Draft PDRS Method Guide consultation – What we heard

14 October 2022

This paper outlines the key themes of stakeholder submissions from the consultation on the draft Peak Demand Reduction Scheme (**PDRS**) Method Guide.

1 Next steps

Thank you to the stakeholders who provided written submissions to the consultation on the draft PDRS Method Guide for the Peak Demand Savings Capacity Method.

With the permission of the respondents, we shared the submissions with the Office of Energy and Climate Change, who are responsible for developing the legislative framework of the PDRS. We will use the feedback in the submissions to finalise the Method Guide.

2 Background

We consulted on the draft PDRS Method Guide in July-August 2022. Our objective was to obtain feedback on:

- whether the format and content of the Method Guide is helpful and makes it easy for Accredited Certificate Providers (ACPs) and prospective applicants for accreditation to understand their obligations, and
- the proposed less prescriptive approach to an ACP's record keeping requirements.

3 Consultation process

We published the draft PDRS Method Guide on the ESS website on 21 July 2022 and invited stakeholders by email and through our website material to provide written submissions by 5 August 2022.

We received submissions from Shell Energy and Morris Group Australia Pty Ltd. The table below sets out the key themes of the submissions and our response to each issue. The submissions are available on the ESS website.

Topic	Summary of stakeholder submissions	IPART response
Morris Group Australia Pty Ltd		
HVAC1 – Install a new high efficiency air conditioner or replace an existing air conditioner with a high efficiency air conditioner.	• The draft Method Guide did not address the problem of capacity matching. That is. where the rated cooling capacity of the new product should equal or be close to the rated cooling capacity of the decommissioned product.	• Activity definition HVAC1 does not have any requirements for capacity matching. Air conditioning activity definitions under the *Energy Savings Scheme Rule of 2009* were amended on 28 February 2022 and the requirement under D3 (now D16) that the replacement air conditioning unit must have a cooling capacity the same as or smaller than the unit that it replaces was removed. See our Fact Sheet for more information.
	• The Annual Energy Efficiency Ratio (**AEER**) should be used rather than Energy Efficiency Ratio (**EER**).	• References to EER have been amended to AEER.
	• The baseline cooling AEER values in Tables HVAC1.1 and HVAC1.2 should align with the equivalent values in Tables D16.2 and D16.3 of activity definition D16 under the Energy Savings Scheme (**ESS**). The Minimum AEER values in Table HVAC1.4 should align with the equivalent values in D16.5 of activity definition D16 under the ESS.	• The baseline cooling AEER values and Minimum AEER values have been amended to align with the equivalent values in activity definition D16 of the ESS.
Shell Energy		
Format of the Method Guide	Incorrect formatting of numerical endnotes.	Formatting issues associated with numerical endnotes have been fixed.
Contents of the Method Guide	• The draft Method Guide assumes that the reader is familiar with the ESS and does not elaborate on ESS concepts.	• We have removed the reference to *"The concept of an RPA is like the concept of a Recognised Energy Savings Activity (RESA) under the Energy Savings Scheme"*. We have included relevant ESS concepts (including "RESA" and "Energy Saver") in Appendix A.2 - Key Concepts.
	• Clarify whether the reference to "production" in ""permanently reduces production or service levels" refers to "production capacity" or "production output".	• How production is defined is dependent on the Recognised Peak Activity being implemented. We have amended the Method Guide to clarify that the temporary reduction of production or service levels during the period where peak demand reduction capacity is created by the RPA is not considered "permanent".
	• In Figure 1.2, change the word "discount" to "financial return" or similar. The word "discount" implies a specific financial model which might not fit within the business model of an ACP.	• Figure 1.2 is an example of the roles different stakeholders have in the PDRS. It is not intended to exclude other business models.
	• In the example in section 2.1, include a "x 10" certificate conversion factor consistent with how the calculations are shown in the Rule, i.e. 0.2kW x 6 hours x 10 (conversion factor). Also include a description of the network loss factor and use that in the example calculation to be consistent with the Rule.	• We have amended the example to include the "x10" certificate conversion factor and have referred to the Network Loss Factor in paragraph 7.2 and Appendix B of the Method Guide, which contains a comprehensive explanation about how PRCs are calculated for each Activity Definition.
		• We have amended the Method Guide to delete the reference to "carbon offsetting".

Topic	Summary of stakeholder submissions	IPART response
	• Delete "PRCs can also be surrendered voluntarily (e.g. for carbon offsetting)" in section 2.2.2 because PRCs do not have any correlation to carbon offsets and is not considered a carbon offsetting mechanism.	
	• The peak adjustment factor of 0.33 in Step 4 of Table B.2 does not exist in the corresponding Table A4 of the draft PDRS Rule.	• We have amended Step 4 of Table B.2 to state that the peak adjustment factor equals the baseline peak adjustment factor in accordance with the way peak demand reduction capacity is calculated for HVAC2.
Approach to record keeping requirements	• Clarify whether "you must keep appropriate records of each RPA for at least 6 years" (Table 4.1 - Method Guide Record Keeping Requirements) from the start of the relevant compliance period of the generated PRC or the Implementation Date. For example, for a PRC that is forward created in 2023 for Vintage 2030, will documentation required to be retained until 2036? • Include a 'declaration from installer as to proper disposal of end-user equipment' as an example of what is accepted to evidence compliance with disposal requirements to be consistent with the ESS	• We have amended this sentence to clarify that the records must be kept for at least 6 years *after the record is made*. This is consistent with clause 61Q(2)(a) of the *Electricity Supply (General) Regulation 2014*. We would expect that records associated with a PRC that is forward created in 2023 for Vintage 2030 would be audited within 6 years. • We have amended Table 6,3 to include an installer declaration as an example of the evidence that may prove end-user equipment has been disposed of correctly.