IPART Energy Sustainability Schemes

Scheme Participant

Compliance Guide

V5.0 June 2023

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from IPART's website.

Document Control

Version number	Change description	Date published
V3.3	Renamed 'Compliance Guide – Scheme Participants' Updated references of Schedule 4A to the *Electricity Supply Act 1995*	December 2020
V3.4	Amended requirement and guidance for the Inputs – Exempt Loads worksheet of the AESS template.	January 2021
V3.5	Removed requirement for reporting proportion of electricity used in connection with specified activity for Exempt Loads	March 2021
V4.0	Amended signatory requirements and additional guidance on scheme participant obligations and how to comply with these obligations.	December 2021
V4.1	Updated to reflect the introduction of The Energy Security Safeguard Application (TESSA) and minor changes in procedure	September 2022
V5.0	Updated to incorporate scheme participant obligations under the Peak Demand Reduction Scheme	June 2023

Contents

1 About this Guide

This document provides guidance for scheme participants to meet their obligations under the:

- Energy Savings Scheme (ESS) and
- Peak Demand Reduction Scheme (PDRS).

You should read this document in conjunction with the relevant legislation, guidance materials and reporting and administrative tools set out in Table 1.

Table 1 Documents relevant to ESS and PDRS scheme participants

Document type	Document
Legislative requirements	Parts 1 & 2 of Schedule 4A to the *Electricity Supply Act 1995* (**Act**) Parts 6 & 7 of the *Electricity Supply (General) Regulation 2014* (**Regulation**) *Peak Demand Reduction Scheme Compliance Rule of 2022* (**PDRS Compliance Rule**)
Exemptions legislation	*Energy Savings Scheme (Electricity Load Exemptions) Order* (**ESS Exemptions Order**)[a] *Peak Demand Reduction Scheme (Electricity Load Exemptions) Order* (**PDRS Exemptions Order**)[a] *Energy Savings Scheme - Scheme Regulator Exemptions Rule No. 1 of 2016* (**ESS Exemptions Rule**). *Peak Demand Reduction Scheme – Scheme Regulator Exemptions Rule No. 1 of 2023* (**PDRS Exemptions Rule**).
Guidance material	*Compliance Guide – Scheme Participants* (this document) *Audit Guide – Scheme Participants*
Reporting & administrative tools	*Declaration of Liable Acquisitions (**DLA**)* (excel template) Individual Liable Demand (TESSA online form)[b] ESS Annual Statement (TESSA online form)[b] PDRS Annual Statement (TESSA online form)[b] *DSW Submission Form – Declaration of Liable Acquisitions*

[a] The ESS Exemptions Order and PDRS Exemptions Order are made periodically, generally each year. We list these Orders for the current compliance years on our ESS Exempt Electricity Loads and Legislation for the PDRS webpages.

[b] Online forms are available in our online system TESSA.

2 Scheme participant obligations

The *Electricity Supply Act 1995* (NSW) (the **Act**) sets out scheme participant obligations under both the ESS and PDRS. There are five key scheme participant compliance obligations (Figure 1). Each compliance obligation relates to reporting of liable acquisitions.

Figure 1 Scheme participant compliance obligations

01	**Notify the Scheme Regulator of PDRS exemptions and liable acquisitions** Clause 88 of Schedule 4A to the Act
02	**Lodge an ESS Annual Energy Savings Statement** Clause 26 of Schedule 4A to the Act
03	**Notify the Scheme Regulator of PDRS Individual Liable Demand** Clause 89 of Schedule 4A to the Act
04	**Lodge a PDRS Annual Statement** Clause 103 of Schedule 4A to the Act
05	**Pay any shortfall penalty** Clauses 18 and 100 of Schedule 4A to the Act

The first obligation – to notify us of exemptions and liable acquisitions – is a requirement of the PDRS only. The notification process is outlined in Section 3 of this guide.

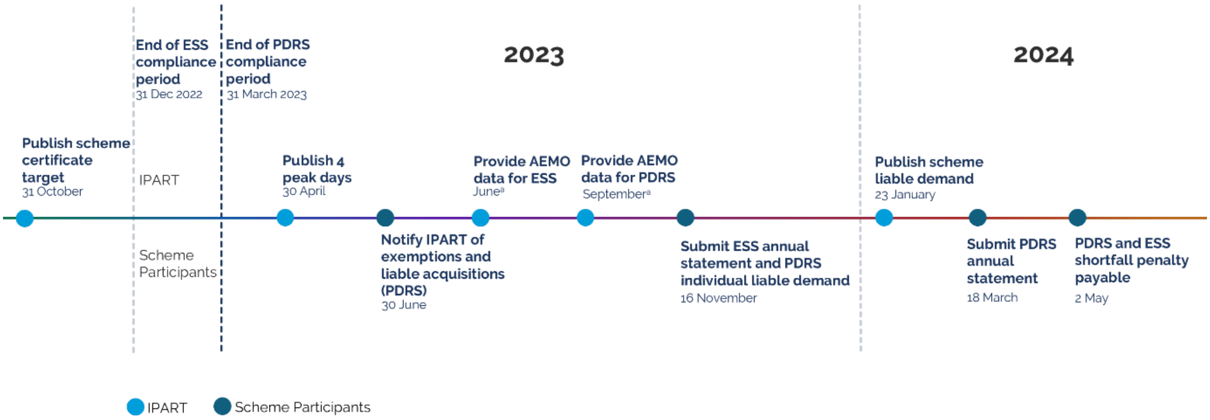
The remaining obligations – lodging an ESS Annual Energy Savings Statement, notifying us of your PDRS Individual Liable Demand, lodging a PDRS Annual Statement and paying any shortfall penalty – are managed through our online system TESSA. You will need to register an account in TESSA to complete these processes.

