



ActewAGL Retail

Energy Efficiency Improvement Scheme – 2018 Compliance Report

Independent Audit Report

For the year ended 31 December 2018

29 March 2019



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EXECUTIVE SUMMARY

Introduction

The Energy Efficiency Improvement Scheme (EEIS) is a compulsory scheme for electricity retailers. It works by placing a requirement on electricity retailers to achieve energy savings in households and small-to-medium businesses. A Priority Household Target ensures that a proportion of the savings are delivered in low income households. The scheme was established under the *Energy Efficiency (Cost of Living) Improvement Act 2012 (Act)*.

This report details the nature and scope of procedures conducted by RSM with the objective of expressing an opinion on the accuracy and completeness of the 2018 Compliance Report lodged by ActewAGL Retail under the Act.

Engagement Scope and Objective

The engagement scope was limited to the Compliance Report for 2018 as requested under section 19(3)(a) of the *Energy Efficiency (Cost of Living) Improvement Act 2012*. Information audited included (but was not limited to) the following:

- 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
- The on-ground delivery of activities, consistent with the EEIS code of practice.

The engagement was performed in line with *ASAE 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ISO 14064 - 3:2006 Greenhouse Gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions*. Our procedures were designed to provide reasonable assurance, as defined by ASAE 3000.

Methodology

Audit procedures reviewed and evaluated the following:

- EEIS control environment;
- Systems used to capture data and value reported;
- Processes around commercial lighting activities (Activity 4.2);
- Processes around ducted gas heating and ductwork upgrade activities (Activity 2.2, 2.3, 2.4);
- Processes around hot water heater upgrade activities (Activity 3.1(c) and 3.2 (c));
- Fridge buy back scheme (Activity 5.1); and
- Education and training to employees, contractors and assessors.


Reasonable Assurance Opinion

Our Independent Audit Report for the period 1 January 2018 through 31 December 2018, containing our opinion, has been included in **Part A** of this report.

Detailed Findings and Recommendations are set out in **Part B** of this report.

The Audit Procedures are set out in **Part C** of this report as outlined in the below audit objectives:

- C1: Number of activities completed;
- C2: Amount of Abatement claimed;

- 
- C3: Quantity of electricity sold;
 - C4: Priority Household Targets and Retailer Energy Savings Obligations;
 - C5: Financial Information; and
 - C6: On ground delivery of activities.

PART A – INDEPENDENT AUDIT REPORT

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cc. Antonia Harmer, Manager, Energy Efficiency Improvement Scheme, Sustainability and Climate Change
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Via email: Antonia.harmer@act.gov.au

RE: INDEPENDENT AUDITOR'S REPORT ON ENERGY EFFICIENCY IMPROVEMENT SCHEME COMPLIANCE PERIOD REPORT FOR 2018 (COMPLIANCE REPORT) TO ACT GOVERNMENT ON BEHALF OF ACTEWAGL RETAIL

We have audited the accompanying ActewAGL ACT Energy Efficiency Improvement Scheme Compliance Period Report for 2018, which comprises:

- Number of activities completed;
- Amount of abatement claimed;
- Quantity of electricity sold;
- Achievement of the priority household target and retailer energy savings obligation; and
- On-ground delivery of activities, consistent with the EEIS code of practice.

The purpose of the compliance report is to provide information to the EEIS Administrator for Compliance Period 2018 as required by the *Energy Efficiency (Cost of living) Improvement Act 2012* (EEIS Act), as well as those detailed in the *Energy Efficiency (Cost of Living) Improvement (Record Keeping and Reporting) Code of Practice 2013 (No1)*.

The compliance report contains the following sections:

- Estimated Electricity Sales and Abatement Factors;
- Carried forward surplus;
- Retailer Energy Savings Obligations including Priority Household Targets;
- Financial Information; and
- Declaration from General Manager Retail.

Our audit was conducted as outlined in the engagement letter dated 23 November 2018 and conducted as an engagement under *ASAE 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ISO 14064 - 3:2006 Greenhouse Gases - Part 3: Specification with guidance for the validation and*

verification of greenhouse gas assertions. Our procedures were designed to provide reasonable assurance, as defined by ASAE 3000.

