Green Energy Trading

For the Attention of:

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Response to NSW ESS Scheme rule change 2019 consultation

Green Energy Trading welcomes the opportunity to respond to the NSW ESS Scheme rule change consultation. Our responses to each applicable question are below.

Question 1: Do you agree with the proposed transitional arrangement? Please provide reasoning supporting your response.

We would like to note that this will only leave 6 months or less to register ESCs from implementations completed between 1 Jan 2020 and 16 Feb 2020, instead of having until June 2021 to register.

This creates additional administrative burden for ACPs to communicate to installers to prepare paperwork in a much quicker timeframe, and results in many implementations missing this arbitrary cut off date.

There is no reason that we can see why the time frame for registration should not follow the normal registration timeframe with implementations occurring before the Rule change following the previous Rule and implementations occurring after the rule change following the new Rule. Alternatively, the rule could be implemented from 1 Jan 2020 provided the gazetted Rule is released in October 2019.

Question 2: Is this approximate three-month timeframe sufficient for preparing your business to be ready to comply with the new ESS rule? If not, what timeframe do you deem necessary?

In general, we believe 3 months is sufficient to prepare our business, and our partner businesses for the change, as long as the gazetted Rule does not change significantly between consultation and announcement. Where new clauses are added after the consultation period which are not directly consulted on, adjustment time can be an issue.

We also note that the 3month period currently proposed covers Christmas 2019, a period when a significant number of businesses close down and staff take extended leave, placing limits on our capacity to prepare all our systems, documentation and clients' systems for the change.

Question 3: Can you foresee any particular part of the new ESS Rule for which it will be difficult to get 'business-ready' within the proposed timeframe?

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Communication around correct BCA/Space type under the new Rule will require significant effort to train and communicate to our partner installer companies, which currently number over 300 in Commercial Lighting alone.

Question 7: Do you agree with the proposed updates to Equation 1 in Clause 6.5? Please provide reasoning supporting your response.

Green Energy can see no reason for this addition, as mathematically it provides no additional clarity or change to the function of the equation. Is DPIE perhaps suggesting that the formula should be:

$$\sum(electricity\ savings\ x\ electricity\ conversion\ factor) + (gas\ savings\ x\ gas\ conversion\ factor)$$

With brackets around each operation in the equation? This would make more sense. Otherwise there is no need for the change.

Question 9: Do you agree with the proposed changes to Clause 7A.1? Please provide reasoning supporting your response.

We agree in principle with the updates to PIAM&V 7A.1. However, the use of the term *"to the satisfaction of the Scheme Administrator"* has proved to be problematic for business already in this method.

There have been implementations that have been completed and signed off by independent M&VPs, undergone audits by members of the approved ESS Audit Panel and ESCs registered several years ago that have now been called into question and reviewed. Some ACPs have been forced to forfeit ESC as the Scheme Administrator has recently taken a negative opinion of the M&V personnel completing the energy savings analysis, even though an IPART representative acknowledged and accepted the findings of the independent Audit at the time.

This retrospective action represents a significant risk to ACPs working in this method and Energy Consumers wishing to complete implementations and claim ESCs under the scheme. This risk adds to the complexity of PIAM&V projects and reduces their viability.

We provide this feedback so that DPIE has information regarding ACPs experiences in this method.

Question 10: Do you agree with the proposed changes to Measurement Procedures of the PIAM&V method? Please provide reasoning supporting your response.

We do not agree that the M&VP sign off should be required prior to the end of the baseline period.

This severely limits the ability to choose the most appropriate baseline in accordance with the Rule and this could potential have a knock-on effect to ensuring that energy savings represent a genuine reduction in the consumption of energy.

An alternative option would be if the M&V professional signed off on the M&V plan prior to the *installation commencement*. The M&V plan should give a detailed description of how the baseline will be generated and the M&VP should sign off that this is appropriate for the type of upgrade. If the baseline is required to change for any reason, a variation to the plan can be added and then the M&VP signing off of the upgrade at the end has a trigger to re-check the baseline and it's appropriateness when signing off post-upgrade.

This would also be more in line with the VEU scheme PBA-M&V method.

