



March 28, 2024

IPART
ESS Administrator
Level 16, 2-24 Rawson Place
SYDNEY NSW 2000

To whom it may concern:

Re: Response to changing audit conditions and increasing certificate creation limits consultation

I have worked with IPART and the ESS for 10+ years. I am an Energy Scheme Consultant and the founder of Pivot Data, which has 20 clients who are ACPs under the ESS/PDSRS.

Thank you for your continuing commitment to improving the administrative and compliance processes under the ESS/PDRS. It is becoming easier and less commercially risky for Pivot's clients to participate in the ESS/PDRS, which is a welcome change.

This is Pivot's response to the Changing audit conditions and increasing certificate creation limits consultation paper.

2. Introduction of an amendment application form

I don't believe the introduction of an application form for amendments will pose any issues or challenges to ACPs.

3 Proposed information to support an application

I don't believe the proposed information requirements will pose any issues or challenges to ACPs. Much of the listed information would already be included in an application to amend made in TESSA.

I suspect the preferred format for the quality, type and extent of information listed would be as attached documents rather than completed text fields in TESSA, i.e. there will probably be flow charts and tables.

4 Typical approach to increasing limits

The changes set out in Table 1 will, I believe, be welcomed by new ACPs who typically have cashflow/ working capital challenges when establishing a new business under the ESS/PDRS, especially in the currently popular HW and AC activities (these require a much larger upfront capital investment than say, lighting activities.)



4.1 Automatic progression from pre-registration to periodic audit conditions

As I understand it from 4.1, if the first audit of at least 5,000 ESCs is passed (which means no material error), an ACP's accreditations will be automatically amended, allowing them to create up to 25,000 ESCs on a post-registration/volumetric /unaudited creation basis. This change will greatly improve cashflow and will take the pressure of the working capital of new ACPs because they will be able to create and monetise ESCs at the completion of each installation; before they will probably need to pay product suppliers and installation contractors.

ACPs will, I think, also welcome the higher thresholds as this will mean less audits, which are expensive (typically \$8-12k each), making their participation in the ESS/PDRS more financially rewarding.

***It is not clear in 4.1 what is meant by automatic progression if "...there are no compliance issues." The first audit has always been subject to much greater scrutiny and in my experience always results in recommendations. In fact, every HW audit I have participated in (and I have participated in many in support of Pivot's clients) has resulted in recommendations. If you mean by "compliance issues" a >5% absolute error (that is, a material error) then I strongly support the changes proposed. But if you mean no audit recommendations, I think this is an unrealistic expectation that few ACPs will be able to achieve. ***

4.2 Higher certificate creation limits and periodic only audit conditions

Some of Pivot's ACP clients would want to create >200,000 ESCs before requiring an audit and therefore would want to apply for a higher limit. It is a reasonable expectation, as stated in 4.2, to expect these ACPs to have an excellent compliance record and put forth a compelling argument for a higher limit. I see no challenges in making such an argument.

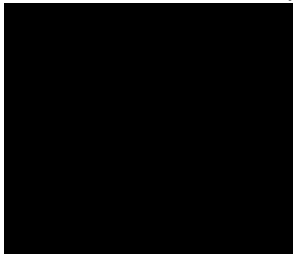
4.3 What if the typical approach isn't right for me?

Being open to alternative approaches to limits and conditions will be, I think, welcomed by ACPs.

5 What we consider when assessing an application

Considering the broader risk context when considering changes to limits and conditions is, I think, reasonable and would be understood by ACPs.

Please contact me if you wish to discuss Pivot's response, or any other matter.



Energy Scheme Consultant
Managing Director