Audit procedures, as outlined in the engagement letter, undertaken included evaluation of:

- 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; and
- Education and training.

Management's Responsibility for the Compliance Report

Management of ActewAGL Retail are responsible for the preparation of the compliance report, and have determined that the basis of preparation, is appropriate to meet the needs of the Environment and Planning Directorate. Management's responsibility also includes such internal control as Management determine is necessary to enable the preparation of a compliance report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compliance report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the compliance report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the compliance report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the compliance report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of internal policies used and the reasonableness of estimates made by management, as well as evaluating the overall presentation of the compliance report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

This report is intended solely for ActewAGL Retail and the Administrator as defined by *Energy Efficiency (Cost of Living) Improvement Act 2012*.

Quality Control

RSM Australia applies Australian Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independence

In conducting our audit, we have complied with the independence and other relevant ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Opinion

In our 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.

RSM Australia Pty Ltd



Rodney Miller

Director

Registered Company Auditor - 478322

Canberra, Australian Capital Territory

Dated: 29 March 2019



PART B – DETAILED FINDINGS AND RECOMMENDATIONS

There were no findings or recommendations identified throughout this audit that would impact on our ability to issue the audit opinion as outlined in Part A of this report.

The standard of controls and records provided for audit purposes has been to a high standard.

We would like to thank ActewAGL Retail for their diligence and commitment to assisting us throughout the conduct of this audit.

PART C – AUDIT PROCEDURES

The following procedures were conducted, and findings noted, in line with the scope described in **Part A**.

Audit Objective C1: Number of activities completed

Audit testing overview	Audit procedures & findings	Conclusion/issues
<p>RSM performed analysis to confirm over the Compliance Period:</p> <ul style="list-style-type: none"> • that ActewAGL processes in place are operating effectively; and • the number of activities completed are valid and accurate. <p>This has included consideration of the following:</p> <ul style="list-style-type: none"> • Signed Activity Record Forms (ARF); • Signed Fridge Buyback Run Manifest, Degas and Recycle forms; • Photographic evidence where required by the EEIS Code of Practice (EEIS COP); • Credits applied to eligible customers; • Commercial lighting site visits; 	<p>Procedures undertaken:</p> <p>Seven eligible activities were completed by ActewAGL in the 2018 compliance period. RSM carried out detailed testing to ensure eligible activities were valid, accurate and complete by performing the following audit procedures:</p> <ul style="list-style-type: none"> • Reviewed a sample of ARF forms signed by the customer (Tier 1 Activity) to verify the data recorded in the Compliance Report for 2018 is accurate, specifically confirmation of: <ul style="list-style-type: none"> ○ installation details; ○ eligible products installed; ○ customer and installer declarations completed; ○ activities undertaken (activities 2.2, 2.3, 2.4, 3.1(c), 3.2 (c), 4.2, and 5.1); and ○ quantities of activities undertaken. <p>Refer to the table below outlining volumes of audit procedures undertaken;</p> <ul style="list-style-type: none"> • Reviewed a sample of Fridge Buyback Run Manifest, Degas and Recycle forms to confirm that they have been: <ul style="list-style-type: none"> ○ signed by the installer, ○ the Degasser and the Recycler have verified the activity has been completed (activity 5.1); and ○ the appliance has been released to the recycler. • Reviewed a sample of activities to photographic evidence (Tier 2 Activity) to ensure compliance with the EEIS COP where required. This included confirming the quantity of activities undertaken, the removal and installation requirements of the commercial lighting and ducted gas heating programs (activities 2.2, 2.3 and 4.2). 	<p>Conclusion: Based on the testing performed, ActewAGL Retail is accurately reporting the number of activities carried out.</p>