Question 11: Do you have any specific concerns in relation to the cut-off date of 17 February 2020?

We do not believe this would have any impact.

Question 12: Would this change present any particular issues for your business?

Given the lack of independent M&VPs available, we anticipate that this change would cause significant delays to installations commencing and result in higher costs for Energy Consumers to commence projects.

We also expect that it would be necessary to hire an M&VP in-house which increases the overall costs of certificate creation and ultimately lowers the value proposition to the Energy Consumer completing the implementation.

Smaller upgrades will be less likely to go ahead with this additional cost burden and it will increase barriers to entry for this method.

Question 18: Do you agree with the proposed amendments to the space type and space type classifications? Please provide reasoning supporting your response.

Green Energy agrees with aligning Class 7b as Lifetime C. This will massively reduce confusion and negative OES impacts around correct selection of BCA and space types for Warehouses that has plagued our partner installers since the introduction in Oct 2018.

However, ACPs still desperately require clarity over the definition of “storage” and “wholesale storage”. This issue, coupled with the co-payment clause, causes significant unintended consequences for participants in the scheme. Can the DPIE please include definitions of these key terms in Section 10 to provide clarity for the industry? At the moment ACPs are having to make their own definitions, causing conflict and confusion.

Green Energy agrees with inclusion of new space types for gyms that have membership bases, and we believe the assigned operating hours and lifetime values are appropriate.

While Green Energy agrees with the new space type for lift cars, we disagree with the assigned value of 5000 hours and Lifetime A. Liftcars are found lots of different types of buildings, and therefore their AOH and Lifetime values should refer to the BCA Classification of the surrounding space. Please consider amending the liftcar AOH and lifetime to refer to the BCA instead of prescribing values that are not appropriate in all situations for that type of space.

Green Energy agrees with splitting out cafés and restaurants in museums from accommodation and food services and agrees with the assigned values of 2000 AOH and lifetime D.

Green Energy agrees with allowing BCA Class 10a to be eligible for commercial lighting upgrades so that businesses that operate out of carports, sheds or private garages on residential properties have a proper BCA Class that is not BCA Class 7 or 8 (which GET do not believe are appropriate for these sites).

However, we note that there is no inclusion of 10a buildings in Table A10.3 in the draft version of the ESS Rule, and therefore we cannot identify the AOH and Lifetime values that have been assigned to this new building class. We suggest that the annual operating hours and lifetime should reflect that these sites could be used for both residential and business activities, and without modelling to provide an accurate assessment, we suggest that 2000 hours and lifetime A would be most appropriate for BCA Class 10a.

We also note that Auditing in these sites may pose challenges as they are associated with private properties and might increase Auditing costs or delays during ACP Audits.

Additional to this, we suggest that IPART should be made to publish additional guidance on the correct use of these space types, in addition to the ESS Rule to provide guidance and clarity to the industry in the same way the ESC in VEU do.

ACPs find it very difficult at the moment to ask IPART for guidance on a specific case, with IPART often providing no clear guidance when asked to. This leaves ACPs without support on IPARTs interpretation of the various rules and results in ACPs taking on higher risk of forfeit during audit processes.

In addition to the above, we strongly urge DPIE to review clause 9.4.1 (e) immediately as we have significant adverse impacts from the arbitrary space types resulting in different MWh savings calculated.

Our suggestion is for the minimum co-payment to be adjusted from a $/MWh saved fluctuating cost to a fixed amount for the job (such as for HEERs). The co-payment minimum could be fixed for a certain quantity of products installed, for example, so that the minimum co-payment amount still reflects the size and complexity of the installation.

This would still allow for customer engagement but ease the burden on ACPs who find that a small administration error in the calculation can cause an implementation to become ineligible after the upgrade has occurred and all work has been done. This is clearly not the intention of clause 9.4.1 (e).

In further support of changing the clause, we have recently been through a 3 month argument with IPART on a significant upgrade where a tenant and landlord had both contributed a combined amount of $45k for an implementation but the job was determined to be ineligible because the tenant had not contributed the $5/MWh entirely themselves.

