

GGAS

# GUIDE TO RECORD KEEPING FOR ABATEMENT CERTIFICATE PROVIDERS

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## Part One - Introduction

This Guide has been developed to assist persons applying for accreditation as an abatement certificate provider (ACP) under the *Greenhouse Gas Abatement Certificate Scheme* (the Scheme).

One of the criteria applicants must meet to be eligible for accreditation as an ACP is to have the record keeping arrangements (in respect of the activity it has applied for) approved by the Scheme Administrator. This Guide is intended to provide a general outline of the Scheme Administrator's requirements with respect to those record keeping arrangements.

Demonstrating accurate and reliable record keeping arrangements is critical to the success of any application for accreditation as an ACP. The Scheme Administrator and the auditors on the Scheme's Audit and Technical Services Panel will assess record keeping with reference to this Guide.

The Guide is divided into six parts:

- Part 1 is this introduction;
- Part 2 provides an overview of the legislative requirements of the Scheme with respect to record keeping arrangements;
- Part 3 outlines principles of good record keeping using applicable Australian Standards as reference points;
- Part 4 provides detailed assistance on completing the record keeping arrangements section of the Application Forms under each Rule;
- Part 5 details the ongoing obligations of accredited ACPs with respect to record keeping; and
- Part 6 provides the contact details for the Scheme Administrator.

This Guide makes reference to a number of standards including the Australian Standard on Records Management AS/ISO 15489-2002. Applicants are strongly advised to obtain a copy of this standard from the Standards Australia website at [www.standards.com.au](http://www.standards.com.au).

This Guide has been prepared by the Scheme Administrator for information purposes only. Its contents are not intended to constitute legal advice and any person using this Guide is advised to rely on its own inquiries in that regard. The Scheme Administrator reserves the right to amend or depart from any procedure, practice or guideline referred to in this Guide.

Nothing in this Guide affects any obligation which an applicant has to comply with Part 8A of the *Electricity Supply Act 1995* (the Act), Parts 8A and 8B of the *Electricity Supply (General) Regulation 2001* (the Regulation) and the *Greenhouse Gas Benchmark Rules of 2003* (the Rules).

## Part Two - Legislative Requirements

Any person who is eligible for accreditation as an ACP in relation to an activity may apply to the Scheme Administrator for accreditation. A person will be eligible for accreditation as an ACP in respect of an activity if (among other things) that person's record keeping arrangements in respect of that activity have been approved by the Scheme Administrator.

Clause 73IF of the Regulation lists the records that an accredited ACP is required to maintain in relation to the activity in respect of which it is accredited. The Scheme Administrator will have regard to these requirements when determining an application for accreditation.

Tables 1-5 below summarise the record keeping requirements of the Regulation. These tables have only been prepared as a guide and applicants should also refer directly to the Regulation.

### 2.1 Requirements for all accredited ACPs

The requirements set out in Table 1 apply to all ACPs accredited under the Scheme.

**Table 1: Record keeping requirements for all accredited ACPs**

Requirement	Reference
The person is eligible for accreditation if...the person has record keeping arrangements with respect to the activity approved by the Scheme Administrator.	73G(1)(c), 73GA(1)(b), 73GB(1)(b) and 73GC(1)(c) of the Regulation
An accredited ACP must keep any records that the Scheme Administrator has, by notice in writing to the accredited ACP, required the accredited ACP to keep.	73IF(5) of the Regulation
Any records required to be kept by a person under the Regulation must be retained by that person for at least six years after the record is made.	73IF(7) of the Regulation
Records are to be kept in a form and manner approved by the Scheme Administrator.	73IF(8) of the Regulation

In order to satisfy the requirements of Clauses 73G(1)(c), 73GA(1)(b), 73GB(1)(b) and 73GC(1)(c) of the Regulation (see line 1 of Table 1), applicants will be required to satisfy the Scheme Administrator that reliable and accurate record keeping arrangements are in place. Record keeping arrangements must be operational, not planned or designed.