Audit testing overview	Audit procedures & findings	Conclusion/issues															
<ul style="list-style-type: none"> Quarterly reporting processes to the ACT Government; and Reconciliation process between contractor activity reports and invoices paid by ActewAGL Retail. 	<p>Refer to the table below outlining volumes of audit procedures undertaken;</p> <table border="1" data-bbox="584 304 1733 1155"> <thead> <tr> <th data-bbox="584 304 1193 491">Eligible Activity</th> <th data-bbox="1193 304 1368 491">Total Population</th> <th data-bbox="1368 304 1554 491">Total Sample Selected (Tier 1) *</th> <th data-bbox="1554 304 1733 491">Total Sample Selected (Tier 2) *</th> </tr> </thead> <tbody> <tr> <td data-bbox="584 491 1193 536">2.2 - Install a high efficiency ducted gas heater</td> <td colspan="3" data-bbox="1193 491 1733 1155" rowspan="8" style="background-color: #cccccc;"></td> </tr> <tr> <td data-bbox="584 536 1193 635">2.3 - Install a specified high efficiency electric room heater</td> </tr> <tr> <td data-bbox="584 635 1193 724">2.4 - Install insulated space conditioning ductwork</td> </tr> <tr> <td data-bbox="584 724 1193 868">3.1 (c) - Decommission an electric resistance water heater and install a specified high efficiency water heater</td> </tr> <tr> <td data-bbox="584 868 1193 1007">3.2 (c) Decommission a gas or liquefied petroleum gas water heater and install a specified high efficiency water heater</td> </tr> <tr> <td data-bbox="584 1007 1193 1051">4.2 - Commercial lighting activities</td> </tr> <tr> <td data-bbox="584 1051 1193 1096">5.1 - Fridge/freezer decommissioning</td> </tr> <tr> <td data-bbox="584 1096 1193 1155">Total</td> </tr> </tbody> </table> <p>* Samples have been selected proportionate to the number of transactions across the different eligible activities. Refer to appendix A – Sampling plan for details of sample selection methodology and strategy.</p> <ul style="list-style-type: none"> Performed a site visit to undertake a walkthrough of a commercial lighting installation activity; Performed a walkthrough of quarterly reporting updates to ensure compliance with relevant legislation; 	Eligible Activity	Total Population	Total Sample Selected (Tier 1) *	Total Sample Selected (Tier 2) *	2.2 - Install a high efficiency ducted gas heater				2.3 - Install a specified high efficiency electric room heater	2.4 - Install insulated space conditioning ductwork	3.1 (c) - Decommission an electric resistance water heater and install a specified high efficiency water heater	3.2 (c) Decommission a gas or liquefied petroleum gas water heater and install a specified high efficiency water heater	4.2 - Commercial lighting activities	5.1 - Fridge/freezer decommissioning	Total	
Eligible Activity	Total Population	Total Sample Selected (Tier 1) *	Total Sample Selected (Tier 2) *														
2.2 - Install a high efficiency ducted gas heater																	
2.3 - Install a specified high efficiency electric room heater																	
2.4 - Install insulated space conditioning ductwork																	
3.1 (c) - Decommission an electric resistance water heater and install a specified high efficiency water heater																	
3.2 (c) Decommission a gas or liquefied petroleum gas water heater and install a specified high efficiency water heater																	
4.2 - Commercial lighting activities																	
5.1 - Fridge/freezer decommissioning																	
Total																	



Audit testing overview	Audit procedures & findings	Conclusion/issues
	<ul style="list-style-type: none">• Reviewed the samples against the following, where applicable:<ul style="list-style-type: none">○ recycling evidences,○ certificate of electrical safety,○ AS/NZ 1680 declarations,○ Customer electricity bills.• Reviewed and tested that \$30 credits had been applied to eligible customers as part of the fridge buy back scheme; and• Reviewed contracts with contractors engaged by ActewAGL Retail in undertaking eligible activities to ensure that fees and charges claimed to ActewAGL Retail were in line with the contract and activities were delivered. This testing aligns to the verification of the financial information in Part C5 of this report. <p>Findings:</p> <p>No findings have been identified.</p>	

PART C – AUDIT PROCEDURES (cont'd)