In this case we were successful in convincing IPART that the landlord's contribution should not be deemed as a reimbursement and so the tenant had met the co-payment requirement. However, it was a very costly, painful and unnecessary experience for all stakeholders. We had an OES ready to take the fight to court for significant financial damages. They are certainly now very wary about have other upgrades take place in their properties because of this incredibly damaging process.

We believe that it is not in the intention of the minimum co-payment requirement to prohibit multiple stakeholders from contributing to implementations provided they engage and have a stake in the upgrade or site. There are many real world instances of there being multiple Purchasers (or joint Purchasers) for a site. We believe the intent of the minimum co-payment is that the OESs should contribute financially towards the implementation, but the current ambiguity around this clause represents massive risk to ACPs and Energy Consumers.

We suggest changing to a fixed payment amount as proposed above would limit these sorts of unintended consequences particularly on high value installations.

We also suggest DPIE clearly define the term "reimbursement" in Section 10 to provide clarity over exactly what does and does not constitute a reimbursement. IPART have taken the liberty of including the term "*credited by a third party*" on page 5 of the Commercial Lighting Method Guide without any consultation with industry, and this is having negative impacts on Energy Consumers.

Question 19: Given the scope of these changes, is it your understanding that the three-month transitional period for being 'business-ready' is sufficient?

As previously explained, the 3 months is likely to occur over the Christmas leave if the Rule is gazetted in November, impacting our ability to prepare sufficiently for these large scale changes.

Question 20: Do you agree with the proposed change to the definition of maintained emergency lighting? Please provide reasoning supporting your response.

Green Energy agrees with the change, however, can DPIE please clarify whether a lighting control device that is capable of turning the emergency lighting off when not required will be considered “switching off”?

For example, many emergency luminaires are installed on occupancy sensors, and this reduces energy consumption for the creation of ESCs. But would this constitute switching the luminaire off and result in these luminaires not being classed as “Un-switched maintained emergency lighting”?

Furthermore, we also suggest that the lifetime for this space type be amended to refer to the BCA classification of the surrounding space, rather than applying a flat 7.3 years as emergency lighting is not exactly a “space type” and they can appear in lots of different places in lots of different buildings. For example, a space that is a Wholesale storage and display space (lifetime 11.7) also has maintained emergency luminaires that are always on. Why should they only have a lifetime of 11.7 when the lights immediately surrounding each luminaire obtain a lifetime value of 11.7?

Question 21: Does the proposed change provide for all relevant qualified contractors to undertake the lighting upgrade works? Please provide reasoning supporting your response.

We agree with providing clarity that apprentices who are supervised by qualified supervisors are *legally* allowed to conduct installations under the ESS. However, we strongly suggest that DPIE make it utterly clear that the responsible person, and that who signs the CCEW, should continue to be the qualified licenced electrician who supervised the work in all cases.

There is no online searchable database for Apprentices, and nothing that ACPs can do to independently verify that a person is an apprentice to a qualified supervisor.

Many people will claim that the person who has done the work is their “apprentice” but in reality this may be a hired labourer who has been contracted for short term work and is not actually enrolled in a trade apprenticeship. Obtaining evidence of the enrolment places additional burden on ACPs to verify the apprentice.

Furthermore, we strongly suggest that DPEI does not create an environment where unlicensed people and labourers could carry out installations without their qualified supervisor onsite with them.

Question 22: Does the proposed change provide for all relevant qualified contractors to undertake the lighting upgrade works? Please provide reasoning supporting your response.

Same as above.

Question 23: Do you have any comments on proposed Activity Definition E13?

Green Energy agrees with the proposed new activity E13. However, the lumen outputs should be aligned with the minimum lumen outputs for E5. This will reduce administrative burden on ACPs needing to have different product range for this activity compared to E5 and reduce the instance where an installer arrives at site with an incorrect product to complete the installation (as it is difficult to tell between T5 and T8 luminaires during an assessment of the property).

We strongly recommend that DPIE considers ensuring that LED luminaires that are eligible and approved under E5 are then automatically eligible under E13 for simplicity and also a reduction in Product approval requests to the Scheme Administrator.

Furthermore, please consider that the ELT List for HEERs published by IPART currently lists products by the Activity they are eligible for. If a product is eligible for both E13 and E5, will it need to be listed on the ELT list twice? It would be preferable that if a product is approved for E5 or E13 only appears on the list once.