## 2.2 Record keeping for generation activities

The requirements set out in Table 2 apply to ACPs accredited in respect of a generation activity under the *Greenhouse Gas Benchmark Rule (Generation) No. 2 of 2003* (Rule 2):

**Table 2: Record keeping requirements for generation activities**

Requirement	Reference
The accredited ACP must keep a record of the amount of electricity supplied by the generating system.	73IF(1)(a) of the Regulation
The accredited ACP must keep a record of the type of fuel or fuels used by the generating system to generate electricity.	73IF(1)(b) of the Regulation
The accredited ACP must keep a record of the source of the fuel or fuels.	73IF(1)(c) of the Regulation
The accredited ACP must keep a record of the amount of each fuel used by the generating system to generate electricity.	73IF(1)(d) of the Regulation

These requirements do not apply to ACPs accredited in respect of a Category A Generating System (see clause 73IF (6) of the Regulation). However, as this information is necessary to calculate the number of New South Wales Greenhouse Abatement Certificates (NGACs) that Category A ACPs are eligible to create, the Scheme Administrator may require that these records be held by the ACP (pursuant to its powers under clause 73IF(5) of the Regulation).

The Scheme Administrator may also require a Category A ACP to periodically provide records that demonstrate that the power purchase agreements for the generating system in respect of which it is accredited, remain in-force and unaltered (pursuant to its powers under clause 73IF(5) of the Regulation).

## 2.3 Record keeping for demand side abatement activities

The requirements in Table 3 apply to ACPs accredited in respect of a demand side abatement activity under the *Greenhouse Gas Benchmark Rule (Demand Side Abatement) No. 3 of 2003* (Rule 3).

**Table 3: Record keeping requirements for demand side abatement activities**

Requirement	Reference
The accredited ACP must keep a record of the location in which the activity occurred.	73IF(3)(a) of the Regulation
The accredited ACP must keep a record of the abatement of greenhouse gases (calculated in accordance with the Rules) associated with that activity.	73IF(3)(b) of the Regulation
The accredited ACP must keep a record of the methodology, data and	73IF(3)(c) of the

assumptions used to calculate that abatement.	Regulation
<p>If the activity relates to the on-site generation of electricity, the accredited ACP must keep a record of the:</p> <ul style="list-style-type: none"> <li>■ amount of electricity supplied by the generating system;</li> <li>■ type of fuel or fuels used by the generating system to generate electricity;</li> <li>■ source of the fuel or fuels; and</li> <li>■ amount of each fuel used by the generating system to generate electricity.</li> </ul>	73IF(3)(d) of the Regulation

Clause 73IF(3)(d) of the Regulation applies only to ACPs accredited in respect of activities in respect of which the Generation Emissions Method is used to calculate the number of NGACs created in relation that activity (see clause 12 of Rule 3). In developing record keeping systems, ACPs accredited under this clause should refer to the guidance relating to Rule 2 for additional assistance.

## 2.4 Record keeping for large user abatement activities

The requirements in Table 4 apply to ACPs accredited in respect of a large user abatement activity under *Greenhouse Gas Benchmark Rule (Large User Abatement Certificates) No. 4 of 2003* (Rule 4).

**Table 4: Record keeping requirements for large user abatement activities**

Requirement	Reference
The accredited ACP must keep a record of the location in which the activity occurred.	73IF(4)(a) of the Regulation
The accredited ACP must keep a record of emissions of greenhouse gases associated with that activity.	73IF(4)(b) of the Regulation
The accredited ACP must keep a record of the abatement of greenhouse gases (calculated in accordance with the Rules) associated with that activity.	73IF(4)(c) of the Regulation
The accredited ACP must keep a record of the methodology, data and assumptions used to calculate that abatement.	73IF(4)(d) of the Regulation

In accordance with clauses 73IF(4)(b) and 73IF(5) of the Regulation, the Scheme Administrator may require the accredited ACP to keep records of the impact of the abatement activity on emissions of greenhouse gas emissions elsewhere in the production process as required under Rule 4.