You will also need to prepare a Declaration of Liable Acquisitions (**DLA**) to make the required lodgements. The DLA is a summary of your liable acquisitions for the relevant compliance period(s) and is a key component of your compliance obligations. Instructions for how to prepare your DLA, the requirements for having your DLA audited and the process for uploading your DLA to TESSA are included in Sections 4 to 6 of this guide.

Section 6 also details the process for lodging the ESS Annual Energy Savings Statement (referred to as the ESS Annual Statement in TESSA), PDRS Individual Liable Demand and PDRS Annual Statement in TESSA. Section 7 provides an overview of how we review and assess your compliance obligations and Section 8 outlines the process for paying any shortfall penalty.

Key dates for scheme participant obligations are included in the 2022 ESS and 2022-23 PDRS compliance timeline in Figure 2.[c] Please note that these dates are subject to change. You should refer to our website for the most up-to-date scheme participant compliance timeline.

Figure 2 2022 ESS and 2022-23 PDRS compliance timeline



a. These dates are indicative and may change depending on the timing of the 4 peak days and availability of market operator data

The compliance timeline also sets out our responsibilities as Scheme Regulator. To help you meet your compliance obligations we will:

- determine and publish the forecast peak demand and scheme certificate target on our website before the beginning of the PDRS compliance period
- nominate and publish the 4 peak days on our website by 30 April, after the PDRS compliance period
- provide 20-week revision data from the Market Operator as soon as possible after the end of the ESS and PDRS compliance periods
- determine and publish the scheme liable demand on our website by 23 January 2024, after the PDRS compliance period
- publish information about the ESS and PDRS Exemptions Orders on our website.

[c] Compliance timeline current at June 2023

3 Notify us of PDRS exemptions and liable acquisitions

You must notify us of PDRS exemptions and certain liable acquisitions by the due date published on our scheme participant compliance timeline. Based on this information we will advise you whether you are likely to require an audit of your PDRS liable acquisitions.

You must notify us whether your PDRS liable acquisitions for the period between 2:30pm and 8:30pm AEST on each of the 4 peak days include:

- exempt electricity loads, or
- purchases of electricity from a person other than the Market Operator.

You do not need to quantify any exempt loads or liable acquisitions at this stage – a simple yes or no notification is all that is required. You will report details of your liable acquisitions when you prepare your Declaration of Liable Acquisitions (refer to Section 4).

You should email your notification to ESSregulator@ipart.nsw.gov.au.

Further information about liable acquisitions and exempt loads is available on our website.

Failing to provide information about exemptions and liable acquisitions by the due date is an offence under the Act.[d] The maximum penalty for each offence is $27,500 for a corporation or $11,000 for an individual

[d] Clause 88 of Schedule 4A to the Act.

4 Prepare your Declaration of Liable Acquisitions

You should use the Declaration of Liable Acquisitions (**DLA**) to report your liable acquisitions under both the ESS and PDRS. The DLA forms the basis of your ESS Annual Energy Savings Statement and PDRS Individual Liable Demand submissions (Sections 6.1 and 6.2). You can report liable acquisitions for the ESS and PDRS in a single DLA. If you have no liable acquisitions for the compliance period, you are still required to prepare and submit a DLA.

Liable acquisitions are defined under clause 10 of Schedule 4A to the Act for the ESS and clause 90 of Schedule 4A to the Act for the PDRS. You must report your liable acquisitions for the relevant compliance period as follows:

- for the ESS – the period from 1 January to 31 December
- for the PDRS – the period between 2:30pm and 8:30pm AEST on each of the 4 peak days of the compliance period as published on our website

The DLA requires you to report your liable acquisitions information under the following three categories:

- Market acquisitions
- Non-market acquisitions
- Exempt loads

Your total liable acquisitions are the sum of your market and non-market acquisitions minus any exempt electricity loads that you are entitled to claim.

In the sections that follow we set out how to complete each of the worksheets within the DLA which is available on our website. This includes guidance on how to report your liable acquisitions under each of the categories outlined above.

4.1 General information

In the 'Inputs – General information' worksheet enter the:

- Name of the scheme participant
- ABN or ACN
- Scope of the declaration
- ESS compliance period
- PDRS compliance period
- Contact details for the main compliance contact in your organisation.

