

PEAK DEMAND REDUCTION SCHEME – SCHEME REGULATOR EXEMPTIONS RULE NO.1 OF 2023

1 Name and commencement

- 1.1 This Rule is the *Peak Demand Reduction Scheme – Scheme Regulator Exemptions Rule No. 1 of 2023* and it commences on the date of its publication.

2 Objects of Rule

- 2.1 The objects of this Rule are to:
- (a) outline the manner in which Scheme Participants must calculate and claim deductions from the total value of their Liable Acquisitions in accordance with the exemptions under the Order; and
 - (b) specify how Scheme Participants must establish their entitlement to make any deductions relating to an exemption from the total value of their Liable Acquisitions in accordance with the Order.

3 Application of the Rule

- 3.1 Without limiting the persons to whom this Rule applies, this Rule applies to Scheme Participants who claim deductions from the total value of their Liable Acquisitions on the basis that they are supplying electricity used in connection with a Specified Activity at the corresponding Location.

4 Status of this Rule

- 4.1 This Rule is a rule made under the Order and clause 94(6) of Schedule 4A to the Act.

5 Calculating the Exempt Proportion

- 5.1 Pursuant to clauses 94(2) and (3) of Schedule 4A to the Act and the Order, a Scheme Participant may deduct from the total value of its Liable Acquisitions the Exempt Proportion of the electricity load (expressed in MWh) that is used in connection with a Specified Activity at the corresponding Location.

Note: The Exempt Proportion is the proportion specified in the relevant entry in Column 5 (Exempt proportion) of the Schedule to the Order.

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- 5.2 In calculating the Exempt Proportion, the Scheme Participant must use unadjusted data from the relevant NMI associated with a Location, which measures the electricity load used in connection with the relevant Specified Activity at the corresponding Location.
- 5.3 If there is more than one NMI associated with the Location, the Scheme Participant must calculate the Exempt Proportion using unadjusted data from each relevant NMI.

6 Deduction for losses

- 6.1 Pursuant to clause 94(4) of Schedule 4A to the Act and the Order, in addition to the deduction under clause 5, a Scheme Participant may also deduct an adjustment for losses equal to 5% of the Exempt Proportion from the total value of its Liable Acquisitions. This allows for losses occurring between the purchase of electricity by the Scheme Participant and its use in connection with the relevant Specified Activity at the corresponding Location.

Note: An allowance of 5% is specified in the Order.

- 6.2 The Scheme Participant must account for the deduction for losses under clause 6.1 separately to the Exempt Proportion.

Note: An example of how this deduction is calculated is set out below.

Example

Assumptions

This example assumes that:

a Scheme Participant purchased electricity from the Market Operator and supplied 100 MWh in connection with a Specified Activity at the corresponding Location for the period 2:30pm-8:30pm AEST on the 4 days that had the highest maximum demand for megawatts of electricity during the Compliance Period;

- (a) the Exempt Proportion for the Specified Activity at the corresponding Location is 90%; and
- (b) The allowance for electricity losses occurring between the purchase of the electricity by the Scheme Participant and its use by an end user for a Specified Activity at the Corresponding Location is 5% of the exempt proportion.

Calculation

Electricity used in connection with the Specified Activity at the corresponding Location (NMI reading)	100 MWh
Exempt Proportion (90% of 100 MWh) (A)	90 MWh
Deduction for losses (5% of 90 MWh) (B)	4.5 MWh
Value of electricity to be deducted from total value of Liable Acquisitions (sum of A and B)	94.5 MWh

7 Establishing entitlement to deduct electricity

- 7.1 In order to show that the deductions made by a Scheme Participant are made in accordance with the Order, the Scheme Participant must:
- (a) provide sufficient evidence and/or calculations to the Scheme Regulator, to establish, to the Scheme Regulator's satisfaction, that it has supplied the amount of electricity claimed in the deduction in connection with the Specified Activity at the corresponding Location during the Compliance Period for each of the NMIs to which the deductions relate;
 - (b) if requested by the Scheme Regulator, commission an independent audit of the deductions that it has claimed to verify that the deductions are made in accordance with the Order. The Scheme Participant is to bear the costs of any such audit; and
 - (c) if requested by the Scheme Regulator, provide any additional evidence and/or calculations to establish its claim for the deduction within the timeframe specified by the Scheme Regulator. The Scheme Participant must provide such evidence or

calculations where requested even if an independent audit has been conducted under clause 7.1(b).

Note: The types of evidence that the Scheme Participant may provide, or which the Scheme Regulator or an auditor may request may include billing records and/or invoices showing electricity supply in connection with the Specified Activity at the corresponding Location for individual NMIs. Where NMIs cannot be associated with the Specified Activity and/or the Location, a Scheme Participant may provide, or be requested to provide:

- site electrical diagrams, network maps, MSATS data and/or a statutory declaration by a person acceptable to the Scheme Regulator identifying the NMIs associated with the Specified Activity or Location; or
- a description of the physical boundaries of the Location, including relevant street names or a map showing those boundaries.

8 Definitions and Interpretation

8.1 In this Rule:

Act means the *Electricity Supply Act 1995* (NSW).

Compliance Period means the period commencing on 1 November and ending on 31 March the following year.

Exempt Proportion has the meaning given to it in the Order for the purposes of clauses 94(2) and (3) of Schedule 4A to the Act.

Liable Acquisition has the meaning given to that term under clause 90 of Schedule 4A to the Act.

Location means a location specified in Column 2 (Location) of the Schedule to the Order.

Market Operator means the Australian Energy Market Operator.

MSATS is the Market Settlements and Transfer Solutions administered by the Market Operator.

NMI means an individual National Meter Identifier.

Order means:

1. the *Peak Demand Reduction Scheme (Electricity Load Exemptions) Order 2022* published on 23 December 2022 in NSW Government Gazette No 591 at pages 8-12; and
2. any other order made under clause 93(1) of Schedule 4A to the Act from time to time which contains a provision deeming this Rule to be a Rule made under that other order.

Peak Demand Reduction Scheme means the scheme established by Part 2 of Schedule 4A to the Act.

Scheme Participant has the meaning given to that term under clause 81 of Schedule 4A to the Act.

Scheme Regulator has the meaning given to that term under clause 81 of Schedule 4A to the Act.

Specified Activity means an activity specified in Column 1 (Specified Activity) of the Schedule to the Order.

8.2 Notes and Examples in this Rule do not form part of the Rule.