Question 24: How likely are you to use the proposed Activity Definition E13? Why/why not?

We imagine a good uptake in this activity once it becomes available. We have several installers operating under Activity E5 that have discovered existing T5 luminaires and had to resort to doing the installation under Commercial Lighting instead. We anticipate a small number of jobs would be done under this new activity instead of under Commercial Lighting and it would be a great benefit to our installation partners and consumers.

Question 25: Do you agree with the proposed definition as opposed to the current definition of the Implementation Date for HEER activities? Please provide reasoning supporting your response.

Green Energy does not agree with the proposed definition. The definition of Implementation Date for HEERs should be the same as the definition for Commercial Lighting to reduce confusion for installers and ACPs who work across both activities.

Furthermore, if the implementation date becomes the commencement date of the project, would this create an environment where ESCs could potentially be registered before all works are complete at the site?

Additionally, if an implementation commences on 30th December 2019 but does not complete until 2nd January 2020, this could affect the Vintage with which ESCs are registered thus affecting the expiry of certificates and the commencement of the energy savings in reality.

Furthermore, ACPs accredited for HEERs method have an accreditation condition to report monthly HEERs implementations to IPART. Changing the definition of the Implementation date would impact when ACPs are able to complete this reporting requirement for each activity, and puts ACPs at risk of breaching their accreditation conditions.

If the intention of this definition change is to ensure the Nomination Form and Site Assessment are completed prior to works commencing at the site for the activity, then we suggest DPIE state that in Clause 9.8.1 rather than confusing the Implementation date definition.

Question 26: Do you anticipate that this change would present any difficulties with being nominated and generating ESCs for a particular work program?

Yes we do anticipate many difficulties as implementations can take many days, sometimes weeks. A CCEW can only be completed when works are completed at the site and typically an installer only invoices a customer after works are completed at the site.

If the CCEW and Tax Invoice refer to the completed date of the works, but we must collect evidence of the commencement date, what evidence will IPART requirement to obtain in addition to the CCEW and Tax invoice?

Question 27: Do you agree with combining lamp only magnetic and electronic transformers into a single category? Please provide reasoning supporting your response.

We agree with the proposal to combine E1 factors and we believe this would reduce administrative burden resulting from the incorrect or mistaken selections on installations.

We believe this will also result in reducing the evidence burden associated with identifying the existing transformer type.

However, please consider that currently ACPs are required to multiply the NLP of the installed LED product by 1.25 or 1.08 to obtain the LCP that determines the Factor that is applied, in compliance with Table A9.4. This can sometimes cause one LED ELV Lamp to fall into either <5W or <10W category and affect the quantity of ESCs.

If the new Rule makes no difference between electronic and magnetic transformers in the factors, then the requirement to multiply the LED NLP should also be removed.

Equipment Requirements

1. The new End-User Equipment must be a LED Lamp only – ELV, LED Lamp and Driver, LED Luminaire-recessed, or an LED Lamp Only – 240V Self Ballasted, as defined in Table A9.1 or Table A9.3 of Schedule A.
2. Any End-User Equipment classified under Table A9.3 must be accepted by the Scheme Administrator as meeting the requirements of Table A9.4 of Schedule A.
3. The new End-User Equipment must have an initial Downward Light Output of ≥462 lumens.
4. The new End-User Equipment must have a beam angle consistent with the original Lamp being replaced.
5. The new End-User Equipment must be compatible with any dimmer installed on the same circuit as the new End-User Equipment.

Question 28: Would this change result in reduced administrative costs for your business?

No, it will increase them if the requirement mentioned above to multiply the NLP of LED ELV lamp by the transformer factor is not removed.

Question 29: Do you agree with aligning the terminologies used in Schedule E? If not, please provide supporting evidence to justify your response.

Yes, Green Energy agrees with aligning those terms in the Rule and sees no adverse impacts from this.

Thank you for your consideration. And if any point mentioned above requires further clarification, please do not hesitate to contact either myself or Caroline Bennet on 03 9805 0725

Yours sincerely,

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