

ESS Rule change – May 2024

28 May 2024

This Quick Reference Guide will help you understand changes to the *Energy Savings Scheme Rule of 2009* (**ESS Rule**), and how and when they will apply to implementations. It replaces our Quick Reference Guide published on 6 March 2024.

Latest ESS Rule change

The *Energy Savings Scheme (Amendment No. 1) Rule 2024* was published on 24 May 2024 (**May Rule**). It includes changes to the ESS Rule published in December and makes additional changes. We've updated the Quick Reference Guide that we published on 6 March 2024 to reflect the additional changes.

When the changes take effect

The changes to the ESS Rule will apply to all implementations on or after 19 June 2024.

The current Rule ([14 April 2023](#)) will continue to apply to all implementations before 19 June 2024.

Key changes

Changes to the ESS Rule are summarised below. Additional changes in the May Rule that were not included in our previous Quick Reference Guide are indicated in [blue text](#). Further details of the changes are provided in Table 1 at the end of the guide.

ESS Rule changes

Home Energy Efficiency Retrofits (HEER) method

- Increases **co-payments for HEER water heater and air conditioner implementations** from \$30 to \$200 (exclusive of GST) (Activity Definitions: D16–D21)
- Changes **baseline energy consumption and adjustment coefficients for all HEER water heater activities** (D17–D21)
- The **factors used to calculate energy savings from HEER heat pump water heater activities** are determined by climate zone as well as system size (D17, D19)
- **Installation of a new pool pump is now an eligible activity** (D5)
- Increases **co-payments for pool pump implementations** under the HEER method from \$30 to \$200 (exclusive of GST) (D5)
- **Changes to pool pump activity requirements**, including a lower minimum star rating, changes to the equation to calculate energy savings, and a reduced lifetime of 10 years (D5)

Installation of High Efficiency Appliances for Business (IHEAB) method

- Introduces a **\$200 (ex GST) co-payment for IHEAB heat pump water heater implementations** (Activity Definitions: F16, F17)
- Clarifies **multiple heat pumps connected by a manifold are one item** of end-user equipment (**EUE**) for the co-payment (F16, F17)
- **Climate zones for IHEAB heat pump water heater activities** are determined by reference to AS/NZS 4234 (F16, F17)
- The installation of **new refrigerated display cabinets is no longer an eligible activity** (F1.1). This activity will commence again on a date notified by the Minister.
- Replacement refrigerated display cabinets must **replace an existing product of the same type**, either in the GEMS Registry or by actually being of a corresponding type under AS 1731 (F1.2)
- Refrigerated display cabinets with **4 or more display sides are not eligible** (F1.2)
- **Lifetimes reduced from 12 to 8 years** for Class 7, 8 and 11 refrigerated cabinets with more than 3.3m² of display area (F1.2)
- **Removes the reference to the Zoned Energy Rating Label** for commercial air conditioner implementations (F4)

Other changes

- **Changes to definitions** to improve clarity and consistency
- Changes how **BCA Climate Zones** are determined
- **Small business sites** must now be evidenced by an ABN

What you need to do

1. Review this guide and guidance, documents and fact sheets published on our website including:
 - [latest ESS Rule](#), which will apply to all implementations on or after 19 June 2024
 - updated [HEER](#) and [IHEAB](#) method guides, [application forms](#) and [HEER audit scope](#) and a new [IHEAB audit scope](#) – see our [HEER](#) and [IHEAB](#) webpages for more information.
2. Start preparing your business now by updating your processes, documents and systems as needed.
3. Implement the changes from **19 June 2024**.

If you have any questions about the updated ESS Rule or our guidance, please contact us at ess@ipart.nsw.gov.au. For questions about policy changes in the ESS Rule, please contact the Department of Climate Change Energy Environment and Water at <mailto:sustainability@environment.nsw.gov.au>.

