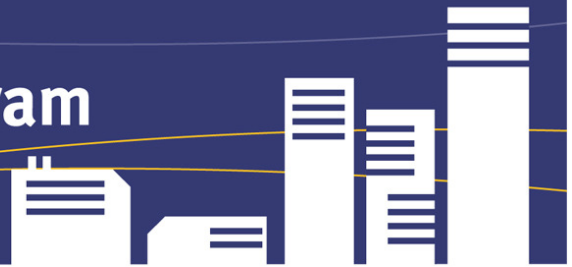


Smart Energy Savings Program



Frequently Asked Questions

The following Frequently Asked Questions address some of the common questions arising from the *Smart Energy Savings Program Guide*. This Guide can be downloaded from the Office of Clean Energy website, www.cleanenergy.qld.gov.au

Participation

Which businesses are required to participate?

A business is required to participate in the Smart Energy Savings Program (SESP) if the energy consumption (natural gas and electricity) of its site(s) exceeds the threshold in a financial year.

What is a terajoule?

A terajoule is a standard unit of energy measurement that applies to both electricity and processed natural gas. The terajoule has been adopted as the standard unit of measurement for the Smart Energy Savings Program.

What are the thresholds?

Participation in each of the program's three levels is triggered when a company's site(s) exceeds the energy use threshold for that year. Below is a breakdown of the program levels and energy use thresholds. The thresholds have been compared to the amount of energy consumed by an average household to give participants a better idea of how much energy a participating business is likely to consume to be captured by the program.

Table 1: Levels of participation

Level 1	From 100 TJ (27.8 Gwh)≈ 2,700 households	To 500 TJ (138.8 Gwh)≈ 13,500 households
Level 2	From 30 TJ (8.3 Gwh)≈ 800 households	To 100 TJ (27.8 Gwh)≈ 2,700 households
Level 3	From 10 TJ (2.8 Gwh)≈ 270 households	To 30 TJ (8.3 Gwh)≈ 800 households

Why is 'energy' defined as electricity and processed natural gas, however the Level 2 audit covers 'other energy sources' as well?

Participating business site(s) must undertake an audit specified under regulation or, if one is not specified, then a level 2 energy audit in accordance with *Australian/New Zealand Standard 3598:2000*. Currently, there are no other auditing requirements specified under regulation, therefore participating businesses must undertake a level 2 audit. Although the level 2 audit includes assessment of other energy sources, program participants are only required to assess their electricity and processed natural gas consumption to determine if the site falls within the program thresholds.

If a corporate group is registered under the Commonwealth Energy Efficiency Opportunities (EEO) Program, but not all of the sites are required to do an assessment under the EEO program, are they captured under SESP?

If a Queensland business site is registered as part of a corporate group registered for EEO, it is not required to participate in the SESP according to section 6(1)(b) of the *Clean Energy Act 2008*.

If a corporate group is registered under the Commonwealth National Greenhouse and Energy Reporting (NGER) Act, are they captured under SESP?

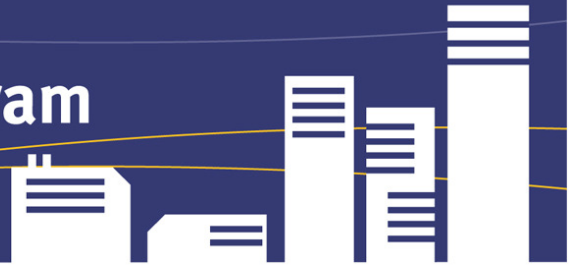
If a site uses over 100 TJ of energy annually, it will be required to report on energy consumption as a Level 1 SESP participant. Based on this consumption it will also trigger the threshold for reporting greenhouse emissions under the Commonwealth's NGER Act.

Level 1 participants should contact the Australian Government's Department of Climate Change for further information on their greenhouse emission reporting obligations.

If the business/site has taken previous action, does this count towards completing the requirements of the SESP?

Where the participating business has already undertaken actions that are compliant with program requirements, such as having already completed a level 2 energy audit according to *AS/NZ 3598:2000*, the business may contact the Regulator to request that this data is used to fulfil its obligations under the SESP.