The DLA allows scheme participants to report both their ESS and PDRS liable acquisitions in a single document or report their ESS or PDRS liable acquisitions separately. If you wish to provide a single DLA that covers your liable acquisitions under both schemes you should select 'ESS and PDRS liable acquisitions' as the scope of the declaration. If you wish to provide separate ESS and PDRS declarations, you can select from the drop-down list and adjust the scope to cover 'ESS liable acquisitions only' or 'PDRS liable acquisitions only'.

4.2 Market acquisitions

In the 'Inputs – Market acquisitions' worksheet enter your market acquisitions which include:

- purchases of electricity from the Market Operator, and
- if you are a direct supplier of electricity,[e] the supply of electricity of a kind specified by the regulations

We will provide 20-week settlement run data from the Market Operator for the relevant ESS and PDRS periods to help you to determine your market acquisitions. You should use the net energy data for the purpose of reporting your market acquisitions.[f]

Purchases from the Market Operator

Electricity purchases from the Market Operator that must be reported as a liable acquisition are defined by clause 10(1) of Schedule 4A to the Act for the ESS and clause 90(1) of Schedule 4A to the Act for the PDRS.

In the worksheet enter the:

- Participant ID[g]: If you have multiple Participant IDs you may enter liable acquisitions for each Participant ID or report the total.
- Purchases of electricity from the Market Operator (MWh) that are liable acquisitions for the ESS compliance period.
- Purchases of electricity from the Market Operator (MWh) that are liable acquisitions for the period between 2:30pm and 8:30pm AEST on the 4 peak days of the PDRS compliance period (MWh).

Supply of electricity (direct suppliers only)

If you are a direct supplier of electricity under clause 29(1) or 59C(1) of the Regulation and you have supplied electricity of a kind specified by clause 29(2) or 59C(2) of the Regulation during the relevant compliance period you must report this supply as a liable acquisition.

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[e] Direct suppliers of electricity are prescribed by clause 29 of the Regulation for the ESS and clause 59C of the Regulation for the PDRS

[f] The net purchase data includes an allocation of unaccounted for energy (UFE)

[g] This is the registered participant identifier provided by AEMO. A company can have more than one Participant ID (PID).

Direct supplies of electricity that must be reported as a liable acquisition are defined by clause 10(2)(b) of Schedule 4A to the Act for the ESS and clause 90(2)(b) of Schedule 4A to the Act for the PDRS.

In the worksheet enter the:

- Direct supply of electricity[h]
- Electricity supplied to the customer (MWh) that is a liable acquisition for the ESS compliance period
- Electricity supplied to the customer (MWh) that is a liable acquisition for the period between 2:30pm and 8:30pm AEST on the 4 peak days of the PDRS compliance period.

4.3 Non-market acquisitions

In the 'Inputs – Non-market acquisitions' worksheet enter your non-market acquisitions which include:

- purchases of electricity from a person other than the Market Operator, and
- if you are a retailer, the supply of electricity generated by you.

You must use comprehensive billing or other appropriate metering data (i.e. customer metering data) and have data capture systems which can be examined by an auditor to provide reasonable assurance that the non-market acquisitions reported are accurate.

If you have non-market acquisitions that are not measured by an interval meter (i.e. a basic meter), you will need to determine the timing of the non-interval acquisitions for the purpose of calculating your PDRS non-market acquisitions during the period between 2:30pm and 8:30pm AEST on the 4 peak days. Section 7 of the PDRS Compliance Rule provides two methods for determining these non-interval acquisitions.

Non-market purchases

Electricity purchases from a person other than the Market Operator that must be reported as liable acquisitions are defined by clause 10(1) of Schedule 4A to the Act for the ESS and clause 90(1) of Schedule 4A to the Act for the PDRS.

In the worksheet enter the:

- Name of the seller of electricity[i]
- Purchases of electricity from a person other than the Market Operator (MWh) that are liable acquisitions for the ESS compliance period

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[h] This should be in accordance with clauses 29(2) or 59C(2) of the Regulation

[i] Where the purchase of electricity is from a registered participant, you should list the name of the generating system as it is listed in AEMO's Registration and Exemption list. Where the acquisitions are not from a registered participant, you should use a name for the generating system that is easily identifiable. The names provided in this section will be used by independent auditors to verify the information provided.

- Purchases of electricity from a person other than the Market Operator (MWh) that are liable acquisitions for the period between 2:30pm and 8:30pm AEST on the 4 peak days of the PDRS compliance period.

You must include the total quantity of generation from small-scale generation systems, such as rooftop solar panels, as non-market acquisitions.[j] It is not necessary to list each source of generation separately in your DLA.

Supply of electricity generated by a retailer

If you are a retailer and you have supplied electricity generated by you that meets the definition of a liable acquisition as defined by clause 10(2)(a) of Schedule 4A to the Act for the ESS and clause 90(2)(a) of Schedule 4A to the Act for the PDRS you must report this supply as a liable acquisition.

In the worksheet enter the:

- Name of the generating system[k]
- Supply of electricity generated by the retailer (MWh) that is a liable acquisition for the ESS compliance period
- Supply of electricity generated by the retailer (MWh) that is a liable acquisition for the period between 2:30pm and 8:30pm AEST on the 4 peak days of the PDRS compliance period

4.4 Exempt loads

The ESS Exemptions Order and PDRS Exemptions Order (the Orders) identify electricity loads that are eligible for exemptions from each scheme. The ESS Exemptions Rule and PDRS Exemptions Rule outline how exemptions are to be calculated under Division 5 of Part 1 (ESS) and Division 3 of Part 2 (PDRS) of Schedule 4A to the Act.

