



EEIS AUDIT REPORT

2018 COMPLIANCE AUDIT OF ACT TIER 1 RETAILER—ACTEWAGL RETAIL (AAR)



ENERGY EFFICIENCY (COST OF LIVING) IMPROVEMENT ACT 2012

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1. EXECUTIVE SUMMARY

The 2018 Audit Report presents the energy savings result (ESR) for the ACT Tier 1 Retailer under the Energy Efficiency Improvement Scheme (EEIS). Audit principles and procedures are detailed in the standard operating procedures *EEIS Retailer Auditing*.

ActewAGL Retail (AAR) submitted their *2018 Compliance Period Report* on time and the key results towards the energy savings result determination can be found in [Table 1](#). AAR's total claim for activities delivered during the 2018 compliance year was [REDACTED] and after desktop auditing this figure has been adjusted to account for a total underclaim of [REDACTED]. Therefore, the final abatement value achieved by ActewAGL is [REDACTED].

[Table 1](#) details AAR's claimed abatement, Retailer Energy Savings Obligation (RESO) for Non-Priority Household Target (non-PHT)/Priority Household Target (PHT) along with 2017 Compliance Period surplus brought forward and the 2018 surplus that will be carried forward into 2019.

TABLE 1 - RESULTS FROM THE 2018 DESKTOP COMPLIANCE AUDIT

2017 Compliance Period Preliminary results	Non-Priority Household Target (tCO2-e)	Priority Household Target (tCO2-e)	Total (tCO2-e)
Net AAR position (2017 surplus)			
AAR 2018 RESO			
2018 RESO less 2016 surplus			
2018 Energy Saving Result Claim			
Adjustment of abatement after audit process			
Energy Saving Result after adjustment			
Final AAR position as of 31 December 2017			

For the 2018 compliance period AAR were requested to undertake an independent audit and provide the resulting report to the EEIS. The independent audit was conducted by RSM

Australia Pty Ltd (RSM) and the details of this audit are summarised in Section 4 and in the attached [ActewAGL Results of Independent Audit Report 2018](#) document.

The EEIS team was satisfied with the independent audits scope, thoroughness and findings and therefore it forms the majority of the works for this desktop audit. In addition, this audit report provides some pointers which can be used in continually improving the EEIS audit procedures.

A phone survey and on-line survey were also completed as well as a series of desktop audits and site inspections to arrive at this result. Based on this set of audit activities, AAR can be deemed to have met their energy savings obligation for the 2018 compliance period.

2. BACKGROUND

The Energy Efficiency Improvement Scheme (EEIS) started on 1 January 2013 and has recently been extended until the end of 2030. The EEIS sets a Territory-wide energy savings target and includes obligations for ACT electricity retailers to meet an individual Retailer Energy Savings Obligation (RESO).

The *Energy Efficiency (Cost of Living) Improvement Act 2012* (the Act) provides the legal framework for the EEIS. The Act contains the legal obligations and options that electricity retailers have under the scheme to meet their RESO, one of which is to undertake eligible energy savings activities. These activities are determined by the Minister for Climate Change and Sustainability (the Minister) and must be carried out in accordance with codes of practice approved by the EEIS Administrator. Retailers incur penalties if they do not meet their targets. More information on the Act is available on the EEIS website at http://www.environment.act.gov.au/energy/energy_efficiency_improvement_scheme_eeis.

