need to surrender to avoid paying a shortfall penalty as follows:

Calculating your individual certificate target

$$\textit{Individual certificate target, PRCs} = \textit{Individual Liable Demand, kilowatts} \div \textit{Scheme Liable Demand, kilowatts} \times \textit{Scheme Certificate Target, PRCs}$$

Calculating how many PRCs you need to surrender

$$\textit{PRCs required to be surrendered to avoid a shortfall penalty} = \textit{Individual certificate target, PRCs} + \textit{Shortfall carried forward from previous year, PRCs} - \textit{Shortfall carried forward to next year, PRCs}$$