In the 'Inputs – Exempt loads' worksheet enter the details of any exemption you are entitled to claim. Exemptions can only be claimed for electricity supplied in connection with a specified activity at the location listed in the Orders.

In the worksheet enter the:

- Reference, Location and Specified Activity for the exemption being claimed[l]

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[j] Generation fed into the grid must be included in your non-market acquisitions to supplement the net data provided by the market operator.

[k] Where the supply of electricity is generated from a registered participant, you should list the name of the generating system as it is listed in AEMO's Registration and Exemption list. Where the acquisitions are not from a registered participant, you should use a name for the generating system that is easily identifiable. The names provided in this section will be used by independent auditors to verify the information provided by the scheme participant.

[l] The details of the exemptions have been pre-populated in the DLA to reflect the details provided in Schedule 1 of the ESS Exemptions Order and Schedule 1 of the PDRS Exemptions Order,

- name of the customer that electricity was supplied to[m]
- National Metering Identifier (**NMI**) at the Location where the exemption is being claimed[n]
- electricity supplied to the exempt entity (MWh) during the ESS compliance period
- electricity supplied to the exempt entity (MWh) during the period between 2:30pm and 8:30pm AEST on the 4 peak days of the PDRS compliance period.

When reporting the electricity supplied, use unadjusted meter data.[o] The worksheet will calculate the exempt load and an allowance for electricity losses based on the proportion specified in the Orders and the method outlined in the relevant Exemptions Rule.

4.5 Declaration

The 'Declaration' worksheet includes a declaration of your liable acquisition details. You must declare that:

- where you have provided estimates or indicative values in the declaration, these are based on the best available data and methods
- all information provided in the declaration by you is correct and not misleading or deceptive by inclusion or omission
- you are aware that there are penalties for knowingly providing false or misleading information in the declaration.

In the worksheet:

- provide the name and capacity of the signatories
- sign the declaration in accordance with the signatory requirements.

Signatory requirements

The declaration must be signed using either of the two following options.:

1. In accordance with section 127 of the *Corporations Act 2001* (Cth). That is, it must be signed by:
    - two directors of the company
    - a director and a company secretary of the company, or
    - for a proprietary company that has a sole director who is also the sole company secretary – that director.
2. By a person or persons who have provided evidence that the scheme participant has lawfully authorised them to sign the declaration on the scheme participant's behalf.

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[m] If the customer changes during the year, and if the exemption is still valid for the new customer, then add another entry for the new customer.

[n] Where the Location is supplied electricity through more than one NMI, you must input the electricity supplied through each NMI as separate entries.

[o] Unadjusted meter data is meter data prior to the application of loss factors.

Examples of signatory authority may include:

- Minutes of a resolution of the company's board or a letter signed under section 127 of the *Corporations Act 2001* (Cth) giving the person standing authority to sign documents for the company.
- A copy of the scheme participant's constitution or partnership agreement, if it authorises the person to sign.

We will acquire company extracts during the compliance process to confirm each declaration is signed by a director or company secretary. If your declaration or signatory authority is signed by an officer not listed on the company extract, we may require you to provide evidence of the signatory's authority to sign on behalf of the organisation.

5 Have your Declaration of Liable Acquisitions audited, unless exempt

You are required to have your Declaration of Liable Acquisitions (**DLA**) audited under the ESS if you rely on an exempt electricity load or your DLA includes non-market acquisitions and you do not meet the following exemption criteria:

- the total ESS non-market acquisitions included in your DLA is less than 1000 MWh
- you have had a previous audit of your ESS liable acquisitions with no issues identified by the auditor, and
- you can provide satisfactory evidence of ESS non-market acquisitions to us for internal assessment.

For the first year of the PDRS, if you are required to conduct an audit of your DLA under the ESS then you must also have your DLA audited under the PDRS. You may have both ESS and PDRS liable acquisitions audited in one combined audit, or separate audits if you prefer.

We require all DLAs be audited under both the ESS and PDRS unless you meet our exemption criteria set out in Figure 3.