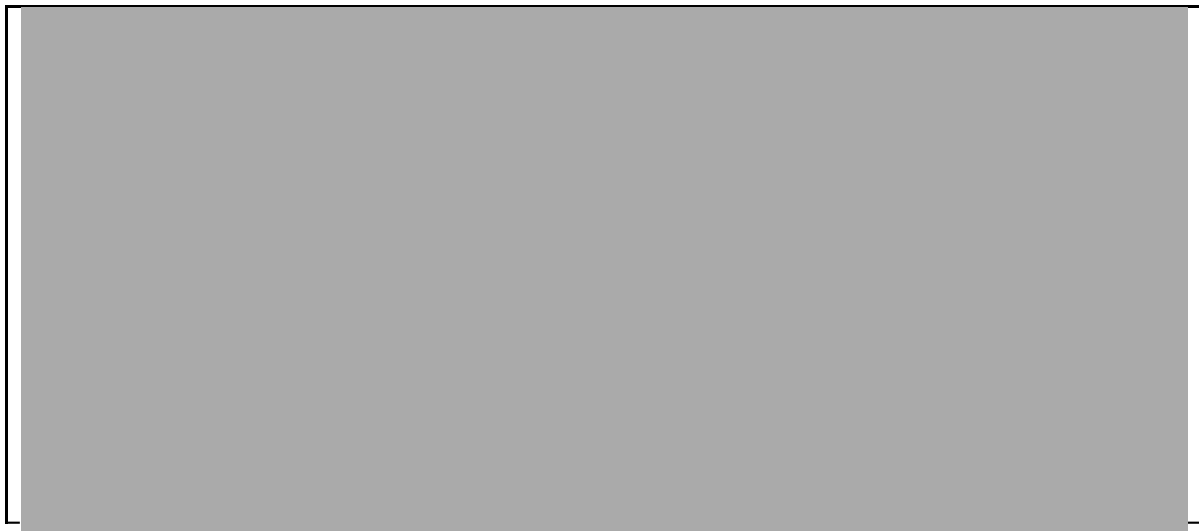
3. 2018 OVERVIEW

The following graphs show the results of EEIS during the 2018 compliance year. Figure 1 shows the breakdown of the four major types of activities that have been delivered. Most energy savings have been achieved through commercial lighting upgrades while space heating and cooling activities, including ducted gas upgrades and upgrading flued gas heaters with reverse cycle air conditioner installations, have also delivered strong energy savings. Appliance activities are limited to decommissioning and disposal of old refrigerators and freezers and are a small yet consistent addition to savings overall. The introduction of Hot Water Service activities in 2018 also contributed with 33 installations achieving 252 GJ of energy savings.

4. INDEPENDENT AUDIT REPORT

Section 19(3) (a) of the Act allows the Administrator to require an independent audit of some or all of the information provided in the compliance period report. To assist with AAR's business planning, the Administrator required an independent audit through the notification letter for the 2017 Energy Savings Result. The terms of reference required by the Administrator for the independent audit are summarised in Box 1.

BOX 1 TERMS OF REFERENCE FOR INDEPENDENT AUDIT



AAR appointed RSM for the independent audit, partly because they are on both the Victorian Energy Efficiency Target (VEET) and the NSW Energy Savings Scheme (ESS) lists of approved auditors. The methodology employed by RSM is shown in Box 2.

BOX 2 RSM METHODOLOGY FOR INDEPENDENT AUDIT

Audit procedures reviewed and evaluated the following:

- EEIS Control Environment;
- Systems used to capture data and value reported;
- Processes around commercial lighting activities;
- Processes around ducted gas heating and ductwork upgrade activities;
- Processes around hot water heater upgrade activities;
- Fridge buy back scheme;
- Education and training.

The audit report opinion from RSM is shown in Box 3.

BOX 3 RSM OPINION

In our [RSM] opinion, the 2018 Compliance Report presents fairly, in all material respects, for the period 1 January 2018 through 31 December 2018 in relation to:

- the number of activities completed;
- the amount of abatement claimed;
- the quantity of electricity sold;

- the achievement of the priority household target and retailer energy savings obligation; and
- confirmation that the delivery of on-ground activities were consistent with the EEIS code of practice.

5. RECONCILIATION OF SUPPLIED DATA

An assessment of the figures supplied in the compliance period report was conducted against the data supplied by AAR. This involved a recalculation of the totals for items such as PHT, claimed abatement etc. from the compliance period data supplied and ensuring these figures match those in the report.

All recalculations match the figures as reported in AAR's compliance period report however an adjustment to the ESR was required after auditing and is detailed in 6. EEIS Auditing.

6. EEIS AUDITING

As part of all ESR determinations the EEIS conducts various auditing tasks consistent with the standard operating procedures *EEIS Retailer Auditing*. For the 2018 compliance period desktop audits, on-site inspections and phone/online surveys were conducted across stratified random samples for each activity. For this period MAC Energy Efficiency was contracted to undertake all commercial lighting desktop audits while all other auditing was undertaken by the EEIS team. An overview of these audits is shown in Table 2.

TABLE 2 – EEIS AUDITS PER ACTIVITY

Activity number	Activity Description	Total installations	Desktop audits	On-site audits and Access Canberra Inspections
2.2/2.4	Replace a ducted gas heater with a high efficiency ducted gas heater			
2.3	Install a specified high efficiency electric room heater			
3.1/3.2	Install a specified high efficiency hot water heater			
4.2	Commercial Lighting Upgrade Activities			

5.1	Decommissioning and disposal of refrigerator or freezer	
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INCORRECT AIR CONDITIONING MULTIPLIER

In 2018 the EEIS began implementing new data management systems which include the validation of incoming data and error checking of the values supplied. This error checking was responsible for discovering an administrative error in commercial lighting abatement calculations where AAR were using the old air conditioning multiplier from 2017 for some of the installations delivered in early 2018. This Air conditioning multiplier was adjusted for the 2018 compliance period to better align and harmonise with the NSW Energy Saving Scheme.

