

ESS - Northmore Gordon

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ESS

The NSW Energy Savings Scheme is a market-based program established in 2009 that creates Energy Savings Certificates (ESCs) from eligible energy-saving activities in New South Wales. Financial incentives take the form of tradeable ESCs. Accredited Certificate Providers (ACPs) create these certificates for eligible activities supported by appropriate evidence. Householders and businesses typically benefit by transferring their right to create ESCs to ACPs in exchange for a discount on the cost of energy savings equipment or activities. Electricity retailers operating in NSW purchase ESCs annually to meet their legislated energy savings targets, which drives the market value of certificates.

Related guidance

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Certificates

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Certificate trading

Measurement and verification

What is the NSW Energy Savings Scheme (ESS) and how does it create financial incentives?

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What evidence and process are required to establish ESC entitlement?

Customer nomination and supporting evidence are essential components of the ESS process to establish certificate entitlement. Importantly, an installer invoice alone does not establish a certificate entitlement. The exact evidence requirements depend on the chosen calculation method. For Project Impact Assessment with Measurement and Verification (PIAM&V;) projects, baseline measurement procedures must be deemed appropriate by an independent Measurement and Verification professional before the implementation date, with written explanatory reasoning provided. Accredited Certificate Providers must follow method-specific record-keeping guidance published by IPART rather than generic checklists. Before relying on certificate proceeds in an investment case, ask for the governing activity document version, main eligibility assumptions, calculation basis, evidence responsibilities and commercial certificate treatment.

What is Project Impact Assessment with Measurement and Verification (PIAM&V;)?

PIAM&V; is a specific project-based calculation method available under the NSW Energy Savings Scheme. It compares modelled pre-project consumption with modelled or measured post-commissioning consumption and requires an approved independent Measurement and Verification professional to deem the project appropriate. The practical consequence is establishing the project boundary and modelling approach while meaningful baseline data can still be obtained. PIAM&V; projects must establish baseline measurement procedures deemed appropriate by an M&V; professional before implementation. This method is particularly useful when project characteristics or operational conditions make prescribed calculation approaches unsuitable, but it requires careful planning to ensure baseline data can be collected properly.

How should project timing and the ESS rule version affect eligibility decisions?

The ESS rule version and implementation date are critical to eligibility. The current rule commenced on 7 September 2026 with specific transition provisions for earlier implementations. The rule excludes listed new or replacement gas-fired steam boilers, water heaters, hot-water boilers and space heaters implemented on or after 1 July 2026 from creating ESCs under PIAM&V.; This exclusion is specific to those activities and method, not a blanket restriction on gas-saving measures. The practical consequence is that using an older case study or supplier brochure cannot establish today's requirements. Before committing to a project, confirm the exact implementation date and verify requirements against the applicable Energy Savings Scheme Rule document with the relevant method guidance.

What are the key questions to address before committing to an ESS project assessment?

A structured project assessment should address several foundational questions: What equipment and energy-saving activity are proposed? What is the exact implementation date and why is it correct under the method? Who is the energy saver and how will nomination be documented? Which baseline and operating variables are necessary? What equipment, installation, disposal and commissioning evidence is required for this method? Which professional review and scheme audit steps apply? Record answers in one project file to ensure clarity and traceability. We can assist by helping to identify the applicable method, clarify evidence requirements, plan measurement and verification, and assess scheme eligibility before significant resources are invested.

How should preliminary ESC estimates be presented and what should they show?

A preliminary ESC estimate should be labelled as such until its assumptions and evidence have been verified. It should show the activity, rule version, energy calculation, certificate assumptions, commercial price date and any outstanding conditions. Keep engineering savings, scheme-recognised savings, created certificates and customer proceeds as separate quantities in the estimate. A preliminary estimate is useful for screening purposes, but relying on it for an investment case decision without verification creates unquantified risk. Before including certificate proceeds in a business case, request a detailed breakdown of assumptions, evidence responsibilities and the commercial treatment of certificates to distinguish gross value from what the customer would actually receive after agreed charges and verification costs.

What compatibility issues should be considered when combining ESS with other funding or certificate pathways?

Before combining ESS support with other incentives, check restrictions in each programme and the allocation of project costs, outcomes and rights. Do not infer that two incentives can be combined because they have different names. Ask whether previous assistance, project commencement, contractual commitments or prior certificate claims affect proposed ESS eligibility. Environmental certificates from different schemes (ESCs, VEECs, ACCUs, STCs, REGOs) belong to separate programmes and should not be compared as though they were identical units. Present the project with and without conditional ESS contributions to show management the decision resilience if support is

delayed, reduced or unavailable. We can assist by assessing scheme compatibility, identifying conflicts and clarifying the commercial treatment of combined support.

How does Northmore Gordon assist with ESS project assessment and evidence planning?

Our services span energy audit and measurement planning, project-boundary selection, baseline modelling, savings calculation and reporting support for ESS projects. We help identify applicable calculation methods, clarify evidence requirements, plan measurement and verification, assess scheme eligibility and commercial viability, and manage the evidence file through project implementation. Early advice preserves baseline-measurement opportunities and reduces the risk of discovering eligibility issues after significant investment. Services include detailed method guidance, record-keeping support, measurement-and-verification coordination, and assistance navigating the ESS Rule requirements. We also provide investment-case support to compare scenarios with and without ESS contributions, ensuring management understands the project's financial resilience.

What are the main differences between ESC-eligible activities and other energy efficiency pathways?

The ESS creates certificates specifically for eligible energy-saving activities meeting defined scheme methods and rules in New South Wales. Other jurisdictions operate separate schemes: Victorian Energy Upgrades (VEU) creates Victorian Energy Efficiency Certificates (VEECs), and the NSW Peak Demand Reduction Scheme (PDRS) supports peak-demand reduction activities. Beyond energy-efficiency certificates, renewable-energy projects may create Small-scale Technology Certificates (STCs) or Renewable Electricity Guarantee of Origin (REGOs) certificates, while carbon-reduction projects may create Australian Carbon Credit Units (ACCUs). Each instrument has distinct eligibility, calculation methods, ownership and commercial treatment. A project's technology alone does not establish eligibility for any particular pathway. We help identify the correct scheme and method for a specific project based on location, activity type, equipment and intended outcome.