

Response to Consultation audit conditions and certificate creation limits

Demand Manager welcomes the opportunity to provide feedback and for IPART proactive approach in engaging with stakeholders and to streamline processes.

Would the introduction of an application form for amendments pose any issues or challenges for your business?

Demand Manager does not foresee any major challenges resulting from the introduction of an application form other than the preparation potentially taking more time to prepare. At the same time, it makes sense that applications for increases in volumetric cap are substantiated and tested against specific metrics, and that in return for streamlining the process IPART needs to obtain sufficient confidence that risks are minimal when approving such an application for ACPs.

Do these proposed information requirements pose any issues or challenges for your business? Is there other information you could provide us to support your application?

Demand Manager considers it likely that most of this information was already considered as part of the current application for amendment process. What is different, is the request for justification of the proposed volumetric cap increase, other than completing successful audits, and that a risk analysis and mitigation strategy is provided.

Demand Manager welcomes this approach for the following reasons:

1. It increases the chance of making the ACP aware of potential risks resulting from an increase in volumetric cap that may have otherwise not been considered, or may have presented itself after a large volume of certificates has already been created.
2. It ensures that only ACPs who have a proven track record of compliance and who have sufficiently considered and managed these risks are awarded an increase in volumetric cap.
3. It makes the process more transparent as an ACP is actively involved in the justification process.

Demand Manager does suggest IPART to consider a collaborate approach to applications for amendment. Should applications not sufficiently address risks, then ACPs should be given feedback about IPART's concerns and have a chance to enhance their mitigation strategies. In other words, give ACPs an opportunity to respond prior to making a final decision.

Does the proposal to automatically progress from pre-registration to periodic audit conditions (providing the first audit is satisfactory and there are no compliance issues) raise any issues or challenges for your business?

The fact that the first audit is based on a pre-registration means that there is a low risk for incorrect creation of certificates. It makes sense, that an ACP who has successfully gone through the first audit is automatically rewarded with an increase in volumetric cap. Demand Manager does not foresee any challenges.

Are you likely to need to apply for limits higher than 200,000 ESCs or 2,000,000 PRCs? Do you see any challenges or issues with the proposed approach to setting audit conditions for these higher limits?

Based on the new approach to audit conditions and certificate creation limits, as outlined in Table 1 of the Consultation Paper, it appears that under normal circumstances ACPs will be able to obtain a higher volumetric cap sooner as there will be less steps involved compared to the existing process. Demand Manager expects that this on its own will already make it easier for ACPs to manage high volumes of activities.

Whether Demand Manager will apply for a volumetric cap higher than 200,000 ESCs or 2,000,000 PRCs will depend on the consistency in volume of activities being implemented. Historically we have seen high fluctuations in volume based on rule changes, certificate prices, market saturation etc. It is hard to predict upfront whether Demand Manager will make use of this option.

In order to mitigate risks, it makes sense that additional requirements and a higher level of scrutiny are imposed on ACPs when a volumetric cap higher than 200,000 ESCs or 2,000,000 PRCs is awarded. Demand Manager suggests that IPART provides transparency to ACPs in terms of what those additional requirements entail and that sufficient notice is provided should an audit be requested to allow ACPs to prepare and to minimise business disruptions.

Demand Manager also suggests that IPART considers the actual certificate creation of ACPs and to allow flexibility in audit regimes should, for unforeseen reasons, the volume of certificate creation drop below 200,000 ESCs or 2,000,000 PRCs per (half) year. E.g. to revert back to an annual audit regime.