

New water heater activities

28 January 2022

The NSW Government has updated and amended the *Energy Savings Scheme Rule of 2009 (ESS Rule)*. The *Energy Savings Scheme (Amendment No.1) Rule 2021 (new ESS Rule)*^a commences on 28 February 2022. The new ESS Rule introduces new energy savings opportunities to complement the expanded ESS under the new Energy Security Safeguard. These include:

- ▼ Heat pump and solar water heaters in households and small business under the Home Energy Efficiency Retrofits (**HEER**) calculation method, and
- ▼ Heat pump water heaters in commercial and industrial premises under the Installation of High Efficiency Appliances for Businesses (**IHEAB**) calculation method.

This fact sheet provides guidance on how to become accredited for the new activities, when an Accredited Certificate Provider (**ACP**) can start implementations, calculate energy savings and create energy savings certificates (**ESCs**), and the minimum required records.

You should familiarise yourself with the new ESS Rule to ensure you meet the requirements set out in the activity definitions and understand the transitional arrangements. We have updated our guidance material, tools and templates to assist you in participating in the new activities.

Table 1 below summarises the new water heater activities and updated documentation.

Table 1 New heat pump and solar water heater activities

Method	New activity definitions	Updated documentation
HEER	<ul style="list-style-type: none"> • D17 - Replace an existing electric water heater with an air source heat pump water heater • D18 - Replace an existing electric water heater with a solar (electric boosted) water heater • D19 - Replace an existing gas water heater with an air source heat pump water heater • D20 - Replace an existing gas water heater with a solar (electric boosted) water heater • D21 - Replace an existing gas water heater with a solar (gas boosted) water heater 	<ul style="list-style-type: none"> • Method Guide • Application Form Part B • Site Assessor Declaration • Post Implementation Declaration • Implementation Data Sheet

^a The *Energy Savings Scheme (Amendment No.1) Rule 2021* was gazetted on 28 January 2022.

Method	New activity definitions	Updated documentation
IHEAB	<ul style="list-style-type: none"> F16 - Replace one or more existing hot water boilers or water heaters with one or more air source heat pump water heater systems F17 - Install one or more air source heat pump water heater systems 	<ul style="list-style-type: none"> Method Guide Application Form Part B Site Assessment Report Installer Declaration Implementation Data Sheet

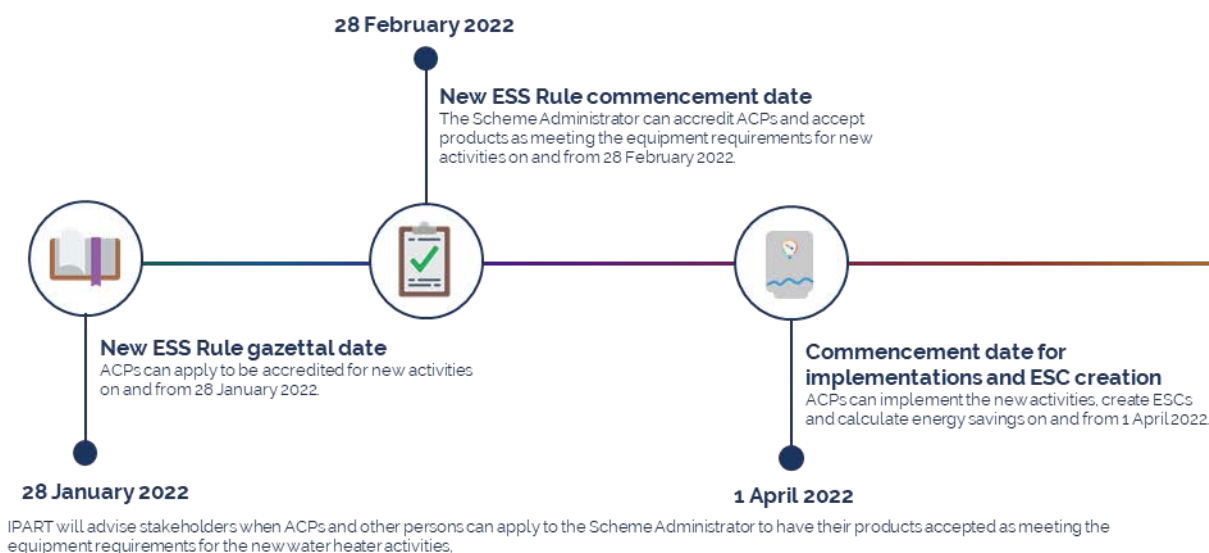
1 When do the new activities start?

