Offset the costs of energy savings projects: access NSW Energy Savings Certificates



The combined effect of escalating energy costs and the reduced cost of imported technologies has lead to a renewed interest in energy efficiency projects.

The opportunity provided by the NSW Energy Savings Scheme further builds the business case for pursuing energy efficiency measures. The Scheme recognises the energy savings achieved by a business through the generation and allocation of tradeable certificates (ESCs).

By participating in the Scheme, your business can offset the cost of energy efficiency projects.



Background

The NSW Energy Savings Scheme (ESS) is a retailer obligation scheme that was introduced in 2009 by the NSW Government to help improve energy efficiency and reduce CO₂ emissions.

Eligible energy savings projects can create Energy Saving Certificates (ESCs) each representing one tonne of carbon dioxide equivalent greenhouse gas not released to the atmosphere. Electricity retailers must buy a certain number of ESCs each year. Failure to obtain sufficient ESCs by the end of each compliance period results in fines being issued by the regulator. This ascribes a value to the certificates and creates a market for trading.

Benefits of participation:

The certificates can be considered as a tradeable commodity and prices are currently ~\$30 per ESC. Their potential value can add to the business case for a project and in some cases fund the project entirely.

Energetics has been assisting many of our clients participating in the ESS realising ~\$10m worth of certificates.

This year, our work with **one client alone** on their ESS accreditation and management will lead to that business **receiving over \$3m**.

 The creation of certificates is based on demonstrable energy savings. This supports a business' social licence to operate.

Costs of participation

Accreditation is established through application to IPART who regulate the scheme. The costs associated with involvement depend on the type of project but arise from:

- Time and resources for preparation and submission of application.
- Accreditation audit

- Ongoing record keeping and submission of annual reports
- Costs associated with trading the certificates
- Certificate creation audits.

What are the activities that can generate certificates?

Under the scheme Recognised Energy Savings Activities (RESAs) are accredited by IPART and can include projects such as modifying, replacing or installing more energy efficient end-user equipment. Activities involving the removal of end-user equipment are also eligible so long as there is no reduction in production or service levels. Typical projects include:

- Installing or upgrading lighting (including de-lamping)
- Installing or upgrading HVAC systems or components
- Increasing the energy efficiency of a process eg. new motors, VSDs or pumps
- Improving the NABERs rating of a building.

Certificates can be calculated using a range of different methodologies and in many cases can be created upfront or "deemed".

The **Deemed Energy Savings Method** can be used if the energy savings project involves installing or replacing a range of common end-user equipment. Under this method lifetime ESCs are created on installation.

The **Project Impact Assessment Method (PIAM)** can be used for activities where energy savings can be quantified through a combination of metering and engineering analysis. This calculation method is best suited to discrete energy savings projects where the overall reduction in electricity use is a small proportion of total site use.

The **Metered Baseline Method** can be used where energy use is measured before the activity is implemented. This method is best used if the energy savings project materially reduces the electricity consumption of a whole site or discrete part of a site, and the energy savings can be determined by reference to a site baseline.

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Energetics can advise as to the most appropriate methodology for your project.

Energetics' expertise and support

Energetics experts can assist to:

- Identify opportunities for creating RESAs
- Prepare and submission of the RESA to IPART
- · Manage the ongoing record keeping
- · Facilitate the sale of the certificates, and
- Conduct independent measurement and verification of the savings achieved to support the ongoing creation of certificates.

Energetics has the largest team in Australia with International Energy Management Accreditation. Many are Certified Energy Managers (CEM) and/or accredited as practitioners to the International Performance Measurement and Verification Protocol (IPMVP). You can be confident that we use best practice techniques for understanding opportunities and verifying the results of energy efficiency projects to the satisfaction of IPART.

Energetics is a member of the ESS Audit Panel and we employ a number of accredited and experienced ESS lead auditors. In addition, Energetics helped to design part of the ESS (and VEET in Victoria) and has a long history of providing similar services to clients under the NSW Greenhouse Gas Abatement Scheme (GGAS) which was the precursor to ESS.

Our flexible approach

We work with you to maximise the value you can gain from the Scheme.

We can work with you in one of two ways:

- We can assist with accreditation under the Scheme. Our work typically involves evaluating the RESA opportunities, developing the accreditation application documentation, sourcing and processing data, developing record keeping processes, providing support during the audit process, selling ESCs and managing ongoing annual reporting requirements.
- Under the second approach, Energetics acts as the accredited party and creates certificates on your behalf.
 We act as an aggregator of energy savings and undertake all of the accreditation and compliance activities for RESAs.

There are advantages and disadvantages to both approaches in terms of risk, ongoing compliance requirements and overall costs and benefits. We welcome the opportunity to discuss your requirements in more detail.

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