

For the Attention of:

Stephen Procter

A/Director - Program and Market Development, Program and Market Development - Safeguard
Energy, Climate Change and Sustainability
Office of Energy and Climate Change
sustainability@environment.nsw.gov.au

Response to 2022 Energy Savings Scheme Rule Change Consultation

Green Energy Trading welcomes the opportunity to provide feedback to the 2022 Energy Savings Scheme (ESS) Rule change consultation. Green Energy Trading has been operating as an ACP in the NSW ESS since 2011 and is one of the largest certificate creators. We hold accreditations under Commercial Lighting, Home Energy Efficiency Retrofits, Installation of High Efficiency Appliances for Business and the Project and Impact Assessment – Measurement & Verification methods. Overall, we are in support of the proposed changes to the ESS Rule.

Our responses to each applicable question are below.

Transitional Arrangement

Question 1: Can you foresee any part of the new ESS Rule for which it will be difficult to get 'business-ready' within the proposed timeframes?

Majority of the proposed changes don't present any obvious cause for concern that should delay the gazetting of the Rule, proposed for Dec 2022. We do not see any issues with getting our business ready by February when the new Rule will come into effect, provided 2-months' notice is issued to effect the changes within our business.

The ability to transition existing Measurement & Verification (M&V) projects that are yet to be taken to certificate registration, across to the more versatile PIAM&V approach proposed by the reforms, is essential to ensure equity for all M&V projects currently in progress.

Many current M&V projects have experienced material impacts to their normal operations due to Covid. Most of these existing projects are impacted in their operating periods. Under the current Rule, these sites do not have a method to adjust for these impacts. With the knowledge there is a workable solution expected in early 2023 that includes methods for handling Non-Routine Events and Adjustments, it is important these projects have the opportunity to process savings under the new ESS Rule from Feb 2023.

Green Energy Trading Pty Ltd
ABN 21 128 476 406
G.02 109 Burwood Rd
Hawthorn VIC 3122 Australia
T 1300 077 784 | +61 3 9805 0700
F +61 3 9815 1066
benefit@greenenergytrading.com.au
greenenergytrading.com.au

Part of the Green Energy Group

Structural Review of clauses 1- 6

Question 2: Do the proposed changes make the requirements of the Rule clearer?

Clauses 1-6 read in an intuitive manner

Question 3: Are there any other changes to clauses 1- 6 that would improve the clarity of the Rule?

As Clause 3.2 'Application of the Rule' currently reads, the changes to the ESS apply only to projects with application for registration made on or after 8 Feb 2023. This suggests projects that haven't reached application for registration and are currently in their operating measurement period or reporting periods, will be able to delay creation until the Rule reforms are in force. This is assumed; however, we suggest that OECC directly address this by clearly defining the term 'Application for Registration' under Section 10. This will help provide clarity to ACPs with existing projects.

For future proofing the Rule and interest in the ESS, we recommend providing clarity of the source and method for calculating certificate conversion factors. Understanding a reference point for this will give industry participants a much clearer forecast of project feasibility. Investment decisions are intended to be inherently linked to a projects ability to access scheme incentive; however, the certificate conversion factors remain a point of uncertainty for investor security.

Will they change? When are they likely to change and by what magnitude? Without a source, method of calculation or even units on these factors, it's difficult to future proof projects.

Question 4: Will the change to the definition of gas have a material impact on the expected number of ESCs that will be created?

From our experience, we do not expect any material impact to ESC creation volume from redefining 'gas' to include natural gas and LPG only. We have had minimal interest in projects wishing to pursue gaseous fuel savings from anything other than network supplied natural gas. Perhaps in removing the extended scope for gas defined in NGERs Schedule 1 Part 2, this will promote simplicity and a clearly defined objective for reduction in utility gas consumption.

Inclusion of Fuel Switching

Question 5: Do you agree with the proposed fuels?

Yes - for the most part. Our only point of concern is Biomass covers a very broad fuel spectrum and is referred to as 'biomass-based waste fuels listed in the NSW EPA's Eligible Waste Fuels Guidelines'. The terminology 'biomass-based waste fuels', however, isn't directly used in the NSW EPA Eligible Waste Fuels Guidelines.

While intuition may prevail, to avoid any seed of doubt that non-biomass-based waste fuels such as petroleum-based tyre products or oils can obtain a certificate conversion factor of 0.08, we recommend clarifying these definitions and perhaps being more specific in identifying and excluding fuels which could create uncertainty. These would be specifically biofuel products and rather include their own, accurate conversion factors.

Question 6: Do you agree with the proposed fuel definitions?

