



energy savings
Industry Association

ESIA Submission:

**Proposed changes to evidence and method
guide requirements - consultation paper**

21 July 2026

Submitted to Independent Pricing and Regulatory Tribunal (IPART)
New South Wales, ESS@ipart.nsw.gov.au

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1. Introduction

The Energy Savings Industry Association (ESIA) welcomes the opportunity to provide this submission to IPART for the **ESS and PDRS evidence and method guide requirements - Consultation Paper - 1 July 2026**. This consultation is being managed by the **Independent Pricing and Regulatory Tribunal, New South Wales**.

The ESIA has referred to:

- <https://www.energysustainabilityschemes.nsw.gov.au/ess-pdrs/documents/consultation/consultation-paper-evidence-and-method-guide-requirements-july-2026>

Next steps and purpose

The Peak Demand Reduction Scheme Rule (PDRS Rule) and Energy Savings Scheme Rule (ESS Rule) were updated on 1 July 2026. This consultation addresses evidence requirements for the new battery activities and updated evidence requirements for existing activities to address the changes to the rules.

About ESIA

The Energy Savings Industry Association (ESIA) is the peak national, independent association representing and self-regulating businesses that are accredited to create and trade in energy efficiency certificates in market-based energy savings schemes in Australia. These activities underpin the energy savings schemes which facilitate the installation of energy efficient products and services to households and businesses. Members represent most of the energy efficiency certificate creation market in Australia. Schemes are established in Vic, NSW, SA and ACT. Members also include product and service suppliers to accredited providers under the schemes. As well, the ESIA represents member interests in national and state initiatives that include energy efficiency and demand reduction, such as the Federal Government's Carbon Farming Initiative energy efficiency methods and the NSW Peak Demand Reduction Scheme.

Further engagement

We welcome the opportunity to discuss this submission further, please contact the ESIA Executive Director at scott.mckenry@esia.asn.au.

This submission can be made public.

2. Response to Consultation Questions

Do you have any feedback on the proposed requirements?

Accreditation requirements

ESIA supports IPART's objective of maintaining scheme integrity and recognises that different battery activities may present different risk profiles, customer types and implementation pathways. However, some of our members have flagged opportunities to take a more nuanced approach to accreditation requirements, particularly where different BESS activities share many common characteristics.

In some instances, many of the underlying governance frameworks, compliance controls, installer management practices, customer engagement processes and record-keeping obligations are broadly aligned. While there are activity-specific eligibility and evidentiary requirements that must be understood and managed, it is not immediately clear that these differences warrant entirely separate accreditation pathways and assessment processes for ACPs, particularly for those who have already demonstrated capability under BESS1 or other battery activities.

It is acknowledged that BESS5 involves a different project scale, commercial environment and risk profile. The complexity associated with large commercial and industrial battery projects, planning processes, financing arrangements, network approvals and project delivery models may reasonably justify additional accreditation considerations.

Our members would welcome further discussion with IPART to better understand the risk assessment that informed the current accreditation structure and to explore whether there are opportunities to achieve the same compliance outcomes through a more streamlined framework that reduces duplication for both ACPs and IPART.

Evidence requirements for decommissioning and disposal of end-user equipment

ESIA supports the objective of ensuring equipment is not refurbished, re-used or resold however, there is concern that the proposed reliance on recycling certificates, receipts or tax invoices may not reflect how disposal occurs in practice. Several ESIA members have also raised concerns about the proposed removal of Installer Declarations as an accepted form of evidence.

Across the air-conditioning and heat pump water heater industries, disposal of decommissioned units involves a range of legitimate practices including scrap metal collection, component separation, and waste transfer, which commonly do not generate transactional receipts.

Refrigerant disposal cannot be evidenced at a job level as recovered gas is typically consolidated across multiple jobs into certified recovery cylinders before being returned for recycling. This means a single recycling certificate is linked to multiple jobs and cannot be disaggregated to an individual installation. Requiring job-level disposal asks installers and ACPs to produce documentation that does not exist under current regulatory handling requirements. If implemented as proposed, this requirement risks creating certification backlogs, cashflow delays, and audit inefficiencies entirely unrelated to the quality or legitimacy of the work performed.