You can apply now to be accredited for the new water heater activities. However, there is a transitional period before the new activities commence on 1 April 2022.^b This means that we can accredit you for these activities before 1 April 2022, however, implementations and ESC creation cannot be undertaken until after this date.

ACPs can also only create ESCs for products accepted by the Scheme Administrator. ACPs or other persons can apply to the Scheme Administrator to have their products accepted as meeting the equipment requirements for the new water heater activities from the new ESS Rule commencement date.^c Information on the product application and acceptance process will be available on the [ESS website](#) soon. We will advise stakeholders when they can start applying for product acceptance.

Figure 1 outlines the timeline for the commencement of these new water heater activities.

Figure 1 Timeline for applications



^b Clauses 11.17 and 11.18 of the ESS Rule.

^c Clause 9.2A.3 of the ESS Rule.

Box 1 provides illustrative examples of how the application of new activities and calculation of energy savings applies.

Box 1 Examples of the transitional arrangement for new activities

1. You are accredited on 1 March 2022. The earliest date for any implementation and subsequent ESC creation is 1 April 2022.
2. You are accredited on 15 April 2022. The implementation date of the project is 1 May 2022. You can calculate the energy savings and create ESCs from the implementation date (subject to meeting all relevant requirements).

2 How to become accredited for the new activities?

You can become accredited for the new activities by either:

1. Amending an existing HEER and/or IHEAB accreditation, or
2. Applying for a new accreditation if you are not already accredited for these methods.

We have made it easier to be accredited for these activities by allowing an accreditation to include both the HEER and IHEAB sub-methods. This means that:

- existing ACPs with either a HEER or IHEAB method can amend their existing accreditation to add the other method rather than having to submit a new application for accreditation, and
- new applicants can make one application for accreditation for both methods with one application fee.^d

Table 2 details how you can apply to become accredited for the new activities depending on who you are. Table 3 details the information you must provide as part of your application – this clarifies the information in Section 4.1 of the [ACP Compliance Guide](#).

Table 2 How to become accredited for the new activities^a

You are	You can	How you apply
An ACP with a HEER but not IHEAB accreditation	Apply to amend your HEER accreditation to add: <ul style="list-style-type: none"> • other HEER activities, and/or • the IHEAB calculation method and activities.^b 	Apply for amendment on the ESS Portal . See our website for details .
An ACP with a IHEAB but not a HEER accreditation	Apply to amend your IHEAB accreditation to add: <ul style="list-style-type: none"> • other IHEAB activities, and/or • the HEER calculation method and activities.^b 	Apply for amendment on the ESS Portal . See our website for details .

^d There is a \$2,500 application fee for applications for accreditation.

You are	You can	How you apply
An ACP with both HEER and IHEAB accreditations	Apply to amend your: <ul style="list-style-type: none"> • HEER accreditation to add other HEER activities, and/or • IHEAB accreditation to add other activities. 	Apply for amendment on the ESS Portal . See our website for details .
An ACP without a HEER or IHEAB accreditation	Apply for accreditation for HEER and/or IHEAB activities.	See our website for details .
New to the ESS (a new applicant)	Apply for accreditation for HEER and/or IHEAB activities.	See our website for details .
A current applicant for HEER and/or IHEAB	Contact us to discuss your application.	

a. All applications are considered on a case by case basis and approval is not guaranteed.

b. Alternatively, you can apply for a new accreditation - see our [website for details](#).