As per above

Question 7: Do you agree with the proposed amendment to clause 5.4(f)?

Yes

Question 8: Do you agree with the proposed deletion of clause 5.4(g)?

Yes

Question 9: Do you agree with the proposed amendment to clause 5.4(h)?

Yes, though ultimately this should still be measured gas or biogas consumption

Question 10: Do you agree with the proposed amendment to clause 5.4(j)?

Yes

Question 11: Do you agree with the inclusion of the proposed clause 5.4(m)?

Yes

Question 12: Do you agree with the inclusion of the proposed clause 5.4(n)?

Yes

Question 13: Do you agree with the inclusion of the proposed clause 5.4(o)?

Absolutely

Question 14: Do you agree with the inclusion of the proposed clause 5.4(p)?

Yes

As for the newly inserted Clause 5.4 (q), we strongly suggest to change the wording of this clause to “installation of a solar or heat pump water heater, except where these activities are expressly permitted under the relevant Activity definitions” rather than specifying “where these replace an electric or gas hot water heater, or are installed in a non-residential building.” As there is too much opportunity for confusion between this clause and the activity definitions for D17-D21, F16 and F17. If the intention of the ESS Rule is to reduce ambiguity and improve clarity, this clause does not assist. We note that Solar Water Heaters are able to be installed under Activity D17-D21, for residential and small business sites, but are not eligible to be installed under F16/F17 because that activity is restricted to Heat Pump installations only. So by this clause saying “....or are installed in a non-residential building” that causes confusion with Activity F16/F17 which does not allow the installation of Solar Water Heaters. It should be sufficient to say “As per the relevant Activity Definitions”

Question 15: Do you agree with the proposed removal of Activity Definition D19?

This question seems an error, as Activity D19 in the current ESS Rule is for the replacement of existing gas fired water heater with a heat pump and is not for the replacement of electric water heater with gas. Additionally, the suggestion in the consultation paper that replacement of electric water heaters with gas boosted heat pumps under activity F16 is also an error, as the current ESS Rule Activity Definition F16 specifically prohibits this type of activity.

Question 16: What other concepts need defining/elaborating on? Please provide supporting evidence to justify your response.

The eligibility of Solar PV as a “renewable fuel”, given the new clause 5.4(p) which seems to prohibit any activity that involves installing solar PV, unless its used for irrigation. There is a perceived circular approach to defining Solar PV as an ineligible RESA so clearer boundaries around allowable fuel switching activities is needed. The changes read a little awkward in defining ‘On-site renewables’ as energy generated by solar (among others), to then simply omit Solar PV as an ineligible RESA, except in the case of solar irrigation.

PIAM&V: Updated Definitions

Question 17: Do these definitions make the terms easier to understand and apply?

Please provide supporting evidence to justify your response.

Term	Comments
Measurement Boundary	Clear
Site Constant	It doesn't indicate the purpose of having a site constant when there is no clear way to use it when by unforeseen or major events cause it to change.
Normal Operating Conditions	Given that the clause of 'normal operating conditions' is a requirement to select a normal year, the definition should be made even more clear and based on the needs of the ESS scheme, and not the protocol.
Implementation Period	The definition is clear, but it doesn't specify whether the period is limited or open ended.
Coefficient of Variation of the Root Mean Squared Error	Clear
Adjusted Coefficient of Determination	Clear
t-statistic of Independent Variable	Clear
Modelling Frequency	It is confusing because it introduces another concept. The measurements of dependent and independent variables are aggregated in a way to obtain models of the same frequency, to create a relationship between them.
Measurement Frequency	Time difference between each observation of a meter or the record of a process variable output.
Non-Routine Events	Temporary or permanent changes in the energy or independent variable behaviour by unforeseen events due to external circumstances.
Non-Routine Adjustments	Clear
"PIAM&V Method Application Requirements for Non-Routine Events and Adjustments"	Clear

“Other Implementations (OIMP) Estimate Method”	Clear
“Data Exclusion Method”	Clear
“Short Energy Models Method”	The explanation is confusing. Non-Routine adjustments use a modelling period shorter than a full measurement cycle. This method can be used when missing data exceeds 25% of the full dataset, or when a permanent change happens following the first 25% of the baseline measurement period and prior to the last 25% of the operational measurement period.
Sub-metering method	...” Requirement that is used to adjust for Non-Routine Events with existing sub-metering to isolate a specific energy consumer that was not part of the baseline.”
Effective adjustment factor	Clear

Question 18: What other concepts need defining/elaborating on? Please provide supporting evidence to justify your response.

