

Plan well and maximise the benefits of EEO Cycle 2



EEO is essentially a continuous improvement process. The energy efficiency opportunities identified should align with your organisation's strategic objectives and business improvement processes.

What's changed from EEO Cycle 1?

1. Assessment Plans: Formerly the Assessment and Reporting Schedule, or ARS, the Plans set out the energy consumption of the corporation and individual sites. They also set out the timetable for assessments to occur and the gaps identified in each of the Key Elements, with action plans to address those gaps.

In terms of coverage, the **major change for the second cycle is that 90% of the corporate energy use must be assessed** which is up from 80% required in the first cycle.

Corporations have the ability to **omit "non-integral energy"** from the assessment if the cost of completing the assessment is likely to be greater than the potential energy savings that may result. This can only be done up to the lower of 0.1 PJ/year or 2% of total energy consumption. These omissions from the assessment must be documented in the Assessment Plan, and the corporation must still assess 90% of total energy use.

As in the first cycle, there are requirements related to the timing of site assessments in the first two years of the cycle. However, corporations now have the choice of completing at least one assessment for each member / business unit / key activity or assessing a minimum of 40% of the corporation's energy use within two years (i.e. by 30 June 2013 for most corporations).

2. EEO assessments: While the structure of EEO assessments is unchanged, there have been minor changes to improve clarity. There is now a **distinction between an idea and an opportunity**. An idea is a potential opportunity that hasn't undergone a whole of business technical evaluation. An opportunity is a change that has been investigated and will provide a reduction in energy consumption with a payback of less than four years.

These definitions will assist in effective screening of the outcomes of improvement identification processes. A number of ideas will be able to be screened out early in the process (or during the assessment itself).

3. Energy mass balances: There have been **some small changes**. The energy-mass balance must still cover 80% of energy usage at a particular site to an accuracy of $\pm 5\%$ and all processes that use more than 0.1 PJ/year must be individually shown. It is possible to use an accuracy of less than $\pm 5\%$ but this must be justified with engineering calculations.

The new requirements will **increase the complexity of energy-mass balances in some cases**. A useful explanatory booklet has been provided by DRET, [with one specifically for commercial buildings](#).

4. Reporting: Minor changes have been made to the reporting timelines. Reports are **now due within 30 months of the cycle beginning** (which will be 31 December 2013) and subsequent reports due 12 monthly after the initial report. The implication is that corporations may select their own reporting period (it does not necessarily need to be financial or calendar year).

If your corporation has not yet submitted (and obtained DRET approval for) an Assessment Plan for the second cycle, an annual public report is required containing updated information relating to the activities undertaken in accordance with the Assessment and Reporting Schedule for the first cycle.

Considerations:

When preparing your Assessment Plan, Energetics recommends that **existing systems are leveraged as much as possible**. Aligning the content of the Assessment Plan with existing Business Improvement, Continuous Improvement or other project management systems will ensure that the program proceeds smoothly and the need to maintain parallel systems for opportunity identification and reporting is minimised.

You should bear in mind that the deadline for submission and approval of Assessment Plans is 31 December 2012. DRET's preference is to receive Assessment Plans as early as possible.

We recommend that a high level desktop audit of EEO systems and processes from the first cycle is undertaken. DRET has made

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the verification handbook available to corporations. Any gaps in compliance should be addressed through the Assessment Plan process.

Following approval of your Assessment Plan by DRET, your EEO team should execute your planned schedule of site assessments aiming to achieve:

- maximum savings and a platform for continuous improvement processes
- coordinated energy management and engagement at corporate and site levels
- leverage internal expertise to add value and capture knowledge
- generate EEO report outcomes that feed into multiple Federal and State schemes

Energetics has seen great value in combining the objectives of EEO with the generation of broader carbon abatement cost curves for the prioritisation of opportunities to reduce your exposure to increasing carbon and energy costs.

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