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What happens when a site falls within a SESP threshold after a cycle/financial year has commenced?

There are no set dates upon which the five-year cycles begin and end for individual sites. If a participating business falls within a program threshold after the commencement of a financial year (e.g. if a manufacturer expands its manufacturing plant in August 2010), and the Regulator provides a written request to the business to register, the business will not be required to register until three months following the beginning of the next financial year.

A participating business will begin to collect its verification data at the start of the financial year following the Regulator's written request that the business register for the program.

Example: Taylor Manufacturing Ltd's energy consumption falls within a program threshold in September 2010. The Regulator notes this when he collects 2010-11 financial year data, and sends Taylor Manufacturing a letter in June 2011 stating that it must begin collecting verification data for 1 July 2011 - 30 June 2012. Taylor Manufacturing must then register or apply for an exemption (or otherwise show that it is not a 'participating business' as defined in section 6 of the Clean Energy Act 2008) within three months of 1 July 2012.

What happens to those companies that fall within the threshold this year, but not next year?

These companies may apply to de-register under section 13 of the *Clean Energy Act 2008*, explaining why they do not expect to fall within the program thresholds.

The Regulator will accept deregistration if he or she is satisfied that the business is not, and will not be, using energy within the threshold over the next two financial years (refer to "Verification of energy use").

It is likely, however, that those companies that fall under the Level 1 threshold (100-500 TJ) in the 2009-10 financial year will be captured by the Level 2 threshold (30-100TJ) in the following financial year.

If companies are based in other states and their high energy-using facilities are located in Queensland, will they be required to participate?

Yes, if a corporation based in another jurisdiction operates a site within Queensland that consumes energy within the set thresholds in the verification year, the company will be required to participate in the Smart Energy Saving Program.

However, businesses that are part of a corporate group that use more than 500 TJ of energy a year, registered with the Commonwealth EEO program, will not be required to register their Queensland sites to participate in the Smart Energy Savings Program.

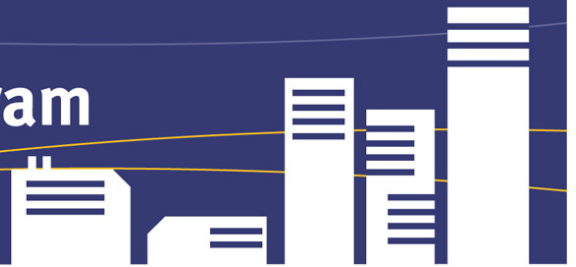
How long do exemptions last?

If the Regulator grants a participating business an exemption from participating, this exemption will last until the Regulator sends a written request to the business to collect verification data again (usually 12 months).

What energy savings measures will participants be required to implement? Does it depend on payback period?

It is not mandatory for participants to implement energy savings measures. Program participants are required to identify a list of energy saving measures for each relevant site during the energy auditing process. The organisation can use this information to develop an Energy Savings Plan that must include a minimum of one energy efficiency measure, one energy conservation measure and one energy management measure. The Energy Savings Plan will guide the business through the process of implementing energy savings measures for all participating sites.

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Verification of energy use

How does the business inform the Regulator of its energy use?

According to section 9(1) of the *Clean Energy Act 2008*, the business must inform the Regulator in writing within two months of finalising collection of verification data, stating its site's energy use for the verification year.

A written notice can be as simple as a letter written on company letter-head stating the name of the business, the site name and address and the energy use for that site in the verification year.

When will the Regulator write to potential participants?

The Regulator will write to potential participants approximately three months prior to the start of the verification year.

Can a business 'estimate' its energy use for the verification year?

Businesses can use energy bill data from past years to substantiate their energy use. If this information is used to apply for an exemption e.g. the business believes the energy used in that year was anomalous and it would not usually consume that volume of energy, the business must collect enough data to show that it would not normally use that amount of energy. This could also be done by using energy bills from past years.

Registration

Should participants register the business or just the site? What is a 'participating business'?