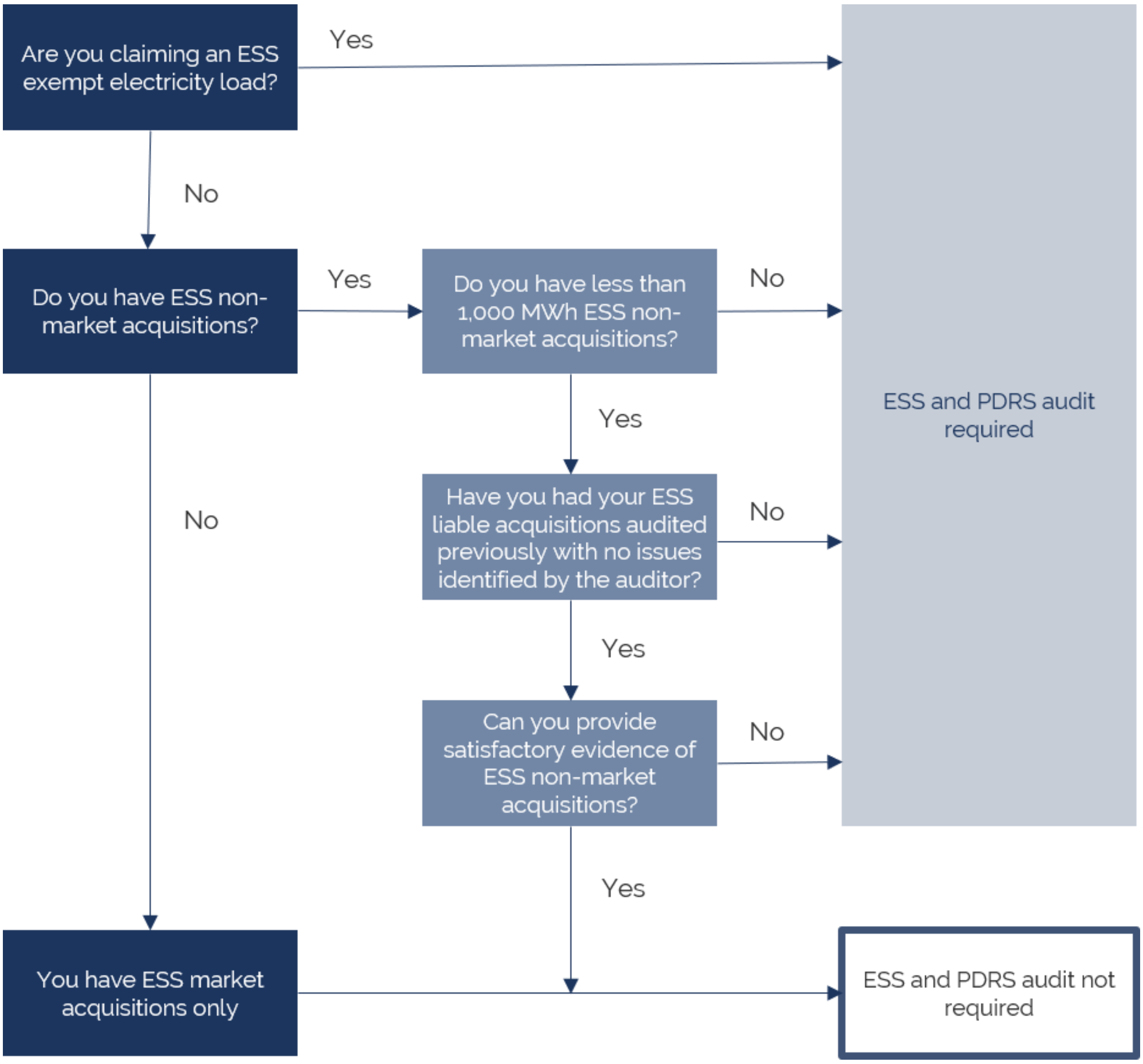
In special cases we may publish additional audit exemptions on our website or communicate them directly with scheme participants. For example, for the 2020 compliance year audit exemptions were offered to scheme participants eligible for the *Energy Savings Scheme (Small Retailer) Order 2020.*

Audit requirements

The audit process is described in the Audit Guide – Scheme Participants. Key requirements that apply to the audit of a DLA include:

- Where an audit is required, you must engage an approved auditor from the Audit Panel.
- You can only engage the same auditor for 3 consecutive audits.
- Auditors must submit a DSW Submission Form – Declaration of Liable Acquisitions to us prior to audit.
- Auditors must abide by the Audit Services Panel Agreement.
- Auditors must declare any conflicts of interest.

Figure 3 Decision tree to determine if an audit of your DLA is required



6 Reporting in TESSA

The Declaration of Liable Acquisitions (**DLA**) provides the liable acquisition information required to complete and lodge your ESS Annual Statement, PDRS Individual Liable Demand and PDRS Annual Statement in TESSA. The purpose of each of these lodgements is outlined in Table 2.

Table 2 Purpose of ESS & PDRS Annual Statement and Individual Liable Demand

Document	Purpose
ESS Annual Statement	Allows you to submit your ESS liable acquisitions information, DLA and audit report (if required) to TESSA and nominate certificates for surrender and any carry forward shortfall to meet your obligations under the ESS.
PDRS Individual Liable Demand	Allows you to submit your PDRS liable acquisitions information, DLA and audit report (if required) to TESSA.
PDRS Annual Statement	Allows you to nominate certificates for surrender and any carry forward shortfall to meet your obligations under the PDRS.

Note that while the ESS process is a single-step process, the PDRS process is separated into two steps. This is because PDRS individual certificate targets cannot be determined until all scheme participants have lodged their PDRS Individual Liable Demands and we have published the scheme liable demand.

