



Independent Pricing and Regulatory Tribunal  
New South Wales

# Removal of Old Appliances

## Method Guide

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# 1 About this document

The NSW Energy Savings Scheme (ESS) seeks to reduce energy consumption in NSW by creating financial incentives for organisations to invest in energy saving projects.

The other objects of the ESS are to:

- ▼ assist households and businesses to reduce energy consumption and energy costs
- ▼ make the reduction of greenhouse gas emissions achievable at a lower cost, and
- ▼ reduce the cost of, and need for, additional energy generation, transmission and distribution infrastructure.<sup>1</sup>

Electricity retailers and other mandatory participants (**Scheme Participants**) are obliged to meet energy saving targets. Energy savings can be achieved by installing, improving or replacing energy saving equipment. Persons that become Accredited Certificate Providers (**ACPs**) can create energy savings certificates (**ESCs**) from these activities and then sell those ESCs to Scheme Participants. The Independent Pricing and Regulatory Tribunal of NSW (**IPART**) is both the Scheme Administrator and Scheme Regulator of the ESS.<sup>2</sup>

This document provides guidance about how the Removal of Old Appliances (**RoOA**) method of the ESS operates, some of the key requirements that must be met when using the method, and how to calculate energy savings for a Recognised Energy Saving Activity (**RESA**) and create ESCs. This document should be used by:

- ▼ applicants seeking accreditation as a certificate provider, to assist them in completing their application,<sup>3</sup> and
- ▼ those persons who are already ACPs, to assist them in accurately calculating energy savings using this method.

## 1.1 Legislative requirements

This document is not legal advice. The legal requirements for ACPs participating in the ESS are set out in:

- ▼ Part 9 of the *Electricity Supply Act 1995* (**Act**)
- ▼ Part 6 of the *Electricity Supply (General) Regulation 2014* (**Regulation**), and
- ▼ the *Energy Savings Scheme Rule of 2009* (**ESS Rule**).

ACPs are also required to meet any additional accreditation conditions as set out in their Accreditation Notice.

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<sup>1</sup> *Electricity Supply Act 1995*, section 98(2)

<sup>2</sup> *Electricity Supply Act 1995*, sections 153(2) and 151(2)

<sup>3</sup> A full explanation of the application process is provided in the Application Guide [www.ess.nsw.gov.au/How\\_to\\_apply\\_for\\_accreditation/The\\_application\\_process](http://www.ess.nsw.gov.au/How_to_apply_for_accreditation/The_application_process). ACPs should ensure they read this document and the Application Guide in full before applying for accreditation.

## 2 Method overview

The RoOA method can be used to calculate energy savings and create ESCs from the removal of old, or spare, refrigerators and freezers that consume more electricity than new refrigerators and freezers.

## 3 Requirements that must be met

We have provided information below about the requirements of the method. This is not an exhaustive list of requirements, and ACPs should ensure they are familiar with their obligations under the Act, Regulation, ESS Rule and any conditions of their accreditation.

### 3.1 Energy saver

An ACP can only calculate energy savings and create ESCs from an implementation if the ACP is the 'energy saver' under the ESS Rule. The ACP must be the energy saver as at the implementation date. An energy saver can be either:

- ▼ the **original energy saver** – which, under this method, is the person who is contracted to remove the equipment (the contractor), or
- ▼ the **nominated energy saver** – which is someone the original energy saver has nominated as the energy saver by completing a Nomination Form.<sup>4</sup>

An ACP that is the original energy saver must be accredited as an ACP **prior to** the implementation date in order to create ESCs from an implementation.

An ACP that is a nominated energy saver must:

- ▼ be accredited as an ACP **prior to** the implementation date and before the nomination is made,<sup>5</sup>
- ▼ have a documented procedure for obtaining the nomination from the original energy saver, and
- ▼ be nominated by the original energy saver on or before the implementation date. The nomination is taken to occur on the date that the nomination form is signed by the original energy saver.

### 3.2 Implementation, implementation date and site

The ESS Rule defines 'implementations', 'implementation dates' and 'site' (explained below). These concepts are used to determine the number of ESCs, and from when they can be created.