These barriers may cause many air-conditioning businesses to exit the activity altogether, directly reducing scheme participation, undermining the volume of energy savings delivered, and ultimately working against the program's own objectives.

Rather than prescribing a specific transactional document at the job level, the obligation should sit with ACPs to demonstrate that they have sufficient processes and controls in place to ensure that decommissioned units and recovered refrigerant is processed in accordance with applicable regulatory requirements. ACPs are best placed to understand the disposal practices of their installer networks, and should be required to maintain documented procedures, installer declarations, and supporting evidence including photographic records and bulk disposal receipts that collectively provide auditable assurance of compliant disposal. This risk-based, ACP-led approach preserves scheme integrity without imposing a documentation standard that is unworkable in practice.

ESIA respectfully requests that IPART reintroduce the Installer Declaration, supported by photographic evidence and ACP-level procedural documentation as an acceptable form of compliance evidence, and that the focus of regulatory oversight be directed at the adequacy of ACP systems rather than job-level transactional receipts.

Are the proposed evidence requirements practical?

In general, the proposed requirements are workable for residential and small-scale activities. However, there are several areas where the evidence requirements may not align well with how battery projects are actually delivered, particularly for larger commercial and industrial installations under BESS5.

Many of the proposed requirements appear to apply a common approach across activities of very different size and complexity. A residential battery installation and a multi-megawatt-hour commercial battery project involve very different approval pathways, financing arrangements, connection processes and implementation timeframes.

There is also concern that the cumulative compliance burden may become disproportionate. In addition to separate accreditation applications, each activity will have separate volumetric limits and audit requirements. This has the potential to significantly increase compliance costs and audit activity across the sector without necessarily improving outcomes. Given the scale of PRC creation required to support scheme targets, it will be important to ensure administrative processes do not become a bottleneck to market participation.

Minimum co-payment and finance arrangements

A number of ESIA members have sought further clarification on how minimum co-payment requirements are intended to operate where a customer uses a regulated finance product, including loans provided to support larger BESS installations or ducted AC units.

Under many finance arrangements, the customer enters into a legally binding agreement and becomes responsible for the full cost of the installation from the outset, even though repayments are made over time. Such finance agreements provide strong evidence that the customer has made a genuine financial commitment to the upgrade.

Requiring evidence of actual repayments being made before minimum co-payment requirements can be satisfied could create significant friction in the process. For larger upgrades, this may require customers to make substantial upfront payments that the financing arrangement was specifically designed to avoid, potentially undermining the program's accessibility policy objectives.

IPART is encouraged to review whether executed finance agreements from regulated providers could be accepted as evidence that minimum co-payment requirements have been met. This

approach would better align with contemporary financing practices while still ensuring that customers have made an informed and meaningful financial commitment to the installation.

Are there other ways you could evidence that the requirements have been met?

Regardless of how accreditation is ultimately structured, the audit market represents a finite resource and the cumulative demand placed on auditors could become a significant constraint on scheme delivery.

Experience from previous battery activity rollouts demonstrates that overly conservative volumetric allocations can create unnecessary bottlenecks, delay certificate creation and impact cashflow throughout the supply chain. These risks become more pronounced for BESS5, where a single installation may generate PRC volumes that are material relative to traditional audit thresholds. In some circumstances, an overly restrictive volumetric allocation framework could result in audit activity being disproportionate to the actual number of installations undertaken.

For this reason, ESIA members would welcome further consultation on how initial volumetric allocations will be determined and how they align with the anticipated scale of the new battery activities. This could identify opportunities to develop a more structured approach that considers not only certificate volumes but also factors such as installation numbers, demonstrated compliance performance and project characteristics. Such an approach would help preserve scheme integrity while ensuring that auditor capacity does not become the limiting factor on market participation and PRC creation.

Do you see any difficulties obtaining evidence that BESS1 implementations were delivered at a Government Owned and Managed Site or through an Exempt Energy Program?

No significant concerns have been identified with this requirement. However, industry would benefit from additional guidance regarding the types of evidence that IPART considers acceptable.

The clearer the evidentiary expectations are, the more consistent compliance outcomes will be across ACPs, auditors and IPART staff. Where possible, practical examples should be incorporated into the Method Guide to reduce ambiguity and minimise the risk of differing interpretations.

