

Scheme Participant Audits

12 July 2024

This Quick Reference Guide will help you understand the changes to the auditing requirements for scheme participants as a result of our recent consultation on [operational changes to scheme participant compliance processes](#).

It also provides guidance on key issues identified in audits from last year's reporting cycle.

The audit requirements have changed

There are 2 key changes from the consultation that will impact whether a scheme participant needs to conduct an audit:

- **Audit thresholds:** The ESS audit threshold has increased from 1,000 MWh of non-market acquisitions to 10,000 MWh. A PDRS audit threshold of 45 MWh of non-market acquisitions has been introduced.
- **Definition of non-market acquisitions:** As a result of the move to gross data, imports to the National Electricity Market (NEM) (e.g. from customer rooftop solar) are no longer reported as non-market acquisitions.^a Non-market acquisitions only include non-market purchases and supplies of electricity generated by a retailer where the purchase or supply is not later supplied to AEMO through the NEM.^b

As a result of these changes, we expect fewer scheme participants will need to conduct an audit and most audits will be done for scheme participants claiming exemptions. This is because most of the non-market acquisitions reported in previous years were from imports to the NEM.

You only need to conduct an audit in limited circumstances

You only need to conduct an audit if you:

- are claiming an exemption, or
- have non-market acquisitions (i.e. the sum of your non-market purchases or supplies of electricity generated by a retailer) above the threshold of 10,000 MWh for the ESS and 45 MWh for the PDRS.

^a Imports to the NEM (e.g. from customer rooftop solar) - were previously used as a proxy to estimate a scheme participant's gross electricity market purchase. As gross data is now available from AEMO we no longer need imports to the NEM to be reported.

^b *Non-market purchases and supplies of electricity* are defined in the glossary of the [DSW Submission Form - DLA](#) and described in sections 4.3 and 4.4 of the [Compliance Guide - Scheme Participants](#).

You still need to report non-market acquisitions below the threshold

While there is no requirement to audit if your non-market acquisitions are below the 10,000 MWh and 45 MWh thresholds for ESS and PDRS you must still report these non-market acquisitions in your Declaration of Liable Acquisitions.

Audit issues from last reporting cycle

A review of audits from the last reporting cycle revealed some scheme participants:

- reported liable acquisitions based on billing date rather than supply date
- claimed an exemption based on non-interval metering data.

Liable acquisitions must be based on supply date

We expect the need to rely on billing data for 2023 ESS and 2023-24 PDRS reporting will be lessened as imports to the grid no longer need to be reported. However, if billing data is used to report non-market acquisitions, the data reported must reflect the electricity **supplied** during the compliance period, not the electricity billed for during the compliance period.

Interval metering is required to accurately determine an exemption

An interval meter is required to accurately measure the electricity supplied in relation to an exemption during the compliance period. You cannot use the PDRS Compliance Rule non-interval acquisition estimation methods to estimate electricity supplied in relation to an exemption.

If you intend to claim an exemption for an electricity supply not metered by an interval meter, please contact us at essregulator@ipart.nsw.gov.au to discuss options for determining the electricity supply.

Audits can commence before AEMO data is provided

We have made some changes to the audit scope in the *DSW Submission Form – DLA* to reflect the consultation outcomes and address issues identified in last year's audit reports. A key change is that market purchases are no longer included in the audit scope.

This means that scheme participants do not need to wait for AEMO data to be provided before commencing an audit. An audit can commence as soon as the compliance period ends and the relevant exemptions and non-market acquisition data is available.