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<sup>4</sup> Available at: [www.ess.nsw.gov.au/Accredited\\_Certificate\\_Providers/Templates](http://www.ess.nsw.gov.au/Accredited_Certificate_Providers/Templates)

<sup>5</sup> The ESS website provides information on applying to become an ACP at: [www.ess.nsw.gov.au/How\\_to\\_apply\\_for\\_accreditation](http://www.ess.nsw.gov.au/How_to_apply_for_accreditation).

### 3.2.1 Implementation

An implementation is the delivery of a RESA<sup>6</sup> at a site. Activities eligible to be RESAs where the RoOA method is used are set out in Schedule C the ESS Rule (see section 3.3 of this document).

Each site address where a RESA is delivered will be a different implementation under this method. Multiple eligible old appliances may be removed from a single site and will be part of the same implementation if they are removed on the same date. Old appliances that are removed from the same site but on different dates will be separate implementations.

### 3.2.2 Implementation date

For RESAs under the RoOA method, the implementation date is the date the old appliance is removed from the site.

### 3.2.3 Site

The 'site' must be a residential building or small business site with a NSW address (as applicable, depending on the activity definition – see section 3.3.2 of this document).

For these purposes:

A 'residential building' means a building or part of a building classified as a Building Code of Australia (BCA) Class 1, 2 or 4 building, and may include any non-habitable building (BCA class 10a or 10b) on the same site.

A 'small business site' means a site:

- a) that is entirely occupied by one business; and
- b) where the business, as a consumer of electricity at the Site:
  - i) is a small customer (and, for the avoidance of doubt, has not aggregated its load at the site with consumption at other sites for the purposes of being treated as a large customer under its electricity purchase arrangements); or
  - ii) is a customer of an exempt seller, and has an annual electricity consumption below the upper consumption threshold for electricity.

Small customer, large customer, exempt seller and upper consumption threshold have the same meaning as in the *National Energy Retail Law (NSW)*.

In general terms, a small business site is a site at which a business consumes electricity at a rate of less than 100MWh per year.

## 3.3 Eligible appliances

The appliance removal must be included in an activity definition in Schedule C of the ESS Rule. Each activity definition defines a class of appliance that can be removed and the requirements the appliance must meet. The activity definitions are listed in Table 3.3.1.

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<sup>6</sup> A RESA must meet all of the criteria set out in clause 5.3, 5.3A, 5.3B and 5.4 of the ESS Rule.

**Table 3.3.1 Eligible equipment types**

Activity Definition	Old Appliance Type
C1	Spare refrigerator or freezer
C2	Primary refrigerator or freezer

### 3.3.1 Equipment requirements

Equipment requirements are specified under each activity definition. Generally the appliance must meet the appropriate group classification under AS/NZS 4474,<sup>7</sup> be in working order and be of 200 litres (L) capacity or more. For category C1, it must be a spare refrigerator or freezer, and the site must have another refrigerator or freezer providing primary refrigeration that is located in, or closer to the kitchen. For category C2, it must be the primary refrigerator or freezer.

The capacity requirement for 200 L or greater is intended to exclude bar fridges from this method. Most other refrigerators will have capacities greater than 200 L. For combined refrigerator/freezers the capacity includes both compartments. ACPs must ensure each appliance they remove meets this capacity requirement.

### 3.3.2 Activity requirements

The requirements for both removal activities (C1 and C2) from the ESS Rule are that:

- ▼ The site from which the appliance(s) is removed must be an eligible site. For activity C1, it must be a residential building, however, for activity C2, both residential buildings and small business sites are eligible (refer section 3.2.3).
- ▼ The appliance(s) being removed must meet the relevant equipment requirements defined in Schedule C of the ESS Rule.
- ▼ Each eligible appliance must be removed from the site and disposed of.
  - Each appliance must be tracked from pick up to destruction with a unique identifier to ensure that each appliance picked up is disposed of correctly.
- ▼ A copy of the disposal agent's refrigerant handling licence must be retained as evidence.
- ▼ Any refrigerants in the end-user equipment must be disposed of as required by the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*.
- ▼ For implementations with an implementation date on or after 15 May 2016, recycling evidence must be obtained for any refrigerants being disposed of, such as a tax invoice or a recycling receipt, or any other evidence acceptable to the Scheme Administrator.

