

Newsletter

Issue 13, September 2009

INSIDE

What's different in ESS? • Compliance functions • Exemptions under ESS • ESS application forms and guides • Commercial Lighting Calculation Tools • DSA Rule amendment • DSA Rule 2009 certificate creations • GGAS penalty • Registry stats

Introduction

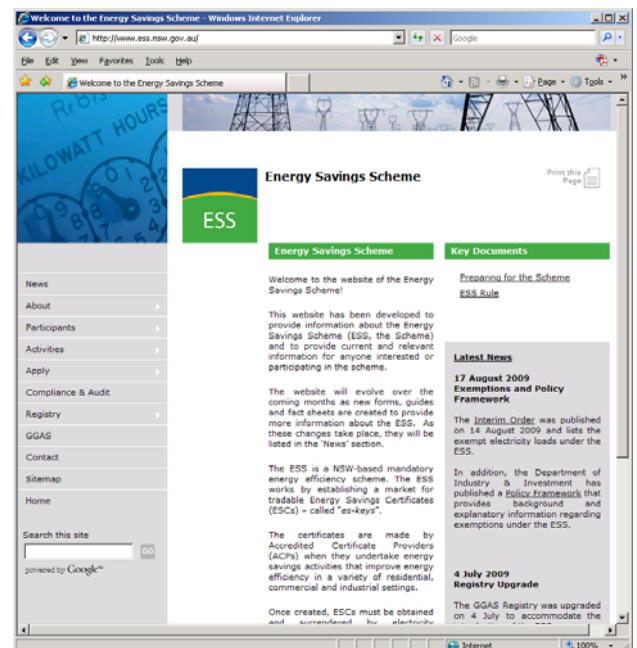
Welcome to Issue 13 of the GGAS Newsletter, now including information about the Energy Savings Scheme (ESS). In July of this year the energy efficiency part of GGAS ceased and was rolled into the new ESS. While incorporating much of the content and framework of GGAS, ESS has been set up to operate as a stand-alone scheme with its own targets, penalties, compliance dates and a new type of certificate called Energy Savings Certificate or ESC.

This newsletter is designed to provide regular updates to participants in both GGAS and ESS on developments in both schemes. General information can be found on the websites of both the Department of Industry and Investment (DII) at www.dwe.nsw.gov.au and the Department of Environment, Climate Change and Water at www.environment.nsw.gov.au. More specific information, including Fact Sheets and other documents to assist businesses to understand how to participate in the ESS and GGAS, can be found on our websites at www.ess.nsw.gov.au and www.greenhousegas.nsw.gov.au.

The ESS operates only in NSW and requires electricity retailers to reduce their electricity sales over time. Reductions in electricity are converted into certificates (ESCs) through accredited projects and can be traded. Retailers may undertake energy efficiency activities themselves, or they can purchase certificates from companies carrying out activities accredited under the ESS. After purchasing sufficient certificates, the retailers then surrender these in order to meet their target reductions. More detail on this is available from the ESS website.

Companies with eligible energy efficiency projects in GGAS that have decided to participate in ESS are being progressively transitioned and will be able to create ESCs from their projects. Two companies have now been accredited in ESS.

Both ESS and GGAS will run in parallel until GGAS ceases when the national emissions trading scheme, the Carbon Pollution Reduction Scheme, commences. This is scheduled to occur on 1 July 2011. ESS is designed to continue beyond this date and will operate until 2020 unless a national energy efficiency scheme with similar objectives is implemented before that time.



What's different in ESS?

ESS is an energy savings scheme as opposed to a greenhouse gas reduction scheme. Reductions in energy savings are measured in kilowatt hours instead of carbon dioxide equivalents. An ESC has the same value as a certificate created under GGAS and kilowatt hours are converted to tonnes of CO₂ equivalent.

ESS offers an expanded range of activities for which companies may apply for accreditation. One of them is Commercial Lighting and is the subject of a separate article in this newsletter. In addition, the Default Savings Factors under the Deemed Energy Savings Method have been expanded to include more activities. These can be found in the recently released Energy Savings Scheme Rule of 2009.

An important change under ESS is that companies will only need to be accredited once and may add to their accreditation, without paying another application fee, when they apply to amend their accreditation. It is intended that this will allow for quicker processing of new projects and will reduce transaction costs for participants.

ESS also differs from GGAS in that it allows Scheme Participants to exempt certain loads from their liable acquisitions. These loads have been specified in an Order published in the Government Gazette and is explained in more detail in a separate article in this newsletter.

Compliance functions

IPART acts as compliance regulator for both GGAS and ESS schemes. The compliance regulator oversees the annual compliance of participants by assessing Benchmark Statements (GGAS) and Energy Savings Statements (ESS).

