

BULLETIN

REES BULLETIN NO. 15 APPLICATION OF ENERGY CREDITS

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Obliged retailers have the ability to bank any excess achievement in relation to Residential Energy Efficiency Scheme (REES) targets for a REES year and apply that credit to REES targets in subsequent years. This Bulletin outlines the process for banking and applying REES credits.

What is an Energy Credit?

Energy Credit means the following (if the relevant differences are positive):¹

- a) in relation to energy audits, the difference (expressed as a number of energy audits) between the number of energy audits actually undertaken by an obliged retailer in a year and the Energy Audit Target (EAT) that applies to the obliged retailer for that year;
- b) in relation to energy efficiency activities, the difference (expressed in tonnes of carbon dioxide equivalent) between the actual tonnes of carbon dioxide equivalent taken to have been saved by an obliged retailer in a year through the conduct of energy efficiency activities and the Greenhouse Gas Reduction Target (GGRT) that applies to the obliged retailer for that year;
- c) in relation to energy efficiency activities for priority group households, the difference (expressed in tonnes of carbon dioxide equivalent) between the actual tonnes of carbon dioxide equivalent taken to have been saved by an obliged retailer in a year through the conduct of energy efficiency activities for priority group households and a Priority Group Greenhouse Gas Reduction Target (PGGGRT) that applies to the obliged retailer for that year.

In all cases, an Energy Credit can only arise once the relevant activity has been reported to, and accepted by the Commission through the REES reporting process. This means that activities undertaken but not reported, do not have the status of Energy Credit.

Banking of Energy Credits

In the case that an obliged retailer accrues an Energy Credit for a REES year the Commission will notify the obliged retailer of the amount of excess in accordance with clause 3.5 and 4.5 of the REES Code.

Credits will automatically be ‘banked’ until further advice is received from obliged retailers on the application of those credits. Credits remain banked until applied and do not expire.

Application of Credits

In accordance with clause 6.5 and 6.6 of the REES Code, if an obliged retailer accrues an energy credit in relation to its EAT, GGRT or PGGGRT undertaken during the REES year, the Commission will, on application in writing by the relevant retailer, take the energy credit into account in its determination of whether or not the obliged retailer has met its EAT, GGRT or PGGGRT in any subsequent year.

It is considered that any banked credits from any REES year are undifferentiated in terms of individual licence targets. That is, in the case where a retailer has obligations under both electricity and gas licences, banked credits can be applied to meet electricity and/or gas targets regardless as to

¹ As provided in Part 4 of the Electricity (General) Regulations 2012 and Part 4 of the Gas Regulations 2012.

how such credits were created, noting that energy credits can only be applied against the target type (EAT, GGRT, or PGGRT) against which they were accrued.

Transfer of Credits between Retailers

Regulation 33 of the Electricity (General) Regulations 2012 and regulation 27 of the Gas Regulations 2012 provides that obliged retailers may enter into arrangements to transfer a credit to another retailer. If an obliged retailer accrues a REES credit (i.e. audit or activity), the obliged retailer may, at any time, transfer the credit to another obliged retailer.

If energy credits are transferred between retailers, the Commission must receive advice from both obliged retailers participating in the arrangement detailing the transfer. In this case, the Commission's requirement is to receive written directions by formal letter from both retailers, executed by an officer of at least the level of responsibility required for the purposes of executing REES quarterly statements as set out in the REES Code.

Summary:

- ▲ This Bulletin outlines how REES energy credits can be applied.
- ▲ If an obliged retailer wishes to apply banked credits, an email should be provided to the Commission advising of the manner in which the credits are to be applied.
- ▲ Energy credits remain banked indefinitely or until applied and do not expire.

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