## 3.4 Minimum requirements of conduct

The Scheme Administrator has established minimum requirements for the conduct of ACPs and their representatives (for example, employees or sub-contractors). This includes ACP responsibilities for:

<sup>7</sup> Refer to Schedules C1 and C2 of the ESS Rule.



- 
- ▼ training representatives
  - ▼ maintaining a register of representatives
  - ▼ ensuring there is a formal, documented, signed and enforceable (legally binding) contract or agreement in place for each representative, and
  - ▼ providing appropriate customer service.

ACPs are accountable for all ESS activities conducted by employees, third parties and other representatives. This includes all aspects of an activity for which they create ESCs, from the initial engagement with customers, through to the final quality assurance of documents. ACPs will be held responsible for all actions, omissions and information provided by representatives acting on their behalf under the ESS – regardless of any contract or agreement with other parties. For more information, refer to *ESS Notice 01/2013 (V3.0) Minimum requirements of conduct*.<sup>8</sup>

### 3.5 Insurance

ACPs (and any contractors<sup>9</sup> involved in the delivery of the RESA) must each be covered by Public Liability Insurance of at least \$5 million. Insurance cover of this amount must be maintained for the life of the RESA. Public Liability Insurance must, at a minimum, cover the replacement and/or rectification of customers' property damaged as a result of work performed by the ACP and/or the ACP's contractors.

ACPs must also:

- ▼ provide the Scheme Administrator with current certificates of their, and their contractors', Public Liability Insurance, within seven days of each renewal, reissue or change of policy, and
- ▼ maintain a register of contractors that contains copies of their Public Liability Insurance.

Compliance with these requirements will be checked at the time of audit.

## 4 Calculating energy savings

Under the ESS Rule, energy savings may comprise both electricity savings and gas savings.

### 4.1 Electricity savings

The electricity savings from an implementation of the RoOA method can be calculated using equation 15 of the ESS Rule which uses:

- ▼ the deemed equipment electricity savings from activity definitions C1 and C2 from the ESS Rule and
- ▼ the regional network factor from Table A24 in Schedule A of the ESS Rule.

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<sup>8</sup> Refer: [www.ess.nsw.gov.au/Home/Document-Search/Notices/Notice-012013-Minimum-requirements-of-conduct/Notice-012013-Requirements-for-all-methods-Minimum-requirements-of-conduct-V3.0](http://www.ess.nsw.gov.au/Home/Document-Search/Notices/Notice-012013-Minimum-requirements-of-conduct/Notice-012013-Requirements-for-all-methods-Minimum-requirements-of-conduct-V3.0)

<sup>9</sup> This includes any person or company an ACP is working with that is involved directly in the implementation of any aspect of the RESA.

If a contractor removes multiple appliances at a single site on the same date, all the appliances removed are treated as belonging to a common implementation (removal), and the energy savings for that implementation are the sum of the deemed equipment energy savings for each eligible appliance removed.

## 4.2 Gas savings

The gas savings from this method will always be equal to zero (as, under the ESS Rule, gas savings are not calculated for this method and are therefore not applicable).

# 5 Calculating and creating ESCs

Equation 1 of the ESS Rule is used to calculate the number of ESCs that may be created from the energy savings calculated in relation to an implementation.

### Equation 1

$$\text{Number of Certificates} = \sum_{\text{Implementations}} (\text{Electricity Savings} \times \text{Electricity Certificate Conversion Factor} + \text{Gas Savings} \times \text{Gas Certificate Conversion Factor})$$

## 5.1 Applying to register ESCs

Certain information must be submitted to the Scheme Administrator by an ACP for the purpose of applying to register ESCs.<sup>10</sup> ACPs are to provide the required information by completing an *Implementation Data Sheet*<sup>11</sup> and submitting it through the ESS Portal.<sup>12</sup> The *Implementation Data Sheet* will include a calculation of the number of ESCs to be created in accordance with Equation 1 in the ESS Rule. This calculation involves multiplying the electricity savings arising from the implementation or implementations by the certificate conversion factor for electricity (1.06).<sup>13</sup>

The result is the total number of ESCs that ACPs can apply to register from the implementation or implementations. If the result is not a whole number, it is rounded **down** to the nearest whole number.