AAR were quick to acknowledge this issue and auditing performed on the final abatement claim for 2018 shows that these errors were rectified where required, and claims are now accurate and correct.

ACTIVITY 2.2/2.4 - UPGRADING DUCTED GAS HEATERS TO EFFICIENT CENTRAL GAS HEATERS

Auditing of this activity uncovered some very minor administrative/record keeping errors and a small abatement reduction for one installation however this was minor and not systemic.

Customer interviews during site visits and phone surveys also found a small percentage of recipients who experienced minor issues such as needing to make a product warranty call or the appliance not functioning to their expectations. In all cases where issues were reported the recipient noted that the issue had been rectified and most were still generally happy with the product, service and end result.

ACTIVITY 2.3 – REPLACING FLUED GAS WALL HEATERS WITH EFFICIENT ELECTRIC HEAT PUMPS

246 implementations of this activity were claimed by AAR in 2018 with the majority occurring in Housing ACT (HA) properties as part of a joint initiative between the EEIS, HA and AAR.

No compliance issues were found while conducting site visits or desktop audits however one abatement overclaim was found and was due to an administrative error. The phone survey uncovered that while customer satisfaction was still quite high many recipients reported some kind of issue. These were mostly due to delays in wall repairs (which are the responsibility of HA) or customer expectations not being met where tenants received Reverse Cycle Air Conditioners (RCAC) in place of gas room heaters.

None of these issues affect abatement claims or the compliance of the installations and customer satisfaction issues are currently being discussed with AAR and HA to ensure continued improvement to processes and reduce customer complaints.

ACTIVITY 5.1 – REMOVAL OF REFRIGERATORS AND FREEZERS

AAR submitted a gas activity statement which is a cylinder activity statement for gas cylinders used in the degassing of fridges and freezers. This is consistent with the requirements of the activity.

ACTIVITY 4.2 – COMMERCIAL LIGHTING UPGRADES

2018 saw commercial lighting activities continue to be a major part of AAR's abatement claim. MAC Energy Efficiency was once again contracted by the EEIS to undertake desktop auditing of this activity. Although several abatement claim errors were found these were minor and no systemic issues affecting abatement were uncovered.

The EEIS once again worked with AAR to facilitate continual improvement of its commercial lighting activities as, similar to 2017, there were substantial numbers of administrative errors in AAR's reporting.

AAR did succeed in improving reporting over the course of the year however to further facilitate this the EEIS Administrator deemed that AAR would be required to undertake independent auditing of commercial lighting activities and also increased the frequency of reporting from quarterly to monthly for the 2019 compliance period. This proved successful for the first half of 2019 and the monthly frequency is currently under review to decide if it is still required for the later half of the year.

7. ACCESS CANBERRA AUDITS

Access Canberra inspectors carried out 5 full audits of AAR RCAC installations as part of their normal inspections of licensable work. No issues were reported.

8. EMAIL AND PHONE SURVEYS

To fulfil the EEIS Standard Operating Procedure of conducting a form of higher target participation auditing, the EEIS contracted Jetty Research to conduct phone surveys of residential participants and an email survey of business participants.

By nature, both of these surveys lean mainly to providing customer satisfaction data, yet some audit-based criteria are also met. The results of both surveys were mostly positive and go to demonstrate the general quality of activities conducted and also the high opinion of the community toward the scheme.

Jetty Research's 'EEIS 2019 FINAL REPORT PDF' paper contains details and results of the surveys conducted.

9. RECORD KEEPING AND REPORTING CONSISTENT WITH THE CODE

Section 59 of the Energy Efficiency (Cost of Living) Improvement (Record Keeping and Reporting) Code of Practice 2017 (the Record Keeping and Reporting Code of Practice) lists the information which retailers are required to include in periodic activity reports to the Administrator.

The EEIS performed an assessment to determine that the compliance period report was complete and met the requirements of the Record Keeping and Reporting Code of Practice. The results of this assessment are shown in Table 3.