Do you see any difficulties obtaining evidence that implementations of BESS1, BESS2, BESS3 and BESS4 meet usable battery capacity requirements?

Industry generally considers the proposed approach to be workable for residential and small commercial battery systems, particularly where manufacturers already provide the relevant information within publicly available technical specifications.

The key consideration is ensuring that evidence requirements remain simple and consistent. Manufacturers' datasheets and product specifications should be accepted as the primary source of evidence wherever possible, avoiding unnecessary additional calculations or administrative requirements for ACPs.

In what manner could usable battery capacity be recorded for BESS5?

For larger commercial and industrial battery systems, usable battery capacity should be evidenced through existing engineering and commissioning documentation.

These projects are typically supported by detailed technical specifications, commissioning reports, design documentation and manufacturer performance data. Relying on these existing documents would ensure capacity can be verified in a robust and practical manner without requiring additional reporting frameworks to be created specifically for the scheme.

ESIA members generally support the proposed standardisation approach, but believes the evidence requirements should align with documentation that is already routinely produced during project delivery.

Do you have any other feedback on the proposed evidence requirements for BESS3, BESS4 and BESS5?

Several ESIA members expressed concern that some of the evidence requirements appear to have been adapted from residential battery activities without fully considering the realities of larger commercial projects.

For example, concepts such as multiple NMIs, containerised battery systems, complex ownership structures, energy arbitrage arrangements and third-party financing are common within larger battery projects. Additional guidance may be required to ensure these scenarios can be accommodated within the scheme without creating uncertainty or unintended barriers to participation.

It is also important that there is consistency between the Rule and the Method Guide. Members identified several examples where requirements appear to have been carried over from previous versions despite related rule provisions having been amended or removed. A final review of the documents before publication would help avoid confusion and compliance uncertainty.

Do you have feedback on retaining photographic evidence for BESS3, BESS4, BESS5 and RDUE activities?

ESIA recognises the value of photographic evidence as an important compliance tool and generally supports its continued use. However, photographic requirements should be proportionate and targeted toward evidencing key eligibility and installation requirements. In some cases (particularly for larger commercial projects), prescribed photographs may provide limited evidentiary value while creating additional administrative burden. A practical approach would allow ACPs to collect photographs that clearly demonstrate compliance without requiring unnecessary or duplicative evidence.

Do you have feedback on the requirement to provide evidence within 7 days if requested?

ESIA members support the need for timely access to evidence and understands the importance of efficient compliance monitoring. However, flexibility should be available where evidence relates to large-scale commercial projects involving third parties such as DNSPs, engineering consultants or financiers. While ACPs should maintain appropriate records, there may be circumstances where compiling all requested documentation within seven days is not practical despite the records

existing. A reasonable extension process would provide flexibility in these situations while still maintaining accountability.

Do you have feedback on retaining serial numbers for PDRS-installed equipment?

The rationale for retaining battery serial numbers is understood, particularly from a product traceability and safety perspective. However, challenges arise when this requirement is applied to large-scale battery systems. Some commercial installations may contain hundreds or even thousands of individual battery modules. Requiring ACPs to collect and maintain every individual serial number could create a significant compliance burden with limited additional benefit.

IPART is encouraged to consider alternative approaches for larger systems, such as recording serial numbers at the rack, cabinet or container level where those identifiers can be linked to manufacturer records. Some members also expressed concern regarding the proposal to extend serial number requirements to a broader range of PDRS activities. Unless there is a clear compliance or safety benefit, the value of collecting this information may not justify the additional burden placed on installers and ACPs.

Do you have feedback on providing fact sheets to customers for BESS3 and BESS4?

ESIA supports the use of customer fact sheets and recognises their importance in supporting informed decision-making. Based on experience during the rollout of previous battery activities, late publication of fact sheets can create significant compliance challenges where quotes and contracts have already been issued prior to the fact sheet becoming available.

IPART is therefore encouraged to publish final fact sheets as early as possible. Early publication will allow ACPs and installers sufficient time to update sales processes, customer documentation and training materials before the commencement of the activities.

For more information regarding this submission, please email ESIA Executive Director, scott.mckenry@esia.asn.au