

1 August 2019

Clause 7A.16 - Guidance for top-up ESC creation under PIAM&V

The purpose of this notice is to provide guidance on an acceptable approach to top-up Energy Savings Certificate (**ESC**) creation under clause 7A.14 of the *Energy Savings Scheme Rule of 2009 (ESS Rule)* using the Project Impact Assessment with Measurement and Verification (**PIAM&V**) method. This guidance is provided in accordance with clause 7A.16 of the ESS Rule.

Top-up certificate creation

Under clause 7A.14 of the ESS Rule, Accredited Certificate Providers (**ACPs**) may create new ESCs for Additional Energy Savings. This is referred to as top-up certificate creation.

Additional Energy Savings are energy savings for which no ESCs have been created, but which arise from an implementation in relation to which ESCs have been (forward) created.

Additional Energy Savings are calculated using Equations 7A.3 and 7A.4 (as modified by clause 7A.14).

Calculating Additional Energy Savings

Additional Energy Savings can be calculated using Equation 7A.3 (as modified by clause 7A.14) when measured annual energy savings are greater than counted energy savings in one or more measurement periods. The modified formula is as follows:

$$\text{Electricity Savings} = (\text{Measured Annual Electricity Savings} \times \text{Accuracy Factor} - \text{Counted Energy Savings}_i) \times \text{Regional Network Factor}$$

$$\text{Gas Savings} = \text{Measured Annual Gas Savings} \times \text{Accuracy Factor} - \text{Counted Energy Savings}_i$$

Where:

- ▼ *Measured Annual Electricity Savings or Gas Savings* is the sum of Electricity Savings or Gas Savings for each Measurement Period for the relevant Implementation, calculated in accordance with Equation 7A.4 [as amended by cl 7A.14(a)].
- ▼ *Accuracy Factor* is the number determined by clause 7A.10 of this rule.
- ▼ *Counted Energy Savings_i* is the sum of total Electricity Savings and Gas Savings for which Energy Savings Certificates have previously been created for the Implementation, for each Measurement Period for the relevant Implementation [as amended by cl 7A.14(b)].
- ▼ *Regional Network Factor* is the value from Table A24 of Schedule A corresponding to the postcode of the Address of the Site or Sites where the Implementation(s) took place.

In simple terms, this means that Additional Energy Savings are calculated by comparing the *measured* annual energy savings in a particular measurement period or periods with the energy savings for which ESCs have previously been forward created in respect of those measurement periods.

For the purposes of section 131 of the *Electricity Supply Act 1995 (NSW)* the energy savings are taken to occur on the end date of the relevant measurement period.

Acceptable approach to top-up certificate creation

It is an acceptable approach for an ACP to wait until total measured annual energy savings for the implementation have surpassed the total number of energy savings for which ESCs have previously been forward created *before* engaging in top-up certificate creation under clause 7A.14.

For example, under this approach, if an ACP ‘forward-created’ 40,000 ESCs, it would wait until ongoing measurement and verification has confirmed more than 40,000 ESCs worth of energy savings before engaging in top-up certificate creation. The ACP would then create ESCs for the Additional Energy Savings over the relevant Measurement Periods.

Interaction with the 50,000 ESC cap on forward creation

Clause 7A.11(c) of the ESS Rule imposes a cap of 50,000 on the number of ESCs that can be brought forward from each implementation.

Where an implementation is forecast to generate more than 50,000 ESCs, it is an acceptable approach to allocate those 50,000 ESCs such that they are the *first* energy savings that are forecast to be realised over the period for forward creation (as calculated using Equation 7A.1).

This is illustrated in Figure 1 below where top-up certificate creation occurs in year 5 after measured energy savings have surpassed the total number of energy savings for which ESCs have previously been created.

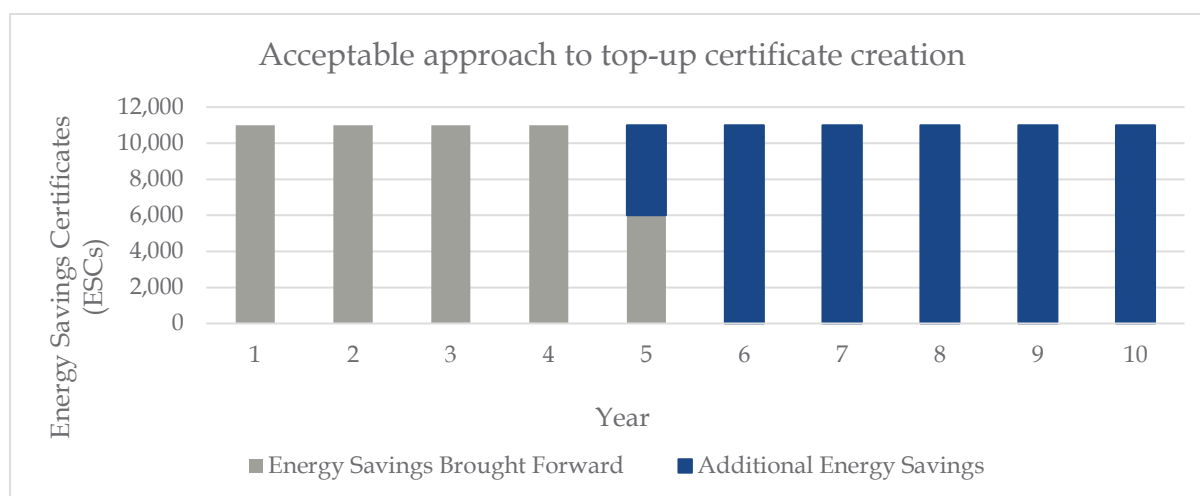


Figure 1 – Acceptable approach to top-up certificate creation

The number of ‘top-up’ ESCs are calculated using Equation 7A.3 (as modified by clause 7A.14) by comparing the measured annual energy savings with the corresponding counted energy savings for each measurement period.

Other approaches to top-up certificate creation

This guide details an approach to top-up certificate creation that is acceptable to the Scheme Administrator. If you are considering adopting an alternative approach, we strongly recommend you discuss this approach with the Scheme Administrator prior to creating any new ESCs using that approach.