There are no restrictions on how many implementations can be bundled together in the same *Implementation Data Sheet*. However:

- ▼ ACPs must apply to register all ESCs included in an *Implementation Data Sheet* in a single application
- ▼ ACPs cannot split energy savings calculated from a single implementation across two or more *Implementation Data Sheets*, and
- ▼ each *Implementation Data Sheet* must only include the calculation of energy savings that are taken to have occurred in the same calendar year (commonly referred to as 'vintage').

<sup>10</sup> ESS Rule, cl 6.8

<sup>11</sup> Available at: [www.ess.nsw.gov.au/Home/About-ESS/ESS-Registry-and-ESS-Portal/Registering-ESCs](http://www.ess.nsw.gov.au/Home/About-ESS/ESS-Registry-and-ESS-Portal/Registering-ESCs)

<sup>12</sup> Information and access to the portal can be found here: [www.ess.nsw.gov.au/ESS\\_Portal](http://www.ess.nsw.gov.au/ESS_Portal)

<sup>13</sup> Act, s 130(1)(a). This may be amended by regulations: Act, s 130(3).

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When determining how many implementations to bundle in the same *Implementation Data Sheet*, ACPs should consider:

- ▼ the ESC creation limit specified in their Accreditation Notice, as they must be able to register all the ESCs in the bundle at the same time, and
- ▼ the cost of registering the ESCs.<sup>14</sup>

More information on applying to register the creation of ESCs can be found on the ESS website.<sup>15</sup>

## 6 Minimum required records

ACPs are required to keep records in respect of a RESA, including records of:

- ▼ the location in which the RESA occurred
- ▼ the energy savings arising from that RESA
- ▼ the methodology, data and assumptions used to calculate those energy savings, and
- ▼ any other records specified by the Scheme Administrator.<sup>16</sup>

ACPs must retain records for at least six years, in a form and manner approved by the Scheme Administrator. Each ACPs Accreditation Notice may include a condition requiring that the ACPs record keeping arrangements are consistent with the *Record Keeping Guide*.<sup>17</sup>

Table 6.1 below describes the minimum documents ACPs are required to keep as a record of the energy savings from each project. For each implementation, ACPs must collect the records described in Table 6.1, and any other records relevant to the activity or activities being implemented.

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<sup>14</sup> The ESC registration fee must be paid in a single payment for all ESCs registered in a single bundle. Payment for a single bundle cannot be split into two payments. Refer: [www.ess.nsw.gov.au/Home/About-ESS/ESS-Registry-and-ESS-Portal/Registering-ESCs](http://www.ess.nsw.gov.au/Home/About-ESS/ESS-Registry-and-ESS-Portal/Registering-ESCs)

<sup>15</sup> Available at: [www.ess.nsw.gov.au/Home/About-ESS/ESS-Registry-and-ESS-Portal/Registering-ESCs](http://www.ess.nsw.gov.au/Home/About-ESS/ESS-Registry-and-ESS-Portal/Registering-ESCs)

<sup>16</sup> *Regulation*, cl 46(1) and (2)

<sup>17</sup> Available at: [www.ess.nsw.gov.au/Accredited\\_Certificate\\_Providers/Record\\_keeping\\_arrangements](http://www.ess.nsw.gov.au/Accredited_Certificate_Providers/Record_keeping_arrangements)

