



## AUDIT SCOPE FOR ANNUAL GREENHOUSE GAS BENCHMARK STATEMENT

Request for audit in relation to the Annual Greenhouse Gas Benchmark Statement submitted by a Benchmark Participant under NSW Greenhouse Gas Benchmark Rule (Compliance) No.1 of 2003 or ACT Electricity (Greenhouse Gas Emissions) Benchmark Compliance Rule 2007 (No.2)

**Name of Benchmark Participant:**

**Compliance Period:** Year ended 31 December xxxx

**Name of Nominated Auditor:**

This form details the nature and scope of the services to be provided by the nominated auditor in relation to the Annual Greenhouse Gas Benchmark Statement submitted by a Benchmark Participant under the NSW Greenhouse Gas Benchmark Rule (Compliance) No. 1 of 2003 or the ACT Electricity (Greenhouse Gas Emissions) Benchmark Compliance Rule 2007 (No.2). These Rules will be referred to in this form as 'the Rule/s'.

This form applies to NSW Benchmark Participants and ACT Benchmark Participants. (ACT Benchmark Participants should refer to section 3 of this form).

General guidance on completing the Annual Greenhouse Gas Benchmark Statement and the provision of supporting documentation is provided in the 'Guide to Completing the Annual Greenhouse Gas Benchmark Statement'. NSW Benchmark Participants should refer to the IPART website: [www.greenhousegas.nsw.gov.au](http://www.greenhousegas.nsw.gov.au), and ACT Benchmark Participants, to the ICRC's website: [www.icrc.act.gov.au/actgreenhousegasabatementscheme](http://www.icrc.act.gov.au/actgreenhousegasabatementscheme).

Copies of the Rules, the Audit Guideline and other relevant documentation are also available on these websites.

**All queries should be directed to:**

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**NSW Benchmark Participants**

Independent Pricing & Regulatory Tribunal  
PO Box Q290  
QVB Post Office NSW 1230

Level 8, 1 Market Street  
SYDNEY NSW

**ACT Benchmark Participants**

Independent Competition & Regulatory  
Commission  
GPO Box 975  
Civic Square ACT 2600

Eclipse House, Level 7  
Civic Square ACT 2608

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## 1 Audit Scope

### 1(a) Background Information

The *Benchmark Participant* is required to submit an Annual Greenhouse Gas Benchmark Statement to the relevant Compliance Regulator(s) in accordance with Greenhouse Gas Benchmark Rule (Compliance) No.1 of 2003 ('the NSW Rule') or the ACT Electricity (Greenhouse Gas Emissions) Benchmark Compliance Rule 2007 (No.2) ('the ACT Rule').

In NSW the 'Compliance Regulator' is the Independent Pricing and Regulatory Tribunal ('IPART') and in the ACT the Compliance Regulator is the ACT Independent Competition and Regulatory Commission ('ICRC'). References to the Compliance Regulator refer to both the NSW Compliance Regulator and the ACT Compliance Regulator.

The Compliance Regulator has identified a number of areas where positive assurance is required in relation to information provided by the Benchmark Participant. Accordingly, the Compliance Regulator has determined a number of matters on which the nominated auditor is requested to provide an opinion.

The Compliance Regulator requires a report to be prepared by the nominated auditor, detailing the audit opinion and related findings in relation to the matters detailed in Section 1(b) below.

The form and content of the audit report is discussed further in Section 2 below.

The Audit Guideline sets out the requirements for auditing Annual Greenhouse Gas Benchmark Statements. In exceptional circumstances where the Benchmark Participant has a very small number of customers and load, the Compliance Regulator may grant an exemption from the requirement to have the Benchmark Statement audited. For example, IPART previously granted an audit exemption where a Class 1 Benchmark Participant had less than four small customers and a total load less than 250MWh.

Auditors are reminded that the detailed scope of work (see Audit Guideline, sections 4.3 and 5.3) must include a detailed work plan for the audit; including specific tasks to be performed and must address conflict of interest issues. Audit procedures should be tailored to the particular Benchmark Participant, taking into account its size, class of participant, operating activities and any other factors specific to the Participant. Generally the Compliance Regulator requires a more detailed outline of the scope of work than a simple reiteration of the audit approach in 1(c) below.

### 1(b) Scope

The Compliance Regulator requires the auditor to conduct sufficient audit procedures to enable the auditor to express an opinion (positive assurance), that in all material respects the Greenhouse Shortfall, as detailed in the attached Annual Greenhouse Gas Benchmark Statement, is fairly presented and has been calculated in accordance with the NSW Rule or the ACT Rule (as appropriate).

### 1(c) Audit Approach

The specific audit procedures undertaken will be determined by the auditor using professional judgement in regard to what is sufficient to support an opinion in relation to all of the matters within the audit scope.