Table 3 Information that must be provided with an application

Application type	Information that must be provided with the application
Add activities to an existing HEER or IHEAB accreditation ^a	<ul style="list-style-type: none"> • Application for Accreditation Form Part B for the HEER or IHEAB method and relevant supporting documentation. • Updated training material^b • Amended RESA name, if relevant.
Add HEER to an existing IHEAB accreditation, ^a or Add IHEAB to an existing HEER accreditation ^a	<ul style="list-style-type: none"> • Application for Accreditation Form Part B for the HEER or IHEAB method and relevant supporting documentation. • Updated: <ul style="list-style-type: none"> - RESA delivery process flowchart^c - Training material^b • Amended RESA name, if relevant.
New accreditation	<ul style="list-style-type: none"> • See our website for details.

a. You must update your processes and systems to meet the requirements of the additional activities and/or calculation method. We may ask for your updated processes if they have not been audited under the ESS or if there are related issues on your compliance record or identified in audits.

b. Refer to Section 1.2 of [ESS Notice 01/2013 - Minimum requirements of conduct](#).

c. Your 'RESA delivery process flow chart' must set out all activities, people (by relationship to ACP & RESA), documents, templates, systems, tools and procedures involved in carrying out the amended RESA. It must include key activities and steps in sequence to deliver the RESA.

3 What are the evidence requirements for new activities?

ACPs are required to keep records of the energy savings from its activities. The evidence requirements for new heat pump and solar water heater activities are summarised in Table 4.

Where possible, the evidence requirements for the new activities are the same or similar to other HEER and IHEAB activities under the ESS.

Refer to the [HEER method guide](#) (for activities D17 to D21) and the [IHEAB method guide](#) (for activities F16 and F17) for full details of the minimum required records.

Table 4 Evidence requirements

Requirement	Documentation required
Activity definitions D17 to D21 – HEER	
Eligibility	<ul style="list-style-type: none"> • Site assessor declaration • Geo-tagged photograph(s)
Equipment	<ul style="list-style-type: none"> • Tax invoice • Evidence of product acceptance by the Scheme Administrator
Installation	<ul style="list-style-type: none"> • Post-implementation declaration • Geo-tagged photograph(s)
Activity definition F16 – IHEAB	
Eligibility	<ul style="list-style-type: none"> • Site assessment report
Equipment	<ul style="list-style-type: none"> • Tax invoice • Evidence of product acceptance by the Scheme Administrator
Installation	<ul style="list-style-type: none"> • Geo-tagged photograph(s) of the new equipment • Geo-tagged photograph(s) of the existing equipment • Manufacturer's specifications of the new and existing equipment • One of the following: installer declaration OR certificate of compliance OR commissioning report.
Activity definition F17 – IHEAB	
Eligibility	<ul style="list-style-type: none"> • Site assessment report
Equipment	<ul style="list-style-type: none"> • Tax invoice • Evidence of product acceptance by the Scheme Administrator
Installation	<ul style="list-style-type: none"> • Geo-tagged photograph(s) of the new equipment • One of the following: installer declaration OR certificate of compliance OR commissioning report.

4 Commercial and industrial water heaters

A single implementation under the IHEAB method may involve both replacing existing EUE and installing new EUE under activity definitions F16 and F17.^e

Depending on different scenarios, ACPs can choose which activity definitions they can apply, which would impact how energy savings and ESCs are calculated for such implementations. We provide examples of how the activity definitions may apply in different scenarios below as a guide.

Scenario 1: Two existing resistive electric hot water heaters are replaced with two new heat pump water heaters. The combined capacity of the new heat pump water heaters is less than the combined capacity of the existing water heaters (bar 2 in Figure 2).

^e Under Activity Definition F17, a new heat pump that is added to an existing water heating system can be considered as New EUE if it does not replace any existing EUE.

In this scenario, both new heat pump water heaters replace the two resistive electric water heaters under Activity Definition F16. The energy savings calculated would be capped at the combined capacity of the new heat pump water heaters.

Scenario 2: Two existing resistive electric hot water heaters are replaced with two new heat pump water heaters. The combined capacity of the new heat pump water heaters is greater than the combined capacity of existing water heaters (bar 3 in Figure 2).

