

# Opportunities for businesses

- NSW Energy Savings Scheme



## The Energy Savings Scheme

The Energy Savings Scheme helps businesses increase profit and improve environmentally. It provides a financial incentive to reduce electricity use, reflecting savings to the broader economy.

It also creates new business opportunities for entrepreneurs to deliver energy saving equipment and technologies to businesses and households.

Investment in energy efficiency is one of the best ways to reduce your environmental footprint. The Energy Savings Scheme makes the return on investment in energy efficiency activities even more attractive.

The Scheme is part of the NSW Government's plan to cut greenhouse emissions by 60% by 2050.



### Certificates created by accredited providers

Individual businesses can become accredited, either to create certificates through their own energy saving activities, or by 'aggregating' energy savings across a number of businesses or households.

Energy service consultants, business groups and associations can participate in this way by aggregating the energy savings from the energy efficiency activities of their clients or members.

Suppliers and installers of energy efficient equipment can also aggregate the energy savings they deliver to their customers.

To apply to be part of the Scheme applicants must identify how they can reduce energy consumption through a recognised energy savings activity. They must also provide detail of how they will record and verify the energy savings and agree for the project to be audited.

Once an applicant becomes an Accredited Certificate Provider (ACP) they can create certificates each time their activity is implemented.

### Recognised energy savings activities

There are 4 types of recognised energy savings activities or RESAs:

1. Modification of equipment or how it is used
2. Replacement of equipment
3. Installation of new high efficiency equipment, and/or
4. Removal of equipment that results in reduced electricity consumption.

Production or service levels cannot be reduced by the RESA. That is, the energy saving activity must deliver the same (or better) output using less electricity.



Examples of recognised activities are:

- Installation of energy efficient lighting
- Replacing old equipment with a more energy efficient model. For example refrigeration, heating and cooling equipment
- Replacement of an old motor with a high efficiency motor.

The methods used to calculate the energy savings for various types of activities are available at [www.ess.nsw.gov.au](http://www.ess.nsw.gov.au) and clicking on the 'Apply' tab.

## Trading energy savings certificates

### What is the demand for energy savings certificates?

The Energy Savings Scheme requires public and private sector energy retailers in NSW to meet specific energy savings targets, beginning with 1.2% of their annual sales in 2010, rising to 4% in 2014. They can meet these targets by implementing their own energy efficiency activities to generate certificates or buying certificates from an Accredited Certificate Provider.

#### Energy Savings Scheme in brief

- Create Energy Savings Certificates (ESCs, or 'certificates') by cutting your electricity use, or helping your customers cut their electricity use
- Sell these certificates to electricity retailers who have an annual target number of certificates they have to acquire or create
- Benefit from a lower energy bill and the income from selling the certificates.

The 2010 target is approximately 1 million certificates. Each certificate represents a saving of approximately 1 megawatt hour. This will rise to about 3 million certificates being required annually from 2014. By 2014 the Scheme is expected to save about 3000 GWh hours of electricity. This is equivalent to over 3 million tonnes of carbon pollution or the electricity used by more than 400 000<sup>1</sup> homes annually.

The possible price range is between zero and \$35 per certificate. To date, only limited market data is available. Market prices will become clearer as the market deepens through 2010 and 2011.

### Online register of certificates

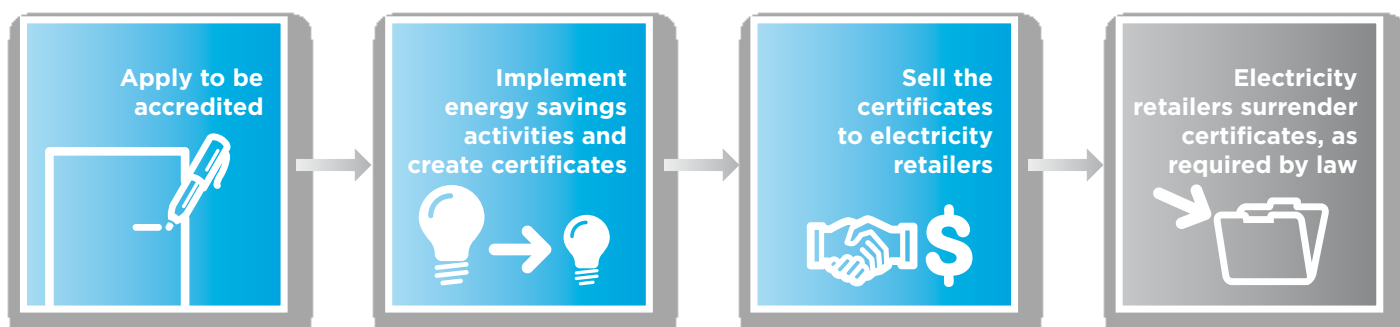
When an ACP's accredited RESA has been implemented, they can create certificates. These certificates can be traded directly with an electricity retailer, or via a broker on the spot or futures market.

Certificates are registered, transferred and surrendered electronically on the Scheme's Registry, which can be accessed at [www.ess.nsw.gov.au](http://www.ess.nsw.gov.au). You can login as a guest to the Registry and see the RESAs other organisations are doing, the number of certificates that have been created, and how many have been surrendered.

## Administration and regulation of the Scheme

The Energy Savings Scheme is regulated and administered by the Independent Pricing and Regulatory Tribunal. The Tribunal assesses applications and approves energy savings projects.

<sup>1</sup> Calculated using data from 2008 report on Energy Use in the Australian Residential Sector by Energy Efficiency Strategies for the Department of Environment, Water, Heritage & Arts



## How you can be involved

1. Think creatively about how your business may be able to reduce electricity use, or how you may be able to aggregate electricity savings from other businesses or households.
2. Apply to become an Accredited Certificate Provider. Visit the Energy Saving Scheme website [www.ess.nsw.gov.au](http://www.ess.nsw.gov.au), and go to the 'Apply' tab.
3. Implement your recognised energy savings activities, and create energy savings certificates.
4. Trade the certificates.

**Medium and large businesses** – can apply to be an Accredited Certificate Provider or engage an energy service consultant to participate on their behalf, or engage suppliers who are accredited.

**Small businesses** – are most likely to participate via an energy service consultant or by purchasing products or services from an accredited supplier. However, there is nothing stopping a small business from becoming accredited.

**Energy service consultants** – can aggregate the savings from a number of businesses or households by asking clients to nominate you as the “nominated energy saver”. As the nominated energy saver, you receive and have the right to trade certificates. You will also be responsible for record keeping, auditing and compliance with the scheme.

**Business groups and associations** – can aggregate the savings from members by asking them to nominate you as the “nominated energy saver”. As the nominated energy saver, you receive and have the right to trade certificates. You will also be responsible for record keeping, auditing and compliance with the scheme.

**Suppliers of energy efficient equipment and appliances** – can aggregate the savings from a number of business or households by asking customers to nominate you as the “nominated energy saver”. As the nominated energy saver, you receive and have the right to trade certificates. You will also be responsible for record keeping, auditing and compliance with the scheme.

**Householders** – will benefit through lower prices for goods or services in exchange for assigning the rights to the certificates to the supplier holding the accreditation. For example, an organisation may sell energy efficient appliances for a discount in return for the rights to the certificates.

**For more information**  
[www.ess.nsw.gov.au](http://www.ess.nsw.gov.au)

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