TABLE 3 – COMPLIANCE WITH RECORD KEEPING AND REPORTING REQUIREMENTS

Element	Result
Description of requirement	The list in Appendix 1 shows reporting requirements.
Audit procedures	Each reporting requirement was checked in the compliance database.
Findings	All reporting requirements are met. The reporting standards meet all of the legal obligations and allow for auditing consistent with the audit principles.
Conclusion	Pass. All reporting requirements are met.

10. CONCLUSION

Based on the auditing conducted, AAR can be deemed to have been compliant in their activities under the EEIS. Delivery and reporting have both been of a high quality overall and no systemic issues have been uncovered. AAR can therefore be deemed to have met their obligation under the EEIS for the 2018 compliance period.

APPENDIX 1 – RECORD KEEPING AND REPORTING REQUIREMENTS CHECKLIST

04/04/2019	Energy Efficiency Improvement Record Keeping & Reporting - Part 3 & 8 of the Code of Practice	Abbreviations	Abbreviations
	(Act Part 19)	We or "Us"	Administrator
Retailer	ActewAGL	R.	Retailer
8(74)(1)	If incomplete notify within 10 working days	Y	Yes (Complete)
8(74)(2)	If complete notify within 10 working days	N	Not Complete
		N/A	Not Applicable
Section	Pre-requisites for reporting	Notes	Completed
3(15) (1+2+3)	Retailer must nominate Record Keeping & Reporting Contact, & provide contact details; need not be w. Approval authority but needs to be Senior officer. If officer changes we must be notified within 5 business days.	This is done prior to reporting and on an ongoing basis	
3(19)(2)	Provide required info. to us via secured electronic link to epd-eeis@act.gov.au (more than 2 working days before due)	Request sent by R to inbox and link to Objective Connect provided to R	
3(17) (8)	Document named correctly <retailer prefix>_<issue date>_compliance period report_2018		
Section	Element of Code	Notes	
8(67)(1) (a)	Total sales in MWh		
8(67)(1) (b)	Eligible activities undertaken		
8(67)(1) (c)	Approved abatement factors acquired by retailer		
8(67)(1) (d)	Total abatement factors for eligible activities		
8(67)(1)(e)	Total abatement factors undertaken in priority households	Tier 1 only	
8(67)(1)(f)	Total obligation to be achieved by paying an energy saving contribution	Tier 2. Expressed as %	
8(67)(2)	Carried forward surplus or shortfall from previous compliance period		
8(67)(3)	For each activity completed, include:		
(a)	activity record form identifier		
(b)	Activity ID		
(c)	Authorised contractor/seller/installer identifiers		
(d)	Relevant building classification		
(e)	New premises identification		
8(67)(3)(f)	For activity that requires authorised installer:		
i	block, section, division/district		
ii	business name, unit/street number/name/suburb/postcode		
iii	occupancy status - public/comm housing, private rental, owner occupier, vacant commercial premises		
8(67)(3)(g)	For activity that does not require authorised installer, all of the above plus: year of construction, whether it is priority or not, class of priority, consumer's name & number, and all activity undertaken		
8(68)(1)	R. w sales & obligation greater than zero must also include:		
(a)	Calculation of total costs incurred in meeting obligations		
(b)	For a Tier 2 retailer - amount they are paying of their Energy Savings Contribution	Tier 2. Expressed in \$	
(c)	calculation of costs undertaking eligible activities less any co-contribution		
(d)	calculation of costs of acquiring approved abatement factors that comply with CoP		
(e)	calculation of estimated administrations costs for preparing reports, etc		
(f)	total monetary value of all contributions & payments made by consumers		
(g)	total monetary value of all contributions & payments made by other parties		
8(69)	If we require Independent Audit, results must be lodged w. compliance report in accordance with part 9 of this code.		
8(71) (1)	R. report must be Approved by acting CEO or GM of the company, or person holding delegation to exercise the power at a level equivalent of the CEO.		
8(71) (2)	Report must include signed declaration	See Schedule 2 of Code	
8(72)(1)	Compliance report supplied in writing in .pdf & .doc/.docx		
8(72)(2)	Info. re: individual eligible activities must be supplied in CSV file(s).		
Section	Element of Act	Notes	
19	Information to be given to us no later than 31/3/17		
19 (2)(a)	Total Electricity Sales		
19 (2)(b)	Approved Eligible Activities		
19 (2)(c)	Approved Abatement Factors		
19 (2)(d)	Total Abatement Factors		
19 (2)(e)	Total Abatement Factor in Priority Households		
19 (2)(f)	The Extent to which the R's obligation will be achieved by paying contribution		
19 (2)(g)	Anything else that we'd like to request		