## 2.5 Record keeping for carbon sequestration activities

The requirements in Table 5 apply to ACPs accredited in respect of a carbon sequestration activity under the *Greenhouse Gas Benchmark Rule (Carbon Sequestration) No. 5 of 2003* (Rule 5).

**Table 5: Record keeping requirements for carbon sequestration activities**

Requirement	Reference
The accredited ACP must keep a record of the location and size of any eligible land owned or controlled from time to time by the person.	73IF(2)(a) of the Regulation
The accredited ACP must keep a record of any carbon sequestration rights held in respect of any other eligible land from time to time.	73IF(2)(b) of the Regulation
The accredited ACP must keep a record of any activity conducted on land referred to above that is likely to result in a reduction in the greenhouse gas emissions abated by the planted forests on that land, including any clearing of that land.	73IF(2)(c) of the Regulation

## Part Three - Principles of good record keeping

Under the Scheme, a wide variety of activities are eligible for accreditation and the size and type of organisations undertaking these activities will vary greatly. As such, it is not appropriate for the Scheme Administrator to specifically define the record keeping arrangements which it will approve. A firm with six employees seeking accreditation under Rule 3 (Demand Side Abatement) will have very different record keeping requirements to a Large User (seeking accreditation under Rule 4) employing 2,000 people and operating numerous sites.

However, the Scheme Administrator recommends applicants adopt, where appropriate, the following principles of good record keeping. Please note the guidance provided below is indicative only.

- A document quality control process should be established in line with a recognised Australian or International Standard;
- A document register suitable to the size of the applicant's organisation must be operational;
- A record keeping policy, approved by the management of the applicant, must be available;
- A record keeping process map must be available;
- Documented record keeping procedure(s) must be available;
- All relevant records of the project must be identified and listed in the document register;
- All of the above arrangements must be operational in order to be recognised (record keeping arrangements which are in a state of planning, design or implementation will not be classified as operational); and
- Records must be kept for a period of at least six years.

Sections 3.1 to 3.4 provide more detailed guidance on the application of relevant Australian and International Standards, appropriate documentation and controls, and principles for the audit of record keeping arrangements.

### 3.1 Australian Standard on Records Management

As a general principle, the Scheme Administrator suggests that record keeping arrangements should be consistent with the *Australian Standard on Records Management AS/ISO 15489: 2002*. This standard is published by Standards Australia International Ltd (Standards Australia). Copies of the standard can be purchased from Standards Australia via their website at [www.standards.com.au](http://www.standards.com.au).

The Scheme Administrator recommends that applicants seeking accreditation as an ACP examine the *Australian Standard on Records Management AS/ISO 15489: 2002*, and apply it when developing and maintaining their record keeping arrangements.

Applicants may also find it useful to refer to the:

- *Australian Standard on Environmental Management Systems AS/NZS ISO 14001: 1996* for specific guidance on environmental records; and



- *Australian Standard on Quality Management Systems AS/NZS ISO 9001: 2000.*

As many organisations are compliant with, or accredited under these standards, applicants may find it useful to align their record keeping arrangements for the Scheme with these standards. If an applicant is accredited under any of the standards listed above, this should be noted in their application for accreditation.

### 3.2 Documentation - developing an audit trail

An applicant's record keeping system should capture and store all of the information, data and documents required to be kept by the Act, the Regulation and the Rules. When developing its record keeping arrangements for the Scheme, the applicant should consider all of the record keeping requirements which relate to its abatement activity.

This may entail reviewing the record keeping requirements of the Act, the Regulation and the Rules and, if accredited, the conditions of accreditation (a person who is not yet accredited should review the relevant General Accreditation Conditions available on the Scheme website). An applicant should ensure that its record keeping arrangements satisfy all of the above requirements.