Audit Objective C2: Amount of abatement claimed

Audit testing overview	Audit procedures & findings	Conclusion/issues
<p>RSM performed analysis over the following areas to confirm that ActewAGL Retail's processes in place are operating effectively over the Compliance Period. Areas reviewed include:</p> <ul style="list-style-type: none"> Abatement calculations; Data verification and timing of claiming processes; Verification of product specification against external product registers; System based walkthroughs of abatement for commercial lighting installations. 	<p>Procedures undertaken included the following:</p> <ul style="list-style-type: none"> Confirmation that the abatement factor used for each activity agreed to the appropriate <i>Energy Efficiency (Cost of Living) Improvement (Eligible Activities) Determination</i>; Agreed sample items to supporting documentation previously outlined in procedures outlined in Audit Objective C1; Performance of system-based walkthroughs in AAR Data force system to ensure that the abatement calculations for commercial lighting installations are correct, and in line with the COP legislation requirements; Recalculation of the abatement factor to ensure accuracy and completeness of Compliance Report items; and Product specification of activities were also verified against <i>Victorian Energy Efficiency Target (VEET) scheme VEET product register, IPART Product Registry</i> and Greenhouse and Energy Minimum Standards Regulator to confirm the activities are valid. <p>Findings:</p> <p>Ducted Gas Heating and Ductwork Program (Activity 2.2, 2.3 and 2.4)</p> <ul style="list-style-type: none"> There were four (4) instances noted where the abatement was calculated using an incorrect heating capacity (29KW instead of 30KW) for the model [REDACTED] being installed, as agreed with VEET Product Register. This has been subsequently addressed by AAR where the abatement claimed in the 2018 Compliance Period Report had been corrected to reflect the 30kW heating capacity for all the affected items across the 2018 Compliance Period Report. (ARFI 040001670, 040001684, 040001744, 040001789). There were twelve (12) instances noted where the abatement per the ARF did not match the abatement claimed in the compliance data quarterly submission. It was confirmed that the abatement on the ARF was listed incorrectly due to the contractor selecting an incorrect heating 	<p>Issues: The observations noted have mitigating controls and evidence to support the activity claimed, therefore do not impact on the accuracy of the 2018 Compliance Report.</p> <p>Conclusion: Based on the testing performed, ActewAGL is accurately reporting the abatement claimed.</p>

PART C – AUDIT PROCEDURES (cont'd)

capacity for the ductwork. The abatement value was retrospectively updated by AAR to be in line with the heating capacity of the product installed.

- There were four (4) instances noted where the abatement claimed was incorrect on the ARF **and** the compliance data quarterly submission based on the heating capacity of the product installed. The abatement value has been subsequently corrected by AAR in the annual compliance period report and verified by Audit. (ARFI 040001278, 040001670, 040001744, 040001789).

Commercial Lighting Program (Activity 4.2)

- *System based verification of abatement claimed:* System-based walkthroughs were completed in AAR Dataforce system to verify the abatement calculations for commercial lighting installations. This was completed through recalculations of output report values and abatement values using the NSW ESS Commercial Lighting Calculation Tool and validation of input variables from the Dataforce system for all lighting models installed by AAR in the 2018 lighting upgrades. These values were then agreed back to the 2018 Compliance Period Report. There were twenty (20) types of commercial lighting product models installed in the 2018 commercial lighting upgrade per below, the abatement values for each of the product types have been reviewed:

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PART C – AUDIT PROCEDURES (cont'd)

	<ul style="list-style-type: none">○○○○○○○○ <ul style="list-style-type: none">• <p>Fridge Buyback Program (Activity 5.1)</p> <p>The Fridge Buy back forms have not been updated with the current abatement values stipulated in EEIS Code of Practice. However, audit testing confirmed that abatement values claimed in the Compliance Period Report to be consistent with the values stipulated in the legislation.</p> <p>These findings are considered as improvement opportunities and does not impact on our audit opinion in Part A.</p>	
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PART C – AUDIT PROCEDURES (cont'd)

Audit Objective C3: Quantity of electricity sold

Audit testing overview	Audit procedures & findings	Conclusion/issues
<p>RSM performed analysis to confirm that ActewAGL processes in place are operating effectively over the Compliance Period.</p> <ul style="list-style-type: none"> • Analysis and sample testing around key aspects of data capture processes; and • Review of calculations to support quantities noted. 	<p>Procedures undertaken: To provide a reasonable assurance conclusion, RSM has undertaken a risk-based approach to confirm quantity of electricity sold is materially correct.</p> <p>Refer to Appendix A for Sampling approach and strategy undertaken. All samples have been selected in line with the <i>NSW Energy Savings Scheme Compliance Audit Guideline, November 2015</i>.</p> <p>This resulted in a total sample size of 55 from the Australian Energy Market Operator (AEMO), Energy Development and Solar invoices.</p> <p>Using the above sample, the following procedures were undertaken:</p> <ul style="list-style-type: none"> • Validation that the AEMO sales reconciled to the AGL Settlement report. Note the total electricity sold was calculated using the total amount of electricity ActewAGL purchased from the Grid (via AEMO); • Validation that the embedded electricity sales agreed to the approved payment authorisation advice by ActewAGL and supporting monthly invoices; and • Recalculation for all balances to confirm accuracy of the compliance report. <p>Findings: No findings have been identified.</p>	<p>Conclusion: Based on the testing performed, ActewAGL is accurately reporting the quantity of electricity sold.</p>