Phillip Eyre is the Compliance Manager for both GGAS and ESS and can be contacted on (02) 9290 8452 or by email at ggas@ipart.nsw.gov (for GGAS participants) or ess@ipart.nsw.gov.au (for ESS participants).

Exemptions under ESS

The Minister may grant exemptions from the requirements of ESS via the publishing of a Ministerial Order in the Government Gazette. The exemptions may be granted in respect of any electricity load used by persons or activities that the Minister considers to be emission intensive and trade exposed. The first Ministerial Order (with an accompanying Policy Framework) was published in the Gazette on 14 August 2009 (www.dwe.nsw.gov.au/energy/pdf/government_gazette_14_aug_09_ess_exemption.pdf) and applies for the period 1 July to 31 December 2009.

The Order allows the Scheme Regulator to make rules regarding the deduction of exempt electricity loads by Scheme Participants.

A draft of the Scheme Regulator Exemptions Rule No. 1 was circulated to interested parties on 19 August. The rule provides guidance to Scheme Participants regarding the calculation of deductions and the application of an allowance of five per cent to account for losses in their Annual Energy Savings Statements.

ESS Application forms and guides

Following the start of ESS and release of the ESS Rule, the ESS website was launched to provide information and documentation about the Scheme. Documentation has been developed for participants in the Scheme providing support and guidance for emerging technologies, new calculation methods and a fresh take on the more established GGAS methodologies that have been expanded in ESS.

The ESS Application Form, Application Guide, Record Keeping Guide and a number of Fact Sheets are now available on the website. Application Forms and Guides are available for most calculation methods. Announcements are made in the Latest News section of the website as documentation is released or updated.

Commercial Lighting Calculation Tools

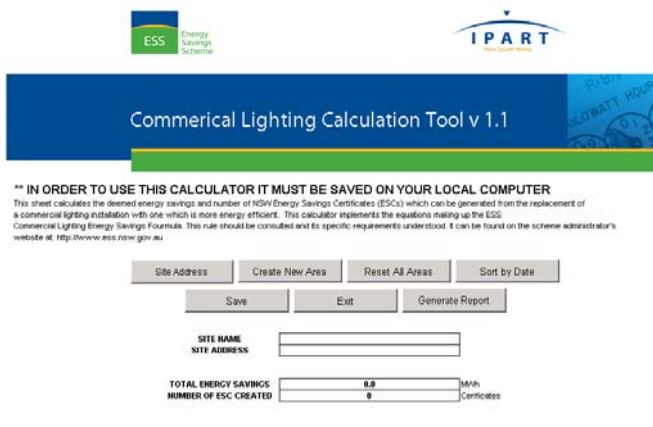
One of the goals of ESS is to reduce barriers for participation by simplifying and streamlining the process of quantifying energy savings for a range of standard activities. Commercial lighting refits are an activity which benefit from a new standardised methodology.

The Commercial Lighting Energy Savings Formula provides a simple method with which an Accredited Certificate Provider (ACP) can have the lifetime energy savings associated with the refit of a commercial lighting system recognised and deemed upfront at the point of system implementation.

While the Commercial Lighting Energy Savings Formula provides a standardised method, in order to further simplify and streamline the process, two Commercial Lighting Energy Savings Calculators (pictured below) have been developed which are available for download from the ESS website at www.ess.nsw.gov.au/apply/forms.asp.

Developed in Microsoft Excel using Macros and ActiveX Controls, both calculators are designed to be intuitive, convenient, and provide all the functions required by an ACP to calculate the energy savings achieved by the replacement and installation of any combination of eligible lighting technologies.

Accompanying the calculators is a User Guide, and Guide to Applying: Attachment G, which provides guidance on the use of the calculator and how the calculator fits into the requirements for accreditation.



DSA Rule amendment

On 26 June 2009 the Minister for Energy amended *Greenhouse Gas Benchmark Rule (Demand Side Abatement) No.3 of 2003* in anticipation of commencement of ESS on 1 July 2009.