Once the relevant record keeping requirements have been identified, the applicant should establish an audit trail. An audit trail is the series of documents, data and records which supports any calculations, assumptions or decisions reached in relation to a particular abatement activity. This allows another person (for example an auditor or representative of the Scheme Administrator) to ascertain how and why decisions have been reached and to verify the accuracy of calculations.

The *Australian Standard on Records Management AS/ISO 15489: 2002* (Part 2 Guidelines) provides detailed guidance on the development of auditable record keeping procedures. Guidance Point 1 is an extract from the *Australian Standard on Environmental Management Systems AS/NZS ISO 14001: 1996* and provides a high level overview of key elements of environmental records management.

#### **Guidance Point 1: Principles of Good Record Keeping**

The organisation shall establish and maintain procedures for the identification, maintenance and disposition of records to ensure that:

- (a) they can be located
- (b) they are periodically reviewed, revised as necessary and approved for adequacy by authorised personnel
- (c) the current versions of relevant documents are available at all locations where operations essential to the effective functioning of the environmental management system are performed
- (d) obsolete documents are promptly removed from all points of issue and points of use, or otherwise assured against unintended use, and



- (e) any obsolete documents retained for legal and/or knowledge preservation purposes are suitably identified.

Documents shall be legible, dated (with date of revision) and readily identifiable, maintained in an orderly manner and retained for a specified period. Procedures and responsibilities shall be established and maintained concerning the creation and modification of the various types of document.

(AS/NZS ISO14001: 1996)

In order to ensure accessibility, record keeping arrangements must include a protocol for the identification of records.

For example, a record must be identified by:

- Reference to its title, date, nature and purpose; and/or
- Reference to its location, for example:
  - The database, menu, screen and field where it is presented;
  - The server, directory path, file name and date of file; and
  - The hard copy file number and site location where the record is held.

Records should be listed in a document register according to the protocol by which records are identified.

### 3.3 Controls – ensuring records are accurate

The applicant's record keeping system should ensure that adequate controls over the system are in place. Controls are the mechanisms within the applicant's organisation which ensure that the documents and data stored in the applicant's record keeping systems are accurate, reliable, complete and secure.

The *Australian Standard on Quality Management Systems (AS/NZS ISO 9001: 2000)* provides guidance on the specific objectives of document control procedures. These are outlined in Guidance Point 2.

#### **Guidance Point 2: Purpose of document control**

Effective document control procedures should be implemented to ensure:

- (a) documents are approved prior to their release or publication;
- (b) documents are reviewed in a timely manner and re-approved prior to being released;
- (c) changes are tracked in separate versions of the document;

- (d) that the current version of documents are available to their users;
- (e) document are identified and easy to read;
- (f) external documents are easily identified and distributed to the relevant people in the organisation; and
- (g) that superseded documents are clearly identified and not unintentionally used. (*Australian Standard on Quality Management Systems (AS/NZS ISO 9001: 2000, clause 4.2.3).*

Applicants should refer directly to the Standard for more detailed guidance.

Examples of control procedures include:

- Reporting, reviewing and approving reconciliations;
- Checking the arithmetical accuracy of records;
- Controlling computer applications and the computer information systems environment, for example, by establishing controls over:
  - Changes to computer programs; and
  - Access to data files.
- Approving and controlling documents;
- Comparing internal data with external sources of information;
- Comparing the results of stocktakes with accounting records and financial results; and
- Limiting direct physical access to assets and records.

Applicants should ensure that control procedures are implemented and documented. All applicants (regardless of their size) are required to provide this information to the Scheme Administrator in their Application Form. Guidance on information to be provided to the Scheme Administrator is provided in Part 4 (following).