Each 'participating business' as defined in section 6 of the *Clean Energy Act 2008*, must register individually. A participating business is "a person who operates a business or carries out another activity at a site that used 10 terajoules or more of energy, but less than 500 terajoules of energy, in the most recently completed baseline year for that person."

Therefore, if the business owns more than one site that meets or exceeds the Program thresholds, each of these sites must be registered separately and an Energy Savings Plan developed for each site.

Under section 8 of the *Clean Energy Act 2008*, the Regulator may request consumption data, site address and company name from energy providers to identify the sites that may be required to register for the program. The data is provided according to gas and electricity metering information. Several meters at a single address will be considered to form part of one site.

What information is needed for the register?

Requirements for registration are outlined in section 10 of the *Clean Energy Act 2008*; a participating business remains registered until it applies for deregistration.

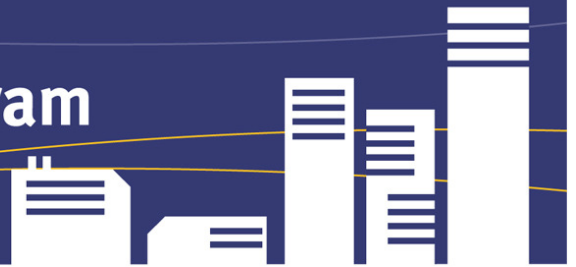
How does a business register?

The participating business must register in writing to the Regulator:

The Regulator for the Smart Energy Savings Program
The Director-General
Department of Employment, Economic Development and Innovation
PO Box 15216
City East, Queensland 4002

Or fax the information to the Regulator for the Smart Energy Savings Program, the Director-General, Department of Employment, Economic Development and Innovation on fax number (07) 3222 2730.

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Energy Savings Plan

Are participants required to submit a plan for each site registered, or one plan for all sites registered?

If the business owns more than one site registered for the program, each of these sites must submit a separate Energy Savings Plan.

What is the distinction between energy efficiency, energy conservation and energy management measures?

Each of these types of measures is outlined in the *Smart Energy Savings Program Guide for Participants* (refer to chapter 6.2). Businesses must identify a measure or measures **in each category** to be implemented in the Energy Savings Plan.

What if a participant's best paybacks come from, for example, three energy efficiency projects?

Under section 16(3), a participating business is required to report on at least one of each type of measure: efficiency, conservation and management. This is to encourage businesses to look at different ways to reduce energy costs.

Participating businesses may choose to include more than three measures in their plans, allowing them to choose multiple projects, if preferred.

Do the measures that will be implemented have to target certain energy sources e.g. one measure to reduce gas, one measure to use electricity more efficiently etc?

No. Participating businesses may choose measures targeting whichever energy sources are appropriate for the business.

What if a participant does not implement the measures listed in their Plan?

Whilst completing and submitting an Energy Savings Plan is required and can attract penalties for non-compliance (up to 200 penalty points which is currently a maximum \$20,000 fine), implementation of the Plan is not mandatory.

However, if the Plan needs to be changed to reflect that a measure or measures in the Plan have not been implemented, the participating business must amend the Plan by writing to the Regulator under section 17 of the *Clean Energy Act 2008*.

Does the Plan need to be approved by the Regulator?

No. The Regulator does not approve the contents of the Plan but may require amendment to the Plan where it is non-compliant with legislation, such as when a level 2 or equivalent audit has not been undertaken.

What is the 'approved form' for the Plan?

The approved form will be provided to participating businesses within three months of commencement of the Program. An indicative format for the Energy Savings Plan can be found in the Appendix of the Guide for Participants available at: www.cleanenergy.qld.gov.au

Can participants get an extension on submitting the Energy Savings Plan?

A participating business that is unable to satisfy its requirement of submitting an Energy Savings Plan within 12 months of commencing the program must apply to the Regulator for an extension. The Regulator may consider an extension on a case-by-case basis.

How will the Office of Clean Energy use information it receives about participating businesses?

All information collected by the Regulator is used to determine participation of a business or to check compliance with program requirements. Information provided to the Regulator is kept confidential and only used for the purposes of the Smart Energy Savings Program as required under section 22 of the *Clean Energy Act 2008*.