Based on the information you submit to TESSA at each of these steps, TESSA will:

- calculate your individual energy savings target and determine how many energy savings certificates (**ESCs**) you need to surrender to meet your ESS obligations
- calculate your individual liable demand
- calculate your individual certificate target and determine how many peak reduction certificates (**PRCs**) you need to surrender to meet your PDRS obligations

Details of the calculations automated in TESSA are included in Appendix A.

The following sections outline the processes for lodging your ESS Annual Statement, PDRS Individual Liable Demand and PDRS Annual Statement in TESSA.

6.1 Lodge your ESS Annual Statement in TESSA

You must lodge your ESS Annual Statement in TESSA by the due date published on our scheme participant compliance timeline to satisfy your obligations under clause 26(1) of Schedule 4A to the Act.

The process for lodging your ESS Annual Statement is detailed in the TESSA Knowledge Articles video[p] and described below.

6.1.1 Create an ESS Annual Statement case

Log in to TESSA and create an ESS Annual Statement case for the compliance year.

In the ESS Annual Statement case:

1. Enter the liable acquisitions information from your DLA including:
   - Market acquisitions
   - Non-market acquisitions
   - Exempt electricity loads
2. Attach your:
   - Signed DLA
   - Audit report, unless exempt
   - Signatory authorisations, if required
   - Other supporting documents, as necessary

To add attachments, select the (paperclip icon) at the bottom of the case.

Tick the 'Commit Documents to Submission' checkbox for all attached documents.

Select the (pencil icon) in the External Document table for each document and select a document type from the list. You can add a document note if you wish.

Select the 'Was this submission audited?' drop-down and select yes or no. If the submission was audited, select the auditor group who performed the work.[q]

Tick the 'Acknowledgement' checkbox acknowledging that you have attached the signed DLA and, if an audit was required, the audit report.

Tick the 'Offline Payment' checkbox if you wish to pay using the offline payment method. If you wish to use the online payment method leave this checkbox unticked. Do not make any payment until we have reviewed your ESS Annual Statement case and you have received a penalty invoice (refer to Sections 7 and 8).

Within the ESS Annual Statement case TESSA calculates:

- your individual energy savings target for the compliance year
- the maximum shortfall you can carry forward to next year[r]

[p] You will need to be logged into your TESSA account to access the video from the link provided. Otherwise, you will need to click the link, log in, and then click the link again to be directed to the video.

[q] An ESS Annual Statement that includes a DLA requiring an audit will not be considered complete unless an audit report is attached at the time of submission in TESSA.

[r] A scheme participant may nominate to carry forward up to 10% of its individual energy savings target to the next year but must remedy that shortfall carried forward in the next year.

- how many ESCs you need to surrender to avoid a shortfall penalty.

6.1.2 Nominate carry forward shortfalls and ESCs for surrender

When you submit your ESS Annual Statement you must nominate:

- any shortfall you wish to carry forward to the next year
- the number of ESCs you wish to surrender against your combined individual energy savings target and shortfall carried forward from the previous year.

If you fail to surrender enough ESCs to meet your individual energy savings target, as well as any shortfall carried forward from the previous year, then you will have an energy savings shortfall and be liable to pay an energy savings shortfall penalty (refer to Section 8).

Restrictions on the surrender of certificates

Certificates surrendered to meet an ESS individual energy savings target for a compliance period or carried forward shortfall from the previous year must be:

- Energy Savings Certificates (**ESCs**)
- ESCs created in relation to energy savings that occurred before the end of the year to which the energy savings statement relates [a]

You should consider these restrictions when acquiring certificates.

a. This means the ESC must have a 'vintage' of the current compliance year or earlier. For example, scheme participants can only surrender ESCs of 2009 to 2022 vintage to meet a 2022 compliance year obligation, 2023 vintage ESCs cannot be surrendered against a 2022 compliance year obligation.

6.1.3 Submit your ESS Annual Statement

Once you have entered your liable acquisitions data, attached the required documents and nominated a number of ESCs for surrender, you will be able to submit your ESS Annual Statement case to us for review (refer to Section 7).

After the case is submitted a case number will be generated and you will receive an email notification confirming your submission.

6.2 Lodge your PDRS Individual Liable Demand in TESSA

You must lodge your PDRS Individual Liable Demand in TESSA by the due date published on our scheme participant compliance timeline to satisfy your obligations under clause 89(4)of Schedule 4A to the Act.

The process for lodging your PDRS Individual Liable Demand is detailed in the TESSA Knowledge Articles video and described below.[s]

6.2.1 Create a PDRS Individual Liable Demand case

Log in to TESSA and create a PDRS Individual Liable Demand case for the compliance period.

In the PDRS Individual Liable Demand case:

1. Enter scheme participant and liable acquisitions data including:
   - Market acquisitions
   - Non-market acquisitions
   - Exempt electricity load
2. Attach your:
   - Signed Declaration of Liable Acquisitions
   - Audit report, unless exempt
   - Signatory authorisations, if required
   - Other supporting documents

To add attachments, select the 📎 (paperclip icon) at the bottom of the case.

Tick the 'Commit Documents to Submission' checkbox for all attached documents.