Table 1 Detailed changes to the ESS Rule

Change	Impacts	What you need to do
HEER		
Increasing the minimum co-payment for air-conditioners (D16) – clause 9.8.1(f)(i)	A minimum co-payment of at least \$200 (excluding GST) per item of EUE applies to new or replacement air-conditioner implementations on or after 19 June 2024	Update internal systems and processes to collect correct co-payments from 19 June 2024
Increasing the minimum co-payment for all water heaters (D17–D21) – clause 9.8.1(f)(i)	A minimum co-payment of at least \$200 (excluding GST) per item of EUE applies to water heater implementations on or after 19 June 2024	Update internal systems and processes to collect correct co-payments from 19 June 2024
Δ Increasing the minimum co-payment for pool pumps (D5) – clause 9.8.1(f)(i)	A minimum co-payment of at least \$200 (excluding GST) per item of EUE applies to new or replacement pool pump implementations on or after 19 June 2024	Update internal systems and processes to collect correct co-payments and keep required records from 19 June 2024
Existing minimum co-payment remains for other activity definitions in Schedule D or Schedule E of the ESS Rule – clause 9.8.1(f)(ii)	A minimum co-payment of at least \$30 (excluding GST) applies to implementations of all HEER activity definitions before 19 June 2024, and to implementations of all HEER activity definitions except D5 and D16–D21 on or after 19 June 2024	Maintain internal systems and processes to collect co-payments for these activities for implementations from 19 June 2024
Δ A reference to AS/NZS 4234 for HEER water heater activities is now a reference to AS/NZS 4234:2021 – clause 10.4A.2(a)	Climate zones are to be determined by reference to the newer AS/NZS 4234:2021.	Determine climate zones using AS/NZS 4234:2021
Changes to baseline energy consumption and adjustment coefficients for HEER water heater activity definitions D17–D21 – Schedule D	Changes to baseline energy consumption reduce the energy savings that can be calculated from implementations on or after 19 June 2024.	Review the changes and update internal systems and processes to correctly calculate energy savings from water heater implementations from 19 June 2024
	The baseline energy consumption and adjustment coefficients for Activity Definitions D17 and D19 are also now determined by climate zone (of the implementation) as well as system size.	Make sure you understand how to determine climate zone and system size in accordance with AS/NZS 4234
Δ Changes to pool pump activity definition D5: <ul style="list-style-type: none"> Installing a new pool pump is now an eligible activity GEMS Registry requirements amended, including a higher minimum star rating electricity savings now calculated using values from the GEMS Registry lifetime of equipment reduced to 10 years 	New pool pumps must comply with GEMS (Swimming Pool Pump-units) Determination 2021, and have a minimum 4-star rating. Some pool pumps may now be excluded under the new equipment requirements.	<p>Review the new Activity Definition and the amended equipment requirements and calculations. Make sure installed EUE meets the new equipment requirements.</p> <p>Make sure you are calculating electricity savings using the correct factors and lifetimes for Implementations on or after 19 June 2024.</p>

Change	Impacts	What you need to do
– Schedule D	Electricity savings calculations have changed, and now use the Nameplate Input Power and the Projected Annual Energy Consumption factors from the GEMS Registry. Equipment Lifetime has also been reduced to 10 years.	All existing accreditations for Activity Definition D5 will automatically be able to create certificates from new pool pump installations on or after 19 June 2024. You do not need to apply to have this added to your accreditation.
Climate zone as well as system size used to determine factors for calculating energy savings from heat pump water heater activities (D17, D19) – Schedule D	Aligning factors to the heat pump climate zone better accounts for heat pump performance in different climate zones and removes complexity of assigning Building Code of Australia climate zones.	Make sure you understand how to determine climate zone and system size in accordance with the newer Standard AS/NZS 4234:2021.
Simplifying wording for Equipment Requirements and Equipment energy savings for HEER water heater activity definitions D17–D21 – Schedule D	No impact on ACPs	Nothing
IHEAB		
Δ Activity F1.1 does not commence until a date notified by the Minister – clause 1.1(b)	The installation of new refrigerated cabinets is not an eligible activity from 19 June 2024 until further notice. Certificates cannot be created from F1.1 implementations where the implementation date is on or after 19 June 2024, until further notice by the Minister	Make sure you don't do F1.1 implementations from 19 June 2024 until the Minister notifies that activity F1.1 has commenced.
Introducing a minimum co-payment for heat pump water heaters (F16 and F17) – clause 9.9.1(e)	A minimum co-payment of at least \$200 (excluding GST) per item of EUE applies to heat pump implementations on or after 19 June 2024	Update internal systems and processes to collect correct co-payments and keep required records from 19 June 2024.
Clarifying heat pumps joined by a manifold to form a single system are a single item of End-User Equipment for the purposes of the co-payment (F16 and F17) – clause 9.9.1C	Where a manifold heat pump system is installed only one co-payment is payable	Review clause 9.9.1C and make sure you have a system in place to determine how much co-payment is required.
Δ A reference to AS/NZS 4234 for IHEAB heat pump water heater activities is now a reference to the updated standard AS/NZS 4234:2021 – clause 10.4A.2(a)	Climate zones are to be determined by reference to the newer AS/NZS 4234:2021.	Determine climate zones using AS/NZS 4234:2021
Δ Refrigerated cabinets with 4 or more display sides are no longer eligible for F1.2 – Schedule F This change will apply to activity F1.1 when it commences.	Certain equipment models will no longer be eligible under the Rule.	Review your product offerings, and ensure your representatives are aware that products with 4 or more display sides are no longer eligible.
Δ All Class 7, 8 and 11 refrigerated cabinets now have the same lifetime of 8 years for F1.2 – Schedule F This change will apply to activity F1.1 when it commences.	Products of classes 7, 8 or 11 with a display area greater than 3.3m ² now have shorter deemed lifetimes and now eligible for the creation of fewer certificates.	Review your product offerings and your calculation of energy savings for these products.

