

Energy Savings Scheme - Scheme Regulator Exemptions Rule No. 1 of 2009

By resolution of the Scheme Regulator

1. Name and commencement

1.1 This Rule is the *Energy Savings Scheme - Scheme Regulator Exemptions Rule No. 1 of 2009* and commences on 2 December 2010.

1.2 At its commencement, this Rule replaces the *Energy Savings Scheme – Scheme Regulator Exemptions Rule No. 1 of 2009* that commenced on 10 September 2009.

2. Objects of Rule

2.1 The objects of this Rule are to:

- (a) outline the manner in which Scheme Participants must calculate and claim deductions from the total value of their Liable Acquisitions in accordance with the exemption under the Order; and
- (b) specify the evidence that Scheme Participants must provide to the Scheme Regulator in support of any deductions they make from the total value of their Liable Acquisitions in respect of an exemption under the Order.

3. Application of the Rule

3.1 Without limiting the persons to whom this Rule applies, this Scheme Regulator Exemptions Rule applies to Scheme Participants who claim deductions from the total value of their Liable Acquisitions on the basis that they are supplying electricity to a Specified Person at a Specified Location as set out in the Order.

4. Status and Operation of the Rule

4.1 This Scheme Regulator Exemptions Rule is a Rule made under the Order and section 120(5) of the Act.

5. Calculating the Exempt Proportion

5.1 Pursuant to section 120(2) of the Act and the Order, a Scheme Participant may deduct from the total value of its Liable Acquisitions the Exempt Proportion of the electricity load (expressed in MWh) that is used by a Specified Person at a Specified Location. The Exempt Proportion is the percentage of the electricity load used by a Specified Person at a Specified Location that is exempt from the Energy Savings Scheme under the Order.

Note: The Exempt Proportion is either 60% or 90% as specified in the Order.

5.2 In calculating the Exempt Proportion, the Scheme Participant must use unadjusted data from the NMI or NMIs associated with the Specified Location, which measures the electricity load used by a Specified Person at a Specified Location.

5.3 If there is more than one NMI associated with the Specified Location, the Scheme Participant must calculate the Exempt Proportion using the data from each NMI.

5.4 If there is more than one Activity or Industry associated with a NMI at a Specified Location, and different Exempt Proportions apply to those Activities or Industries, the Scheme Participant may:

- (a) calculate, to the satisfaction of the Scheme Regulator, the proportion of unadjusted data from the NMI that applies to each of the Activities or Industries in order to apply the different Exempt Proportions; or
- (b) apply the lesser Exempt Proportion to total unadjusted data from the NMI at the Specified Location.

6. Deduction for losses

6.1 Pursuant to section 120(3) of the Act and the Order, a Scheme Participant may include in its deduction from the total value of its Liable Acquisitions, an adjustment for losses equal to 5% of the Exempt Proportion. This allows for losses occurring between the purchase of electricity by the Scheme Participant and its use by the relevant Specified Person at the Specified Location.

Note: The allowance of 5% is specified in the Order.

6.2 The Scheme Participant must account for the deduction for losses separately to the Exempt Proportion.

Note: An example of how this deduction is calculated is set out below.

Example

Assumptions

This example assumes that:

- (a) a Scheme Participant purchased 104,000 MWh from the Market Operator to supply 100,000 MWh to a Specified Person at a Specified Location for the Compliance Period;
- (b) the Exempt Proportion for the Specified Person at the Specified Location is 60% for the purpose of this example; and
- (c) Transmission/distribution losses are 4,000 MWh

Calculation

Electricity used by a Specified Person at the Specified Location (NMI reading)	100,000 MWh
Exempt Proportion (60% of 100,000 MWh) ¹ (A)	60,000 MWh
Deduction for losses (5% of 60,000 MWh) ² (B)	3,000 MWh
Resulting Example Exempt Load (sum of A and B) (to be deducted from total value of Liable Acquisitions)	63,000 MWh

1. Exempt Proportion for each Specified Person is 60% or 90%, as stipulated in the Order
2. The allowance of 5% for losses is stipulated in the Order

7. Evidence required

7.1 In order to show that the deductions made by a Scheme Participant are in accordance with the Order, the Scheme Participant must provide the following to the Scheme Regulator at the same time as it provides its Energy Savings Statement for the Compliance Period:

- (a) evidence of the amount of electricity supplied by the Scheme Participant to the Specified Person at the Specified Location during the Compliance Period in relation to each NMI;

Note: The type of evidence that could demonstrate supply includes billing records showing supply to the Specified Person at the Specified Location.

- (b) evidence of the time period during the Compliance Period for which the Scheme Participant supplied electricity to the Specified Person at the Specified Location;
- (c) evidence of the calculations completed in accordance with this Scheme Regulator Exemptions Rule in relation to the data from each NMI;
- (d) evidence, which may be procured from the Specified Person, of all relevant points of supply at the Specified Location, including identifying all NMIs associated with the Specified Location; and

Note: This type of evidence may include such information as site electrical diagrams or network maps showing points of supply, or a statutory declaration by a director of a Specified Person identifying the NMIs associated with the Specified Location.

- (e) evidence, which may be procured from the Specified Person, providing a full description of the physical boundaries of the Specified Location

Note: The type of description required would identify the relevant street names or would include a map showing the boundaries of the Specified Location.

8. Definitions and Interpretation

8.1 In this Scheme Regulator Exemptions Rule:

Act means the *Electricity Supply Act 1995* (NSW).

Compliance Period means the twelve calendar month period of the previous year from 1 January to 31 December (inclusive).

Energy Savings Scheme means the scheme established by Part 9 of the Act.

Energy Savings Statement has the meaning given to that term under section 123 of the Act.

Exempt Proportion has the meaning given to it in clause 5.1.

Order means the order made pursuant to section 119(1)(a) of the Act as gazetted from time to time and any other order made pursuant to section 119(1) of the Act.

Liable Acquisition has the meaning given to that term under section 107 of the Act.

NMI means an individual National Meter Identifier.

Scheme Participant means a person who is required by Part 9 of the Act to participate in the Energy Savings Scheme.

Scheme Regulator means the Independent Pricing and Regulatory Tribunal in its capacity as Scheme Regulator under Part 9 of the Act and its successors.

Specified Location means a location set out in the Schedule to the Order.

Specified Person has the meaning given to that term in the Order.

8.2 Notes in this Scheme Regulator Exemptions Rule do not form part of the Rule.

8.3 For the purpose of this Scheme Regulator Exemptions Rule:

- (a) the terms and expressions used in this Rule have the same meaning as in the Act unless the terms are expressly defined in this Rule;
- (b) a reference to the Rule is a reference to this Scheme Exemptions Regulator Rule; and
- (c) the singular includes the plural and vice versa.