PART C – AUDIT PROCEDURES (cont'd)

Audit Objective C4: Priority household targets and retailer energy savings obligations

Audit testing overview	Audit procedures & findings	Conclusion/issues
<p>RSM performed analysis to ensure that ActewAGL processes in place are operating effectively. Areas reviewed include:</p> <ul style="list-style-type: none"> • Ensuring the reported priority household target and retailer energy savings obligations was accurately reported and calculated; and • Confirming that the customer is correctly classified as a priority household. 	<p>Procedures undertaken: The following procedures were undertaken in conjunction with testing previously outlined above:</p> <ul style="list-style-type: none"> • Confirmation that the customer was a Priority Household between AR form and internal ActewAGL systems; • Confirmed customer was entitled to participate in the program; • Ensured Priority Household Target, Energy Savings Target and Emissions Multiplier is in line with the EEIS metrics provided by ACT EPD¹; and • Recalculated the total reported priority household target and retailer energy savings obligation figures. <p>Note: It is noted that ActewAGL has a contract with Housing ACT for the supply and install of energy efficient heating and removal of existing heating units in selected Housing ACT properties through the “Energy Efficient Heater Replacement Program in Public Properties”.</p> <p>Note: It was also noted that properties are also referred by referring organisations e.g. ACT Civil and administrative Tribunal (ACAT) and Care Inc for the supply and install of energy efficient heating and removal of existing heating units.</p> <p>ActewAGL has claimed the abatement value for these activities under the priority household program.</p> <p>Findings: No findings have been identified.</p>	<p>Conclusion: Based on the testing performed ActewAGL is accurately reporting the priority household targets and retailer energy savings obligations appropriately.</p>

¹ https://www.environment.act.gov.au/energy/smarter-use-of-energy/energy_efficiency_improvement_scheme_eeis

PART C – AUDIT PROCEDURES (cont'd)

Audit Objective C5: Financial Information

Audit testing overview	Audit procedures & findings	Conclusion/issues
<p>RSM performed analysis to ensure that ActewAGL are appropriately reporting financial information in the 2018 Compliance Report.</p>	<p>Procedures undertaken: The following procedures were undertaken in conjunction with testing previously outlined:</p> <p>Sample testing to supporting documentation and detailed analytics performed on;</p> <ul style="list-style-type: none"> • The total costs incurred by ActewAGL of meeting its obligations under the Act; • Total costs incurred in undertaking eligible activities less any co-contribution from consumers; • Total monetary value of all contributions and payments for eligible activities made by consumers. <p>Refer to the sampling plan for further detail on how the sample was selected for detailed testing to supporting documentation.</p> <hr/> <p>Findings: No findings have been identified.</p>	<p>Conclusion: Based on the testing performed ActewAGL is accurately reporting the financial information.</p>

PART C – AUDIT PROCEDURES (cont'd)