Table 6.1 Minimum required records for all implementations

Requirement	Document	Description
Small Business Site	Electricity bill	<p>The document must clearly show:</p> <ul style="list-style-type: none"> <li>▼ the name of the business at which the work took place</li> <li>▼ the Australian Business Number (ABN) or ACN of this business, and</li> <li>▼ annual electricity consumption/usage under 100MWh per year or equivalent figure that allows for annual consumption calculation (eg average daily usage) for the business site at which the work took place</li> </ul> <p><i>Note: If the annual electricity consumption is calculated and results in a consumption close to the 100MWh per year threshold ACPs must contact IPART to confirm the validity of the calculation before calculating energy savings from this activity.</i></p>
	or for a customer of an Exempt Seller	<ul style="list-style-type: none"> <li>▼ extract from the public register of retail exemptions showing the Exempt Seller name<sup>18</sup>, and</li> <li>▼ information on electricity consumption/usage that shows consumption under the upper consumption threshold per year (currently 100MWh) for the business site at which the work took place</li> </ul>
	Business evidence	<p>If the electricity bill does not provide evidence of the site being occupied by a business, an additional piece of evidence must be provided for the site at which the work took place, such as:</p> <ul style="list-style-type: none"> <li>▼ ABN or ACN certificate confirming the business name</li> <li>▼ ASIC extract confirming the business name, or</li> <li>▼ receipts produced by the business showing the business name and ABN or ACN</li> </ul>
Implementation Date and Address	Tax invoice <b>or</b> Run sheet <b>or</b> Signed owner and contractor declaration <b>or</b> Time-stamped photo	The document must clearly show the date of the removal and the address where the removal occurred.

<sup>18</sup> The public register is available at [www.aer.gov.au/retail-markets/retail-exemptions/public-register-of-retail-exemptions](http://www.aer.gov.au/retail-markets/retail-exemptions/public-register-of-retail-exemptions)

Requirement	Document	Description
Energy Saver	Signed appliance owner and contractor declaration <b>or</b> Tax invoice	The document must clearly show: <ul style="list-style-type: none"> <li>▼ the contractor's name, ABN and address</li> <li>▼ the address of the appliance owner</li> </ul> If the declaration is provided, it must be signed and dated by both the appliance owner and contractor.
Nomination	Nomination form	The nomination form must: <ul style="list-style-type: none"> <li>▼ be in the required form (ie, using the relevant template available from the ESS website), and</li> <li>▼ be signed by the original energy saver on or before the implementation date.</li> </ul>
Appliance size and working order	Signed appliance owner and contractor declaration	The declaration must state: <ul style="list-style-type: none"> <li>▼ that the capacity of the appliance is 200L or greater</li> <li>▼ whether the label was used or the capacity was measured</li> <li>▼ that another primary refrigerator is at the premises, and is located close to, or in, the kitchen (C1 activities only)</li> <li>▼ the appliance is in working order.</li> </ul> The declaration must be signed and dated by both the appliance owner and contractor.
Disposal	Tax invoice or recycling receipt and	The document must show that the fridge or freezer has been disposed of at a metal recycling and/or refrigerant destruction facility.
	Disposal Agent's Licence	The document must show that the fridge or freezer has been disposed of by a licensed refrigerant handler (licences are issued by Australian Refrigeration Council).
Calculations	The spreadsheet or calculation tool used to calculate energy savings from each implementation.	The document must clearly show the calculation of energy savings, and the data inputs and factors applied as required for the relevant activity in Schedule C of the ESS Rule.

## 7 Glossary

Words which are defined in the ESS Rule and used in this Method Guide have the same meaning in this Method Guide as in the ESS Rule, unless the context requires otherwise.

<b>Term</b>	<b>Definition</b>
ACP	Accredited Certificate Provider
Activity Definition	Refer Section 3.3 of this document
BCA	Building Code of Australia
Contractor	Refer Section 3.1 of this document
Disposal Agent	Refer Section 3.3.2 of this document
Energy Saver	Refer Section 3.1 of this document
ESC	Energy Savings Certificate
ESS	Energy Savings Scheme
ESS Rule	<i>Energy Savings Scheme Rule of 2009</i>
Implementation	Refer Section 3.2 of this document
Implementation Date	Refer Section 3.2 of this document
Removal	Refer Section 3.3 of this document
Site	Refer Section 3.2 of this document