

6 November 2017

WHAT

The Independent Pricing and Regulatory Tribunal (**IPART**) is reviewing the framework for the administration of Measurement and Verification (**M&V**) Professionals.

M&V Professionals play a key role in the Project Impact Assessment with Measurement and Verification (**PIAM&V**) Method as set out in the [Guide for Measurement & Verification Professionals](#). Accredited Certificate Providers (**ACPs**) must engage M&V Professionals to review and validate certain aspects of their approach to calculating energy savings under the PIAM&V Method. The M&V Professionals do this by producing an *M&V Professional Report*.

WHY

We established the framework for administering M&V Professionals in early 2016. Since that time we have approved eleven M&V Professionals and assessed various *M&V Professional Reports*, some of which have not met the required standard. As such, we are reviewing the framework to determine whether it is operating effectively, including the:

- ▼ requirement for M&V Professionals to be independent
- ▼ role of the M&V Professional versus independent auditors, and
- ▼ templates and guidance IPART provides to support M&V Professionals in their role.

We have provided specific questions for stakeholder consideration on the following page.

WHO

The framework for the administration of M&V Professionals also impacts ACPs using the PIAM&V Method as well as ESS auditors. However, submissions are welcome from any person or organisation with an interest in the operation of the ESS.

HOW

We are consulting with stakeholders by releasing this consultation fact sheet for comment. We will consider all stakeholder feedback before determining any changes we will make to the framework.

WHAT NEXT

We invite interested parties to make written submissions addressing the issues in this consultation fact sheet by 27 November 2017.

We would prefer to receive submissions electronically via email to ess@ipart.nsw.gov.au.

You can also send comments by mail to:

Energy Savings Scheme
Independent Pricing & Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

SPECIFIC QUESTIONS FOR STAKEHOLDERS

1. The framework requires M&V Professionals to provide an independent opinion

The PIAM&V Method is designed to be flexible to enable ACPs to apply it to many different types of projects and sites and to model the energy savings using best practice measurement and verification techniques. The purpose of the M&V Professional is to provide for peer review of each project in order to ensure the M&V approach used by ACPs is appropriate and meets the requirements of the ESS Rule. This is intended to reduce the risk of inaccurate energy savings calculations and invalid ESC creation that comes from having a complex flexible method and to support industry application of the method in a consistent way.

Stakeholders have observed that the requirement for the M&V Professional to be independent has resulted in some ACPs engaging the M&V Professional at the end of the process. This removes the opportunity for M&V Professionals to identify issues with the M&V approach at the early stages of a project. Feedback from auditors indicates that this may be reducing the value that M&V Professionals can provide in the delivery of robust projects and may be increasing the risks of invalid ESC creation. Some stakeholders have recommended an alternative model whereby ACPs would engage M&V Professionals to review and provide feedback on all aspects of the project, therefore ensuring expert involvement and advice is provided at critical stages, rather than at the end when it may be more difficult for the ACP to address identified issues.

Should IPART change the framework to remove the requirement for M&V Professionals to be independent?

2. Auditors also review how ACPs have applied the PIAM&V Method

Audits of ESC creation under the PIAM&V method include review of M&V Professional Reports, but it is not intended to include detailed review of the data underlying all inputs and assumptions made in the development of energy models and determination of M&V parameters, as this is the role of M&V Professionals. Feedback from auditors has indicated that in many cases the M&V Professional Reports have not met the required standard that would enable them to provide assurance over the calculated energy savings without conducting their own detailed review. As such, in some cases auditors have been duplicating the role of the M&V Professionals by reviewing all the inputs, parameters and assumptions to enable them to form their own opinion on whether the project meets the PIAM&V requirements. This is increasing the time and costs of audits.

What is an appropriate distribution of roles between M&V Professionals and auditors?

3. IPART provides a number of templates and guidance

IPART has produced a number of [documents](#) to support M&V Professionals to perform their role, including: the *PIAM&V Method Guide*, the *Guide for M&V Professionals*, and the *Template - M&V Professional Report*. IPART also delivers online [workshops](#).

Please provide feedback on whether the existing guidance documentation and training material is sufficient to support M&V Professionals in their role.