Select the ✏ (pencil icon) in the External Document table for each document and select a document type from the list. You can add a document note if you wish.

Select the 'Was this submission audited?' drop-down and select yes or no. If the submission was audited, select the auditor group who performed the work.[t]

Tick the 'Acknowledgement' checkbox acknowledging that you have attached the signed DLA and, if an audit was required, the audit report.

TESSA calculates your individual liable demand for the compliance period.

You do not need to nominate any carry forward or certificates for surrender as part of your PDRS Individual Liable Demand submission. You will make this nomination in your PDRS Annual Statement.

[s] You will need to be logged into your TESSA account to access the video from the link provided. Otherwise, you will need to click the link, log in, and then click the link again to be directed to the video.

[t] A PDRS Individual Liable Demand case that includes a DLA requiring an audit will not be considered complete (i.e. in a form approved by the Scheme Regulator) unless an audit report is attached at the time of submission in TESSA.

6.2.2 Submit your PDRS Individual Liable Demand

Once you have entered your liable acquisitions data and attached the required documents, you will be able to submit your PDRS Individual Liable Demand case to us for review (refer Section 7).

After the case is submitted a case number will be generated and you will receive an email notification confirming your submission.

6.2.3 The Scheme Regulator publishes the Scheme Liable Demand

We will determine the scheme liable demand by adding together each scheme participant's individual liable demand. TESSA uses the scheme liable demand to calculate your individual certificate target for your PDRS Annual Statement. For the 2022-23 PDRS compliance period we will publish the scheme liable demand by 23 January 2024.

6.3 Lodge your PDRS Annual Statement

You must submit your PDRS Annual Statement in TESSA by the due date published on our scheme participant compliance timeline to satisfy your obligations under clause 103(1) of Schedule 4A to the Act. You will not be able to lodge your PDRS Annual Statement until the scheme liable demand has been published (refer to Section 6.2.3).

The process for lodging your PDRS Annual Statement is detailed in the TESSA Knowledge Articles video and described below.[u]

6.3.1 Create a PDRS Annual Statement case

Log in to TESSA and create a PDRS Annual Statement case for the compliance period.

In the PDRS Annual Statement case:

1. Link your PDRS Individual Liable Demand case for the compliance period. This will auto-populate your liable acquisitions information.
2. Attach any other supporting documents required.

You do not need to attach your Declaration of Liable Acquisitions or Audit Report here as you will have attached them to your PDRS Individual Liable Demand case.

To add attachments, select the 📎 (paperclip icon) at the bottom of the case.

Tick the 'Commit Documents to Submission' checkbox for all attached documents.

Select the ✏ (pencil icon) in the External Document table for each document and select a document type from the list. You can add a document note if you wish.

[u] You will need to be logged into your TESSA account to access the video from the link provided. Otherwise, you will need to click the link, log in, and then click the link again to be directed to the video.

Tick the 'Offline Payment' checkbox if you wish to pay using the offline payment method. If you wish to use the online payment method leave this checkbox unticked. Do not make any payment until we have reviewed your PDRS Annual Statement case and you have received a penalty invoice (refer Sections 7 and 8).

TESSA calculates:

- your individual certificate target for the compliance period
- the maximum shortfall you can carry forward to the next year[v]
- how many PRCs you need to surrender to avoid a shortfall penalty.

6.3.2 Nominate carry forward shortfalls and PRCs for surrender

When you submit your PDRS Annual Statement you must nominate:

- any shortfall you wish to carry forward to the next year
- the number of PRCs you wish to surrender against your combined individual certificate target and shortfall carried forward from the previous year.

If you fail to surrender enough PRCs to meet your individual certificate target and any shortfall carried forward from the previous year, then you will have a shortfall and be liable to pay a shortfall penalty (refer Section 8).

Restrictions on the surrender of certificates

Certificates surrendered to meet a PDRS individual certificate target for a compliance period or carried forward shortfall from the previous year must be:

- Peak Reduction Certificates (**PRC**)
- PRCs that either:
  - are registered as 'Active' at the time of surrender, or
  - were registered as 'Active' during the compliance period for which the certificate is surrendered.

You should consider these restrictions when acquiring certificates.

[v] A scheme participant may nominate to carry forward for the 2022-23 compliance year up to 20% and for 2023-24 on up to 10% of its individual certificate target to the next year but must remedy that shortfall carried forward in the next year.

7 Assessing scheme participant compliance

After you lodge your ESS Annual Statement, PDRS Individual Liable Demand or PDRS Annual Statement we will:

- review each of your cases, and
- assess compliance with your reporting obligations.

If a scheme participant has failed to submit an ESS Annual Statement, PDRS Individual Liable Demand or PDRS Annual Statement we may make a default assessment.

The following sections outline each of these processes.

7.1 Reviewing the ESS Annual Statement, PDRS Individual Liable Demand and PDRS Annual Statement

We will review each of your ESS Annual Statement, PDRS Individual Liable Demand and PDRS Annual Statement cases when you submit them in TESSA. If submissions are incomplete (e.g. missing an audit report), errors are identified or we require more information you will receive a request for information (RFI) though TESSA. You will be able to respond to the RFI in TESSA. The process for responding to an RFI is detailed in the TESSA Knowledge Articles video.