Please provide definitions for accuracy factor and relative precision based on scheme definition and not circular reference within the rule.

PIAM&V: Meter Calibration Requirements for Utility Grade Meters

Question 19: Does this change reduce the administrative burden of meter calibration requirements? If not, please provide supporting evidence to justify your response.

The utility meters had never been a huge concern for the regulator. The calibration requirements should be wider, including any institution which publicly provides trustful information that can be used for modelling purposes. Some examples of this can be the Bureau of meteorology, Australian Bureau of Statistics, Department of health and aged care, infoexchange (NFP with social information), between others.

PIAM&V: Non-Routine Events and Adjustments

Question 20: Does this Rule change provide more flexibility to the method for addressing Non-Routine Events? If not, please provide supporting evidence to justify your response.

GET has been involved in the development of the Non-routine events rule change since the beginning and we welcome a significant improvement in the ability to deal with unforeseen situations that previously resulted in failed projects.

However, this rule change comes late in the timeline to solve the major event that disrupted M&V – COVID19 and has ultimately resulted in many current projects failing to reach preliminary approval. Under this current rule change, these projects would have otherwise been able to create ESCs using the NRE-A approach as their baselines could have been plausibly modelled. We suggest the incorporation of some allowance to re-present and consider these projects that have already progressed past commissioning, assessed against the criteria of the rule change.

It is important to project the right message and responsibility for the late response to this situation, and part of this may be the consideration to provide equity to these projects that had no option at the time, to utilise the rule changes once instated, to create ESCs for energy savings.

The response has come late and at this stage in time, the main impact of COVID-19 on M&V has passed and the only projects that can benefit from these changes will be projects that are in extended operating periods or those considering the installation of an energy efficiency project after Feb 2023. Most of these will already have access to baseline data largely past the impacts of COVID.

PIAM&V: Minimum Statistical Requirements

Question 21: Do you agree with the proposed mandatory introduction of the minimum statistical requirements into the ESS Rule? If no, please provide your reasons.

We think that it is important to understand the expectations of the regulator in terms of the statistical outcomes. The introduction of mandatory statistical requirements can create confusion and disregard projects that create significant savings because of the limits of the parameters.

We propose to add them in the rule, but also the possibility to challenge them with the endorsement of an independent M&V professional or AM&VP.

Question 22: Does reducing the minimum threshold for the Coefficient of Determination improve the flexibility of the method? If no, please provide your explanation and examples.

The introduction of the coefficient of determination as a requirement in comparison with the previous situation where it was a recommendation based on the protocol (and not directly mentioned in the rule) reduced the flexibility of the scheme. However, it is also important to understand the evaluation parameters that the regulator will use.

PIAM&V: Drafted/ Future Changes

Question 23: What form of relationship would best relate the Accuracy Factor to the relative precision of the estimated Energy Savings? Please provide details and examples.

The current source of the accuracy factor is unknown, with no reference point for participants. Clarity around the source of the accuracy factor is required. The accuracy factor still presents the risk of over-penalty of the project due to the rigorous additional safeguards in place when processing a project, such as the stringent eligibility criteria, statistical criteria, and inherent risk of uncertainty around success of M&V across such a broad measurement window.

Furthermore, the lack of scheme-based methodology to provide transparency of the calculation process for uncertainty (relative precision in the rule) provides a barrier to many new scheme participants and presents challenges to experienced M&V professionals. The documentation referenced to quantify relative precision is built on an IPMVP-based project with the comparison of a single baseline model with the real energy consumption of the site.

We suggest preparing a scheme-based guide to adequately address relative precision and include this as a reference in the scheme. This guide should include worked examples that address common situations and also include instruction on when to incorporate metering or records uncertainty into the applied value.

Question 24: What appropriate and easy to implement representation that would best describe the decay of the estimated Energy Savings of an Implementation over the forward ESCs creation period?

The current decay factor calculator is part of the greater OEH legacy tool used to calculate the savings, which is ultimately slow, indirect and unfortunately a common cause of computer crashes. We suggest stripping this information out of the OEH tool and including this on an easily accessible and more reliable web platform, accessible on any device. We also suggest updating the factors to include many of the new technologies which don't have clear categories within the existing selection tree.

Further to this, we see value in collaborating with other regulators of the other scheme jurisdictions to create a single and expanded tool to include values for interstate locations/conditions.

Thank you for your consideration of our submission. And if any point mentioned above requires further clarification, please do not hesitate to contact me on 03 9805 0700

Yours sincerely,

Tomas Clarke

Senior Energy Engineer

Tomas.Clarke@greenenergytrading.com.au

0413 400 036 | 1300 077 784