Change	Impacts	What you need to do
<p>△ When activity F1.1 commences, new refrigerated cabinets being installed must be used as the Refrigerated Cabinet Product Class they are registered as in the GEMS Registry – Schedule F</p> <p>This change will only apply when activity F1.1 commences.</p>	<p>Products with 2 operating modes must be used in the mode corresponding to the product class in which it is registered in GEMS to be eligible to create certificates.</p>	<p>Review the requirement and make sure your representatives are aware and correctly explain use of the product to the customer.</p> <p>Review your internal systems and processes to ensure you only register certificates if the installed equipment is used as the product class in which it is registered in GEMS.</p>
<p>△ Clarifies that replacement refrigerated cabinets must be the same type of product as the existing refrigerated cabinet under F1.2 – Schedule F</p>	<p>Replacement refrigerated cabinets must be of a particular class, depending on the type of the original refrigerated cabinet.</p> <p>The existing refrigerated cabinet will not be eligible for replacement under the scheme if it is not of a relevant Product Type (see Table F1.2.1) within AS 1731 or if it is not listed as a refrigerated cabinet on the GEMS Registry.</p>	<p>Review the requirement and make sure you and your representatives understand how to check the product type of the existing equipment and are offering appropriate options to the purchaser.</p>
<p>△ Climate zones for IHEAB heat pump water heater installations now determined directly by reference to AS/NZS 4234 (F17 and F17) – Schedule F</p>	<p>Energy savings calculations use factors that are dependent on climate zone. These calculations may change where the previous BCA Climate Zones and the AS/NZS climate zones do not align.</p>	<p>Review the amended Equipment Requirements for Activity Definitions F16 and F17, and make sure you determine the climate zone for your implementation using AS/NZS 4234:2021 and use the correct factors from the Accepted Products List.</p>
Commercial Lighting, HEER and IHEAB		
<p>Notes clarify that Non-Cash Inducements and in-kind payments do not count towards co-payments for the purposes of clauses 9.4.1(e), 9.8.1(f) and 9.9.1(e)</p>	<p>Non-Cash Inducements and in-kind payments cannot be counted towards the co-payment paid by customers.</p>	<p>Review the Notes under clauses 9.4.1(i) (Commercial Lighting), 9.8.1B (HEER) and 9.9.1C (IHEAB) and ensure co-payments comply with Rule requirements.</p>
<p>New definitions for Net Amount and Non-Cash Inducement to assist interpreting co-payment requirements – clause 10.1</p>	<p>Inducements such as a gift card, gift voucher, credit note or goods or services not necessary for an implementation do not count towards the co-payment and are netted out of the total cost.</p>	<p>Review the definitions and understand the forms of payment acceptable towards co-payments.</p>
Aggregated Metered Baseline		
<p>Removing the exception for natural gas from the restriction on offering goods and services that promote switching to a non-renewable energy source – clause 8.9.2(f)(iii)</p>	<p>The sites should not be offered goods and services that promote switching to a non-renewable energy source other than grid electricity.</p>	<p>Review the changes and ensure you do not offer goods and services that promote switching to natural gas.</p>
All methods		
<p>△ BCA Climate Zones now reference the Building Code of Australia,</p>	<p>BCA Climate Zones may change for implementations of some activities on or after 19 June 2024.</p>	<p>Refer to the Building Code of Australia to determine the correct BCA Climate Zone when calculating energy savings.</p>

Change	Impacts	What you need to do
Changes to definitions of Eligible Fuel and Publish to improve clarity – clause 10.1	No impact on ACPs	Nothing
Changes to definitions of Electricity Savings and Gas Savings for consistency with savings definitions for other fuels – clause 10.1	No impact on ACPs	Nothing

Δ indicates additional changes introduced in the May 2024 ESS Rule change