7.2 Assessing compliance with obligations

Once we have resolved any issues with the case, your case will be accepted. The next steps then depend on the type of case as follows:

PDRS Individual Liable Demand

For PDRS Individual Liable Demand you will receive an email notification that your case is complete. You will then be able to lodge your PDRS Annual Statement provided the scheme liable demand has been published.

ESS and PDRS Annual Statements

For the ESS Annual Statement and PDRS Annual Statement, if there is no shortfall penalty payable, you will receive an email notification that the case is complete. You will be able to view your Notice of Assessment within your TESSA case.

If a shortfall penalty is payable, you will receive an email notification that the case is awaiting payment. You will be able to view your penalty invoice together with your Notice of Assessment within your TESSA case. Section 8 outlines the process for paying a shortfall penalty. Once the penalty payment has been made you will receive an email notification that the case is complete.

7.3 Failure to lodge an ESS Annual Statement, PDRS Individual Liable Demand or PDRS Annual Statement

The Scheme Regulator may make a default assessment of your individual energy savings target, individual liable demand, individual certificate target and any resulting shortfall penalty if you fail to submit an ESS Annual Statement, PDRS Individual Liable Demand or PDRS Annual Statement in accordance with the Act[w].

We will notify you of any default assessments made and attach a Notice of Assessment and a penalty invoice, where relevant. You will be required to pay any shortfall penalty due.

Failure to lodge an ESS Annual Statement, PDRS Individual Liable Demand or PDRS Annual Statement by the due date are offences under the Act[x]. The maximum penalty for each offence is $27,500 for a corporation or $11,000 for an individual.

[w] Clauses 28(c), 89(5) and 103(7)(a) of Schedule 4A to the Act and clauses 33, 62D and 62E of the Regulation.

[x] Clauses 26(6), 89(4) and 103(6) of Schedule 4A to the Act.

8 Pay any shortfall penalty

You must pay any ESS or PDRS shortfall penalties[y] by the due date published on our scheme participant compliance timeline to satisfy your obligations under clauses 18 and 100 of Schedule 4A to the Act. An unpaid shortfall penalty may be recovered in any court of competent jurisdiction as a debt due to the Crown.

You should not pay any shortfall penalty until a penalty invoice has been issued in TESSA. You can pay the invoice using one of the following methods:

- The online payment platform, or
- The offline payment method.

The following sections outline the process for each of these methods.

The online payment platform

Payment using the online payment platform is the preferred option. You can pay online using credit card, PayPal or PayID.

To make a payment:

1. Open your Annual Statement case
2. Select 'Proceed to Payment' at the bottom of the case
3. You will be re-directed to the payment portal to pay through TESSA.

There are no payment fees for payment via credit card or PayPal. A small flat fee applies to PayID payments, and the amount of this fee is shown in TESSA.

The offline payment method

Alternatively, you may pay offline using direct deposit:

1. Open the payment invoice in the Annual Statement case
2. Follow the offline payment instructions on our website
3. Email the Scheme Regulator at essregulator@ipart.nsw.gov.au to notify us once payment has been made.

[y] If you nominated to surrender fewer certificates than needed to meet your target and carried forward shortfall you will have been notified in your Notice of Assessment of a shortfall penalty and an invoice will be created in TESSA.

Appendix 1: TESSA Calculations

ESS Annual Statement

In the ESS Annual Statement, TESSA calculates your individual energy savings target and the number of ESCs you need to surrender to avoid paying a shortfall penalty as follows:

Calculating your individual energy savings target

Individual energy savings target (notional MWh) = *Liable acquisitions (MWh)* x *Energy savings scheme target (%)* x *Energy conversion factor*

Note. The energy savings scheme target and energy conversion factor for each compliance year are set out in Schedule 5 of the Act. The relevant energy savings scheme target and energy conversion factor are built-in to TESSA.

Calculating how many ESCs you need to surrender

ESCs required to be surrendered to avoid a shortfall penalty = *Individual energy savings target (notional MWh)* + *Shortfall carried forward from previous year (notional MWh)* - *Shortfall carried forward to next year (notional MWh)*

PDRS Individual Liable Demand

In the PDRS Individual Liable Demand, TESSA calculates your individual liable demand as follows:

Calculating your Individual Liable Demand

Individual liable demand, kilowatts = *Liable acquisitions, MWh* ÷ *(4 x 6)* x *1000*

PDRS Annual Statement

In the PDRS Annual Statement, TESSA calculates your individual certificate target and the number of PRCs you need to surrender to avoid paying a shortfall penalty as follows:

Calculating your individual certificate target

Individual certificate target, PRCs	=	*Individual Liable Demand, kilowatts*	÷	*Scheme Liable Demand, kilowatts*	X	*Scheme Certificate Target, PRCs*

Calculating how many PRCs you need to surrender

PRCs required to be surrendered to avoid a shortfall penalty	=	*Individual certificate target, PRCs*	+	*Shortfall carried forward from previous year, PRCs*	-	*Shortfall carried forward to next year, PRCs*

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