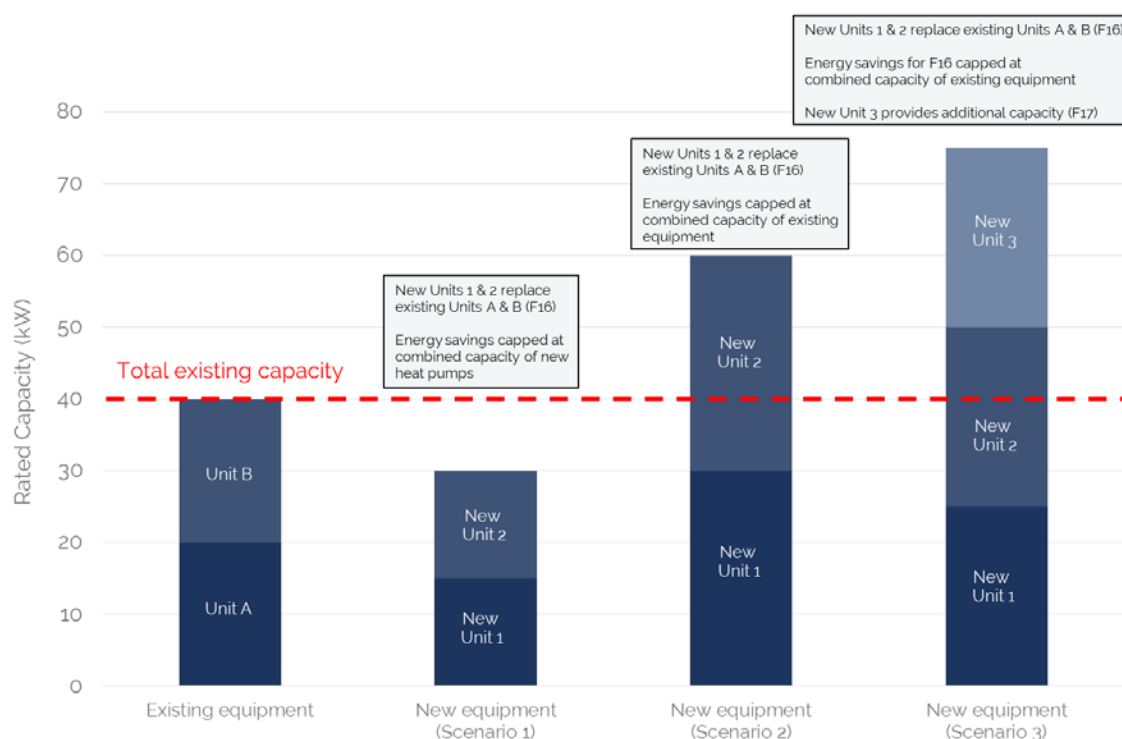
In this scenario, both new heat pump water heaters replace the two existing water heaters under Activity Definition F16. However, the energy savings would be capped at the combined capacity of the two existing water heaters. You will not be able to calculate energy savings for any excess capacity above the red dotted line.

Scenario 3: Two existing resistive electric hot water heaters are replaced with three new heat pump water heaters. The combined capacity of two of the new heat pump water heaters is greater than (or equal to) the capacity of existing water heaters (bar 4 in Figure 2).

In this scenario, energy savings for all three heat pump water heaters could be calculated under Activity Definition F16, but the energy savings will be capped at the capacity of the existing water heaters. You will not be able to calculate energy savings for any excess capacity above the red dotted line.

Alternatively, it would be possible to calculate energy savings for two heat pump water heaters under F16, capped at the capacity of the existing water heaters. For the third heat pump, it would be possible to calculate energy savings for the excess capacity under F17. This is because the third heat pump does not replace any existing equipment and can be considered as a new installation under F17. It is not possible to claim energy savings for the excess capacity of the two replacement heat pumps under F17.

Figure 2 Examples of how activity definitions would apply in different scenarios



Key terms

ACP or **accredited certificate provider** means a person accredited as an energy savings certificate provider under Schedule 4A of the ES Act and whose accreditation is in force.

Activity definition (AD) means an activity as specified in a Schedule to the ESS Rule.

ES Act means the *Electricity Supply Act 1995*.

ESC or **energy savings certificate** means an energy savings certificate created under Schedule 4A to the ES Act.

ESS Rule means the *Energy Savings Scheme Rule of 2009*. The ESS Rule sets out the specific requirements of each calculation method under the ESS.

HEER means the Home Energy Efficiency Retrofits sub-method under clause 9.8 of the ESS Rule.

IHEAB means the Installation of High Efficiency Appliances for Businesses sub-method under clause 9.9 of the ESS Rule.

Implementation means the delivery of a RESA at a Site.

Implementation Date is defined in each calculation method of the ESS Rule.

RESA or **recognised energy saving activity** means an activity in respect of which an energy savings certificate may be created under Schedule 4A to the ES Act.