



**National
Carbon Bank
of Australia**



**Green Energy
Trading**

ess@ipart.nsw.gov.au,

Independent Pricing and Regulatory Tribunal (IPART)

2-24 Rawson Pl,

Sydney NSW 2000

Re: Changing audit conditions and increasing certificate creation limits

Consultation Questions

- 1. Would the introduction of an application form for amendments pose any issues or challenges for your business? Please provide details or examples where possible.**

We strongly support the introduction of an application form detailing the specific information required for the Scheme Administrator to review applications for new accreditation or amendments.

- 2. 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? Please provide details or examples where possible.**

We do not foresee any challenges, however, would highlight the necessity for flexibility in how Accredited Certificate Providers (ACPs) address the requirements to support an application. We would also emphasise the importance of open communication in the assessment of these applications, as there may be numerous methods to demonstrate acceptable understanding and management of risk.

In addition, we would recommend the Scheme Administrator considers the implementation of 'New Accreditation Meetings' in which ACPs who first obtain an accreditation can meet with the Scheme Administrator in person (or via Teams) to discuss the accreditation, audit regime and any complexities with the method. This may provide a useful forum for both ACPs and IPART to share findings or audit insights to assist new participants in maintaining a high compliance standard. This process was in place in the Victorian Energy Upgrades (VEU) program, and NCBA found it highly beneficial to meet with the relevant Essential Services Commission team when obtaining a Projects-Based Activities accreditation (equivalent to the Project Impact Assessment with Measurement and Verification method).

3. 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? Please provide details or examples where possible.

We support to automatic progression from pre-registration to periodic audit conditions, however, believe that the proposed Table 1 requires an additional step between 25,000 and 100,000 ESCs. We believe an appropriate level to be 50,000 certificates, with a minimum volume of 2 audits over 50,000 ESCs necessary to progress to 100,000 certificates. We make this request based on the hasty progression for new participants to gain proportionally large volumetric limits, with only three audits covering a minimum of 55,000 ESCs required to gain a 100,000 certificate limit.

Audits, especially for new industry participants, represent an important function of ensuring best practice installation and quality assurance procedures are being met, as well as providing significant learning opportunities for ACPs to understand potential risks that the Scheme Administrator have been made aware of. Bypassing these learning opportunities represents a risk to both the Scheme Administrator as well as other ESS stakeholders, as a 100,000 certificate limit represents a total monetary value between \$2,000,000 and \$2,500,000 based on current pricing trends.

4. 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? Please provide details or examples where possible.

We support the reworking of certificate creation limits in line with the evolution of the Energy Security Safeguard, as many ACPs are operating with fundamentally different business models to when the audit conditions were first introduced. The longevity of the ESS has led to many longstanding ACPs to continuously improve their compliance and quality assurance procedures, enabling large volumes of certificates to be processed with reduced forfeiture and error rates. The demand for certificates will only continue to grow through to 2030, as the increasing energy savings target will result in an approximate liability of 6.7M ESCs and 80M PRCs by the end of the decade, and this could be even larger with the expected electrification of household and business appliances.

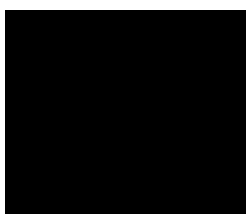
As a result, a more flexible and adaptable approach is necessary to ensure the audit regime is future-proof, but also ensures the rigorous compliance priorities and standards are being met, as these are essential for the continuation of the Safeguard. We particularly support the introduction of periodic audit requirements with no creation limits, noting the high-risk profile that accompanies this approach. We believe that this would only be applicable to a select few longstanding ACPs with a high compliance record, but this approach would significantly alleviate key issues facing the Scheme Administrator and ACPs. Most notably, it would overcome an increasing problem of auditor scarcity, as the limiting ESC



volumetric regime has greatly increased the number of audits necessary, however, we have not seen a corresponding increase in the number of cost-effective and knowledgeable parties joining the Scheme Administrator's Audit Panel. Under this regime, we fully support a rigorous application process and increased scope of audit.

Please do not hesitate to contact either NCBA or GET should you have any further questions regarding the evidence or information presented in our response.

Kind Regards,



Adam Bertino

General Manager – Commercial

National Carbon Bank of Australia