The following provides a non-exhaustive list of the types of audit procedures that it is expected the auditors on the Greenhouse Gas Reduction Scheme Panel to have undertaken in forming their opinion:

- Comparison of information contained in the Annual Greenhouse Gas Benchmark Statement to supporting documentation;
- Confirmation of inputs into the Annual Greenhouse Gas Benchmark Statement to supporting documentation. (Tailor this to the Benchmark Participant using your professional judgement.)  
For example, comparing:
  - Site locations and meter numbers to IPART's notice of acceptance of an election by a Class 4 or 5 Benchmark Participant (where the Benchmark Participant is an elective participant or is a Class 1, 2 or 3 participant with sales to an elective participant).
  - Distribution loss factors used in the calculation of electricity sold and/or the calculation of deemed end user purchases to relevant default tables or, if non- default distribution loss factors are used, compared to an approved DLF methodology or site-specific DLF in supporting documentation.
  - Schedule C of the Generation Rule and approved Green Power Generators to the benchmark participant's Deemed Generator's
  - printouts from the ORER registry showing the number of RECs surrendered by the benchmark participant to the Benchmark Statement (this is because confirmation from ORER only occurs mid-year)
  - 'relevant acquisitions' to returns prepared for ORER or other supporting documentation (this is to confirm 'RECS counted' is based on 'relevant acquisitions' as defined in *Renewable Energy (Electricity) Act 2000* which is not necessarily the same as 'NEMMCO purchases' figure provided by the Compliance Regulator).
  - printouts from the Greenhouse Gas Reduction Scheme registry showing the number of NGACs surrendered by the Benchmark Participant to the Benchmark Statement (this is because confirmation from IPART only occurs mid-year);
- Sample testing of source data;
- Confirmation that arithmetical calculations are fairly presented (including independently checking whether Greenhouse Shortfall is calculated appropriately and where a Benchmark Participant uses a Distribution Loss Factor that is not specified in the Rule);
- A site visit (indicate duration and resourcing in detailed scope of works) to carry out :
  - Discussions with the applicant's relevant personnel in relation to systems, procedures, and controls (in order for the auditors to gain an understanding of how the inputs to the Statement are generated in order to assure themselves as to the integrity of the inputs). Examples of effective control procedures are set out in section 3.3 of the Guide to Record Keeping for Abatement Certificate Providers;
  - Observation and review of relevant documentation.

Appendix C of the Audit Guideline provides additional information about common procedures for auditing Annual Greenhouse Gas Benchmark Statements.

## 2 Reporting

### Content of audit report

The auditor is to provide a written report to the appropriate Compliance Regulator detailing:

- An outline of the approach undertaken by the auditor in relation to the performance of the
- The auditor's opinion<sup>1</sup> in relation to each of the matters in the scope of audit, as detailed in Section 1(b); and
- Details of any limitations in the scope of work undertaken by the auditor.

An Audit Report Template is available on the Scheme website.

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<sup>1</sup> The audit opinion should be in the form of positive assurance

### 3 Benchmark Participants in the ACT

On 1 January 2005 the Greenhouse Gas Reduction Scheme was extended to include the Australian Capital Territory (ACT). Some Class 1 (retail supplier) Benchmark Participants in NSW are also Benchmark Participants in the ACT.

Benchmark Participants licensed in both NSW and the ACT must complete a separate Annual Greenhouse Gas Benchmark Statement for each jurisdiction and lodge each statement with the appropriate Compliance Regulator.

#### **Audit arrangements where a Benchmark Participant is active in both jurisdictions**

A Benchmark Participant in both NSW and ACT is likely to engage a single auditor to audit both Benchmark Statements. To streamline the process, IPART will be the main point of contact on audit proposals covering both ACT and NSW Statements.

The audit arrangements

- The auditor should provide the Tribunal with a single Detailed Scope of Works clearly indicating that it is for both the NSW and ACT Statements.
- The auditor should provide the ICRC with a copy of the Detailed Scope of Works at the same time as it is provided to the Tribunal.
- The Tribunal, in consultation with the ICRC will review the audit proposal and will advise the auditor of requests for changes.
- Two Deed Polls will be required from the Benchmark Participant – one for the ACT and one for NSW. The NSW Deed Poll is accessible on the scheme website ([www.greenhousegas.nsw.gov.au](http://www.greenhousegas.nsw.gov.au)) and the ACT Deed Poll is accessible on the scheme website ([www.icrc.act.gov.au/actgreenhousegasabatementscheme](http://www.icrc.act.gov.au/actgreenhousegasabatementscheme)). Before the audit commences the NSW Deed Poll must be lodged with IPART and the ACT Deed Poll lodged with the ICRC.
- Separate audit reports will be required for NSW and ACT. The audit report for the NSW Statement must be addressed to the Chairman of IPART. The audit report for the ACT Statement must be addressed to the Senior Commissioner, Independent Competition and Regulatory Commission.