### 3.4 Principles for the audit of record keeping arrangements

The Scheme Administrator may require an applicant's record keeping arrangements to be investigated or audited as part of their application for accreditation, or at any time during the period of accreditation. The generic audit scopes for each of the four Rules (available on the Scheme website) contain the following scope item:

*"The applicant's record keeping arrangements are considered adequate to:*

- *meet the requirements of 73IF of the Electricity Supply (General) Regulation 2001; and*

- *support the creation of NGACs using the approach outlined by the applicant in the application form and demonstrates the ability to achieve on-going compliance with the Rule for certificate creation.”*

It is likely that an audit conducted prior to accreditation will focus on record keeping procedures and controls. Subsequent audits are likely to focus on whether records accurately support the volume of certificates created by the accredited ACP.

In order to maximise the likelihood of a favourable audit finding, applicants should familiarise themselves with the principles for auditing set out in Table 6 below. Applicants may find it useful to ‘self-assess’ against these principles to determine their readiness for audit.

Table 6 is an extract from the Scheme Audit Guideline (available from the website) and provides a summary of the generic principles of auditing that all members of the Audit and Technical Services Panel will adhere to in conducting audits under the Scheme.

**Table 6: Generic principles for auditing under the NSW Greenhouse Gas Abatement Scheme**

Principle	Elements
<b>Faithful representation</b>	<ul style="list-style-type: none"> <li>■ Information should faithfully represent the events and transactions that it purports to represent or could reasonably be expected to represent.</li> <li>■ Uncertainties should be identified and quantified where possible and applied in a systematic manner to the calculation or estimation of data.</li> <li>■ Uncertainties should be reduced to an immaterial level.</li> </ul>
<b>Completeness</b>	<ul style="list-style-type: none"> <li>■ Information should be complete within the boundaries of materiality and the Scheme Rules, such that information is not misleading or unreliable in terms of relevance to the processes of accrediting Abatement Certificate Providers, certificate creation or submission of Greenhouse Gas Benchmark Statements as appropriate.</li> <li>■ All relevant transactions or events shall be included within the calculation or estimation of data.</li> </ul>
<b>Consistency</b>	<ul style="list-style-type: none"> <li>■ Consistent methodologies, measurements and source data should be used such that comparative assessments can be made from year to year and over time.</li> <li>■ Estimates should be consistent with Australian and State government estimates and with international guidelines including IPCC guidance.</li> </ul>
<b>Reliability</b>	<ul style="list-style-type: none"> <li>■ Information and source data should be free of material misstatement and able to be relied upon by users of the information to faithfully represent that which it either purports to represent or could reasonably be expected to represent.</li> </ul>

Principle	Elements
<b>Transparency</b>	<ul style="list-style-type: none"> <li>■ Data shall be replicable by a third party through adequate record keeping.</li> <li>■ Data will have a clearly defined audit trail.</li> <li>■ Reference sources, methodologies and approaches to data generation shall be clearly documented.</li> <li>■ Changes to data and methodologies over time shall be clearly documented.</li> </ul>

An auditor may perform the following specific tasks as part of an audit of record keeping arrangements:

- Inspection of documents *and records*;
- *Inquiries of appropriate management, supervisory and other personnel at various organisational levels within the entity;*
- *Reference to documentation, such as procedures manuals, job descriptions and flow charts;*
- *Observation of the entity's activities and operations, including observation of the organisation's computer operations, management personnel, and the nature of the transaction processing; and*
- *Reperformance of internal controls, for example reconciliation of invoices to ensure that they were correctly performed by the entity.*

ACPs should ensure that record keeping arrangements are complete and easily accessible to auditors. This requirement is particularly pertinent to nominated ACPs under the Generation and Demand Side Abatement Rules where records may be created and held by third parties. This may reduce the time required to undertake an audit and, subsequently, may reduce audit costs.

## Part Four - Completing the application form

This section is intended to provide applicants with more detailed guidance on how to complete the record keeping arrangements sections of the Application Form.