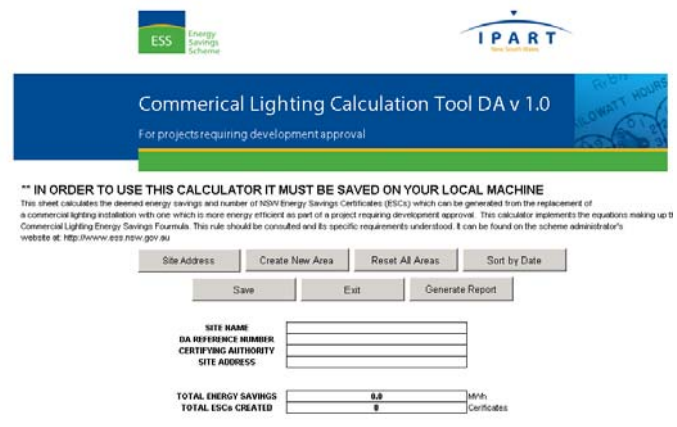
The amended DSA Rule is now only relevant to on-site generation related activities in NSW, and is colloquially known as the 'DSA Rump Rule', as the vast majority of energy efficiency activities and approaches (under the previous DSA Rule) were transferred to ESS.

A revised DSA Rule Application Form and Guide to Applying are now available on the GGAS website at www.greenhousegas.nsw.gov.au/acp/energy_efficiency.asp.

Creation of 2009 DSA Rule certificates

As a result of the above amendment to the DSA Rule, ACPs accredited under the DSA Rule for energy savings activities can only create certificates (NGACs) for eligible activities up until 30 June 2009. Organisations with DSA Rule accreditations for energy savings activities should create all remaining eligible certificates at the earliest opportunity.

When all eligible certificates have been created and compliance obligations fulfilled, these GGAS DSA Rule accreditations will be cancelled and, if eligible and not already done so, transitioned into ESS.



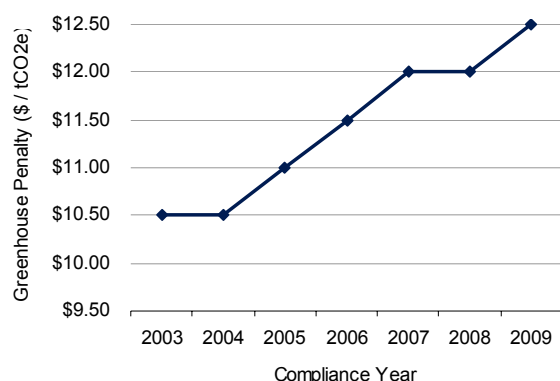
GGAS penalty

Each year, benchmark participants are required to reduce their emissions of greenhouse gases to the level of their greenhouse gas benchmark. Where a benchmark participant's emissions are above the benchmark, it must offset its excess emissions through the surrender of certificates. Emissions remaining after the surrender of certificates results in a greenhouse shortfall for which a greenhouse penalty is payable (on a per tCO₂e basis).

Clause 73C of the Electricity Supply (General) Regulation 2001 (the Regulation), provides for the greenhouse penalty to be adjusted annually. The adjustment is calculated using the quarterly movements of the Consumer Price Index (All Groups Index) for Sydney in the preceding 12 months. Once adjusted by the Index, the figure is rounded to the nearest 50 cents.

IPART has reviewed the greenhouse penalty for the 2009 compliance year (payable in March 2010) and determined that the penalty will be increased by 50 cents to \$12.50 per tCO₂e. Figure 1 below shows the annual movement in the greenhouse penalty since the commencement of the scheme.

Figure 1 Annual movement in the Greenhouse Penalty



Registry statistics

In early July 2009, the GGAS Registry was upgraded to incorporate ESS and statistics regarding ESS are included here.

Table 1 Total abatement certificates created

Rule group	Certificates
Demand Side Abatement Rule	29,804,154
Generation Rule	60,109,547
Carbon Sequestration Rule	2,607,348
Large User Rule	3,475,614
GGAS Total	95,996,663
Energy Savings Scheme	0
ESS Total	0

Table 2 Current accreditations

Rule group	Accreditations
Demand Side Abatement Rule	79
Generation Rule	128
Carbon Sequestration Rule	10
Large User Rule	7
GGAS Total	224
Energy Savings Scheme	2
ESS Total	2

Table 3 New accreditations in the last three months (1 June – 31 August 2009)

Rule group	Accreditations
Demand Side Abatement Rule	1
Generation Rule	2
Carbon Sequestration Rule	0
Large User Rule	1
GGAS Total	4
Energy Savings Scheme	2
ESS Total	2

Notes for Tables 1, 2 and 3: Accreditation totals include multiple projects; all data as at 31 August 2009

Source: www.ggas-registry.nsw.gov.au

We would welcome feedback on this newsletter as a communication tool. Feedback or enquiries should be directed to Liz Mayfield on (02) 9290 8489 or email liz_mayfield@ipart.nsw.gov.au. More detail about the information provided here can generally be found on the GGAS website (www.greenhousegas.nsw.gov.au) or the ESS website (www.ess.nsw.gov.au).