

8 October 2018

ESS Rule: Commercial Lighting Amendments

The purpose of this notice is to remind accredited certificate providers (**ACPs**) of amendments to the *Energy Savings Scheme Rule of 2009* (**ESS Rule**) which affect the calculation of energy savings under the Commercial Lighting Energy Savings Formula (**CLESF**).

Amendments to the ESS Rule were published on 20 April 2018 and commenced on 31 July 2018. These included transitional provisions for CLESF which will end on 31 October 2018.¹

The purpose of the 6 month transitional period was to enable ACPs to plan their energy savings certificate (**ESC**) creation around the amendments and ESC registration limits imposed by their accreditation notices.

Any ACP which intends to apply to register ESCs by 31 October 2018 using the transitional provisions, and has identified any issues which prevent it from doing so, **should advise us no later than Wednesday 10 October 2018**.

The transitional period ends on 31 October 2018

Clause 11.10 of the ESS Rule provides that ACPs using CLESF must use clause 9.4 of the ESS Rule as in effect immediately prior to 31 July 2018 (**Old Clause 9.4**) to calculate energy savings if:

- ▼ the relevant **application for registration** is made on or before 31 October 2018; and
- ▼ the implementation date for the implementation to which the energy savings relate is on or before 31 October 2018.

Any ACP wishing to create ESCs under the Old Clause 9.4 must apply to register these ESCs on or before 31 October 2018.

The changes will affect energy savings calculations

The new clause 9.4 of the ESS Rule must be used to calculate energy savings for any application for registration made after 31 October 2018.

We remind ACPs that, in most cases, the energy savings calculated using the amended ESS Rule will differ from the energy savings calculated using the Old Clause 9.4. The changes are summarised in the below table.

Summary of Clause 9.4 – CLESF changes from 1 November 2018

9.4.1(i):	New	Addition of a requirement that maintained emergency lighting must be replaced by maintained emergency lighting equipment.
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¹ See *IPART – Fact Sheet: ESS Rule Amendments April 2018*. The Department of Resources and Energy also issued a paper outlining the changes, available at www.energy.nsw.gov.au/government-and-regulation/energy-savings-scheme.

Summary of Clause 9.4 – CLESF changes from 1 November 2018

Table A9.2:	Amended	Introduction of a cap on the LCP/NLP of high bay metal halide and mercury vapour lamps removed as part of a lighting upgrade. The cap applies to indoor lighting only.
Tables A10.1, A10.2 & A10.3	Amended	Updates to asset lifetime values to reflect the changes to the lighting market in NSW.
A10.6	New	Updates to asset lifetime values to reflect the changes to the lighting market in NSW.
Clause 11	Amended	A number of new definitions and amendments have been included to support and clarify changes throughout the method.

Source: IPART Fact Sheet: ESS Rule Amendments – April 2018.

The minimum co-payment requirement will be affected

ACPs are reminded that the co-payment required under clause 9.4.1(e) of the ESS Rule will differ as a result of the ESS Rule changes. This may affect the eligibility of some implementations to create ESCs, particularly where the energy savings increase under the amended rule.

All CLESF ACPs should carefully review the effect of the amended ESS Rule on their energy savings calculations and co-payment requirements.

ESC registration limits continue to apply

Paragraph 3(c) of each accreditation notice imposes a condition of accreditation limiting the number of ESCs an ACP can **apply to register**.² This limit manages the risk of improper ESC creation by:

- ▼ limiting the number of unaudited ESCs an ACP can apply to register, or
- ▼ requiring an ACP to undertake a pre-registration audit of the proposed ESC creation before applying to register ESCs.

This means that ACP's intending to create ESCs under the Old Clause 9.4 (ie, by making an application to register on or before 31 October 2018) must do so **within the limits specified in their accreditation notices**.

² We consider an application to register ESCs to be made when an ACP uploads the data required under clause 6.8 of the ESS Rule to the ESS Portal.

What you need to do

We encourage all ACPs intending to use the Old Clause 9.4 to review their accreditation conditions and finalise all necessary audits as soon as possible.

ACPs with volumetric audit limits should prioritise the registration of ESCs from implementations most affected by the changes, such as implementations for which ESCs cannot be created under the new clause 9.4 of the ESS Rule.

We note that the amendments to CLESF were announced on 20 April 2018, providing ACPs with six months' notice of the change. ACPs should have made all necessary arrangements well ahead of 31 October 2018.

Any ACP which identifies any issues preventing it from utilising the transitional provisions should advise IPART by emailing the ESS Compliance Team³ by no later than **Wednesday 10 October 2018**. The email should include:

- ▼ the number of affected implementations, and the expected number of ESCs
- ▼ the effect of using the amended ESS Rule to calculate energy savings on each implementation (ie, the reduction in expected ESC creation, or whether the project is ineligible under the revised clause 9.4)
- ▼ the implementation date for each implementation, and
- ▼ the reason the ACP has been unable to manage its ESC creation limits during the six month transitional period.

³ At ess_compliance@ipart.nsw.gov.au