Audit Objective C6: On ground delivery of activities

Audit testing overview	Audit procedures & findings	Conclusion/issues
<p>RSM performed analysis to ensure that ActewAGL processes in place are operating effectively. Areas reviewed include:</p> <ul style="list-style-type: none"> Selected activities have been tested to ensure compliance with the EEIS COP; and Ensure contractor education and training is appropriate. 	<p>Procedures undertaken: The following procedures were undertaken in conjunction with testing previously outlined above:</p> <ul style="list-style-type: none"> Agreed details of transactions back to an AR Form to ensure the transaction is adequately supported and valid; Ensured AR Form is signed by the customer and authorised installer/electrician/gasfitter; Ensured the installer/electrician/gasfitter is an approved and active installer for ActewAGL as confirmed with the Authorised Installer Register; Agreed occurrence of activities to photographic evidence, where required; Reviewed the samples against the following, where applicable: <ul style="list-style-type: none"> recycling evidences, certificate of electrical safety, AS/NZ 1680 declarations, Customer electricity bills Reviewed the complaints register to identify any potential systematic issues that remain unresolved by ActewAGL; Reviewed a sample of authorised installers against supporting training and license documentation and ensured contractors had completed the required education and training; and Confirmed a sample of authorised installers to ensure they had been included in the Authorised Installer register. Refer to Appendix A for Sampling approach and strategy undertaken. <p>Findings: Results from testing have been categorised across the following themes and is included in Appendix 2 of this Report:</p> <ul style="list-style-type: none"> Data Quality Data Correction Observations. 	<p>Issues: These are observations made during the conduct of the audit, with mitigating controls and evidence in place that were not found to impact on our audit opinion in Part A.</p> <p>Conclusion: Based on the testing performed, ActewAGL is compliant with the EEIS COP.</p>

APPENDIX 1 – AUDIT SAMPLING PLAN

To provide a reasonable assurance conclusion, RSM has undertaken a risk based approach to the audit.

The total abatement factors for a total number of seven (7) eligible activities undertaken by ActewAGL during Compliance Period 2018 were [REDACTED] ActewAGL total electricity sales in the ACT for Compliance Period 2018 was [REDACTED]

The testing of each sample Tier has been summarised below:

Activity Description	Activities/Focus area	Assurance provided in sampling	Activities covered	Compliance Report disclosure
Tier 1 Level of Testing: Desktop review of Eligible Activities.	Seven (7) eligible activities (2.2, 2.3, 2.4, 3.1 (c), 3.2 (c), 4.2, 5.1).	95% confidence level with a margin error at 5%, as required by NSW Energy Savings Scheme Compliance Audit Guideline November 2015.	370	
Tier 2 Level of Testing: Detailed review of photographic evidences.	3 eligible activities (2.2, 2.3, 3.1 (c), 3.2 (c), 4.2).	90% confidence level with a margin error at 10%.	68	
Tier 2 Level of Testing: Detailed Review of Installer Education and Training.	10 eligible activities (2.2, 2.3, 2.4, 3.1 (c), 3.2 (c), 4.2, 5.1).	90% confidence level with a margin error at 10%.	Not applicable	
Tier 1 Level of Testing: Detailed review of Quantity of Electricity Sold.	55 invoices covering 53 weekly invoices from AEMO, 2 monthly invoices from embedded and solar generation.	95% confidence level with a margin error at 5%.	Not applicable	
RSM sampling methodology of 35% Scoping.	EEIS administration costs.	As the NSW Energy Savings Scheme Compliance Audit Guideline November 2015 did not outline a sampling strategy for financial information presented in the Compliance Period Report, RSM utilised 35% scoping consistent with RSM's global sampling methodology.	35% Scoping	

APPENDIX 1 – AUDIT SAMPLING PLAN (cont'd)

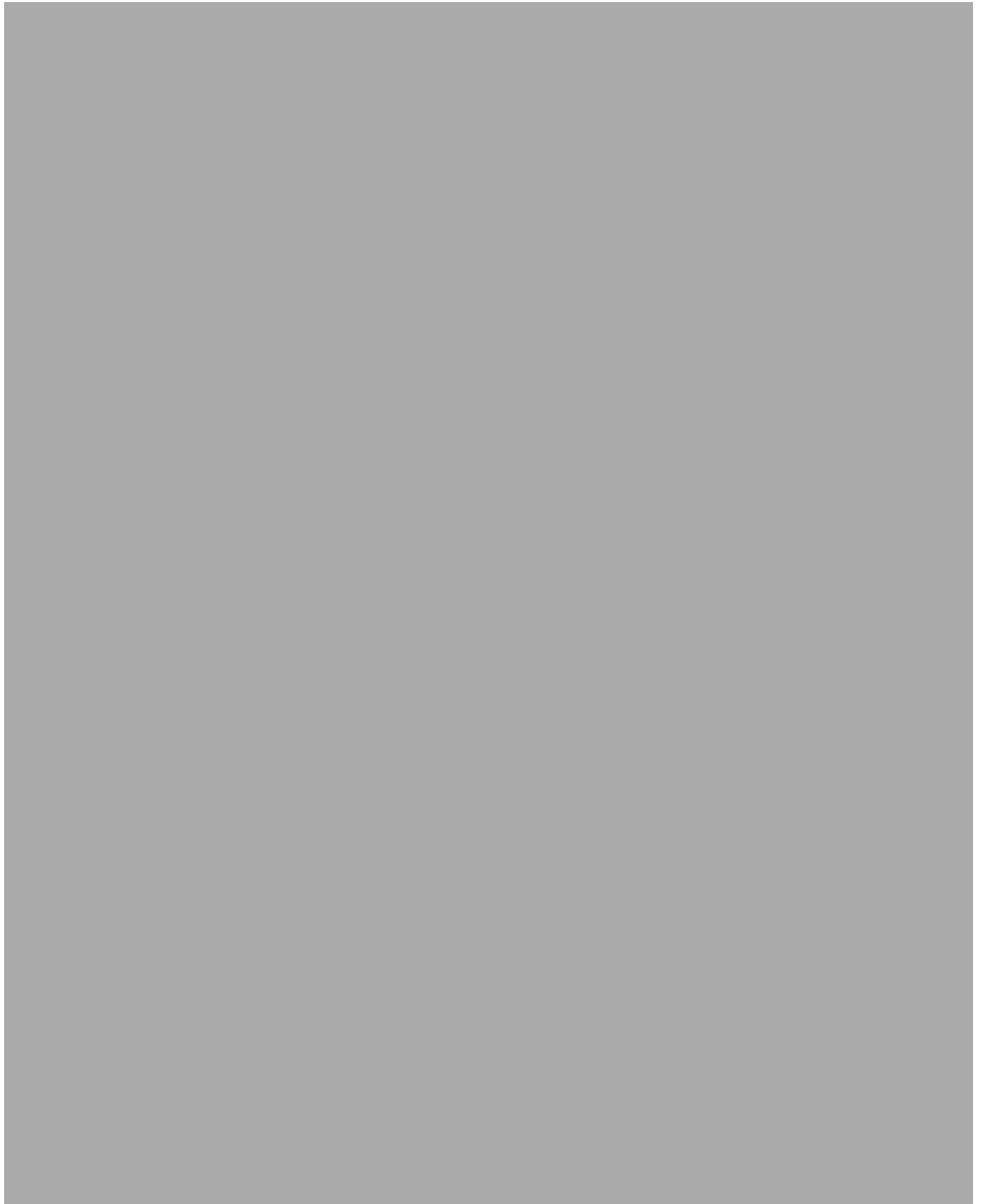
The basis of sample selection was as follows:

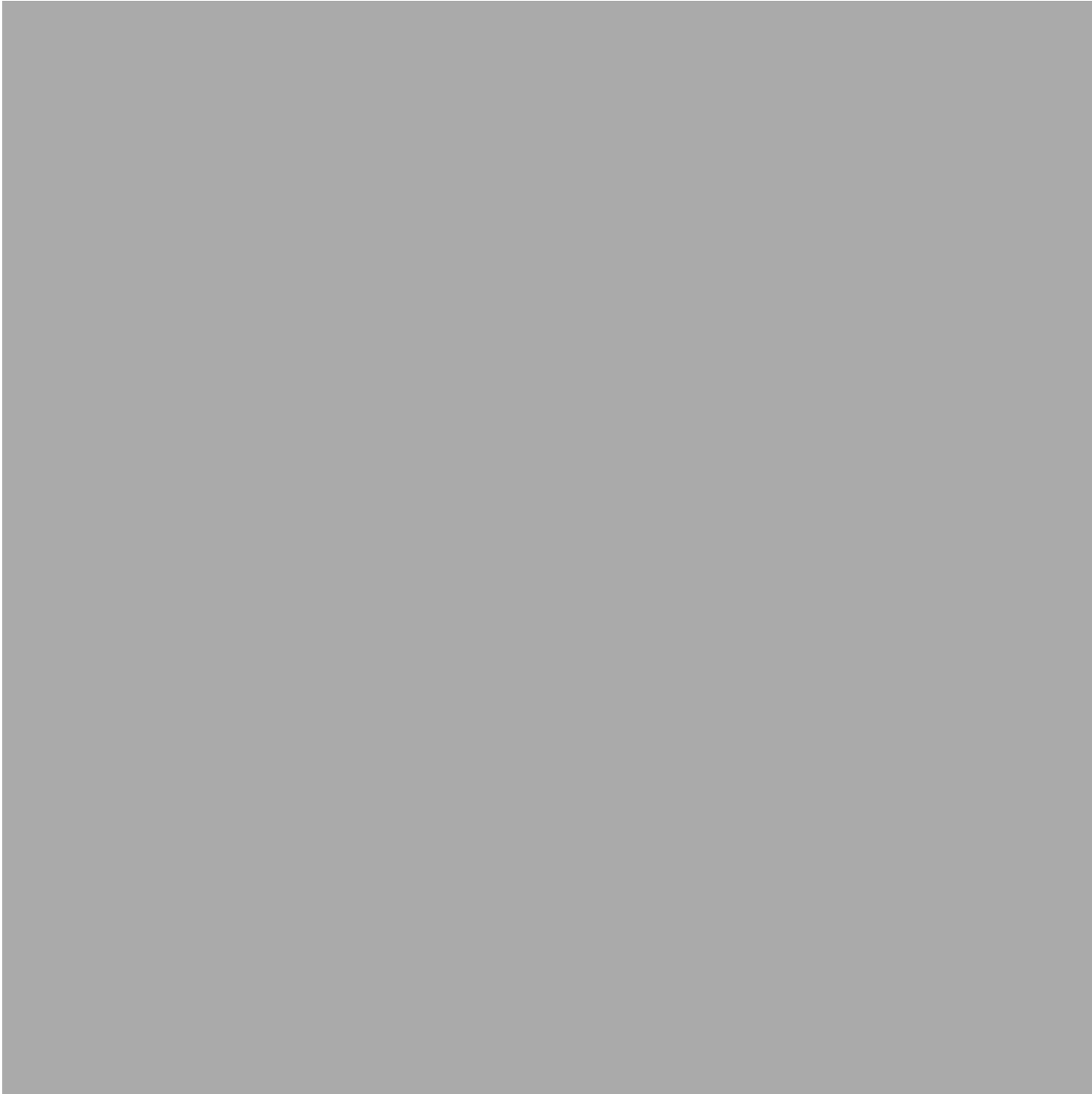
Tier 1 - Desktop review – RSM utilised Tier 1 approach that incorporated detailed transactional testing to ensure significant documentation is available, complete and correct including evidence and supporting information and calculations performed by ActewAGL. In order to obtain adequate confidence that no material misstatements exist and that ActewAGL meets all regulatory requirements, sample sizes have been calculated based on statistical sampling using 95% confidence Level and 5% margin of error, The sample size selector <http://www.raosoft.com/samplesize.html>, was used to calculate the sample based on a 95% confidence level. Note we have assumed a response distribution of 95%, as we expect the results to be skewed to “compliant” based on previous audit results, and consistent with our understanding of how the sample was selected on prior audits of ActewAGL.

Tier 2 - Detailed review – ActewAGL undertakes photographic evidences for eligible activities undertaken for Commercial lighting activities (4.2), Ducted Gas Heating Program (2.2), High Efficiency Electric Room Heater program (2.3), and Hot Water Heater upgrade activities (3.1 (c) and 3.2 (c)). For testing of photographic evidences, RSM utilised Tier 2 approach to validate records supporting the same transactions selected in Tier 1 approach. Sample selection was performed to provide a completeness and accuracy sample with 90% confidence level and 10% margin error. The sample size selector <http://www.raosoft.com/samplesize.html>, was used to calculate the sample based on a 90% confidence level.

35% scoping – Scoping examines an adequate percentage of the total population by testing the largest value items. RSM utilised 35% scoping based on audit’s overall risk assessment to Low.

APPENDIX 2 – OBSERVATIONS - ON GROUND DELIVERY OF ELIGIBLE ACTIVITIES









RSM Australia Pty Ltd is a member of the RSM network and trades as RSM.
RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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