The questions set out in paragraphs 4.1-4.4 below (which applicants are required to answer in their Application Forms) are similar across all four Application Forms and the approach to responding to the questions should be generally the same.

Examples from each Rule are provided. The information below pertains to the following sections of the Application Forms:

- Rule 2 (Generation) – Part 4 of the Application Form;
- Rule 3 (Demand Side Abatement) – Part 3 of the Application Form;
- Rule 4 (Large User Abatement Certificates) – Part 3 of the Application Form; and
- Rule 5 (Carbon Sequestration) – Part 3 of the Application Form.

### 4.1 Question (a) Record Keeping Arrangements

This question asks the applicant to identify the type of records which will be kept for key aspects of the Scheme. The questions in each application are specific to each Rule and are designed to cover the requirements of the Regulation as outlined in Part 2 (Legislative Requirements) above.

The applicant should name the record and include a brief description of that record. Table 7 gives an example answer for a question from each of the four Application forms. These examples are indicative only.

**Table 7: Sample responses to question (a) Record Keeping Arrangements in the Application Forms**

Application Form	Question	Sample response
Rule 2 (Generation)	4(a)(iii) Records that demonstrate the source of the fuel(s)	<ul style="list-style-type: none"> <li>■ Supply contract between Sunshine Generation Pty Ltd and Hunter Valley Coal Ltd for the supply of black coal. This contract was signed in 1985 with options to extend until 2006.</li> <li>■ Monthly invoices from Illawarra Coal Pty Ltd to Sunshine Generation Pty Ltd for black coal deliveries.</li> <li>■ Agreement between Sunshine Generation Pty Ltd and Paradise Shire Council for the delivery of storm debris. This contract was signed in 2002 with options to extend until 2010.</li> </ul>
Rule 3 (Demand	3(a)(ii) Records	Where implementation is planned:

Application Form	Question	Sample response
Side Abatement)	demonstrating that the abatement activity has or will occur.	<ul style="list-style-type: none"> <li>■ Australian Industrial Products Ltd capital expenditure proposal and approval for the installation of energy efficient lighting at the Marrickville manufacturing plant.</li> <li>■ Planning permission from Valhalla City Council to Australian Soap Ltd for the construction of an on-site cogeneration plant.</li> </ul> <p>Where project has been implemented:</p> <ul style="list-style-type: none"> <li>■ Final invoice from EnviroInc Electronics Pty Ltd to Australian Industrial Products Ltd for the completed installation of energy efficient lighting at the Marrickville manufacturing plant dated 15 January 2003.</li> <li>■ Final Valhalla City Council Building Inspection for completed works at the Australian Soap Ltd plant, dated 10 October, 2002.</li> </ul>
Rule 4 (Large User Abatement Certificates)	3(a)(i) Records that clearly illustrate the location of the abatement activity.	<ul style="list-style-type: none"> <li>■ Aerial photograph of the SuperHard Cement Ltd plant at Penrith showing the landfill capping flaring which is the subject of the application.</li> </ul>
Rule 5 (Carbon Sequestration)	3(a)(ii) description of the vegetation at each of the Eligible Forest sites including planting dates	<ul style="list-style-type: none"> <li>■ Survey of vegetation and key plantation conditions from Tree Planters Pty Ltd undertaken on behalf of Greentree Forestry for the Camaldulensis Plantation in Moama NSW.</li> </ul>

## 4.2 Question (b) Explanation of relevant records

This question requires applicants to explain the record keeping processes that will apply to each of the records identified in their response to question (a) Record Keeping Arrangements.

In order to illustrate the detail required to be provided by applicants in their responses, an example has been provided in Guidance Point 3 (on the following page).

The scenario described in Guidance Point 3 relates to Rule 3 (Demand Side Abatement) and applies to the record keeping arrangements which the applicant has established in respect of the activities it has undertaken to reduce electricity consumption.

This example is purely hypothetical and the content does not reflect procedures approved or endorsed by the Scheme Administrator.

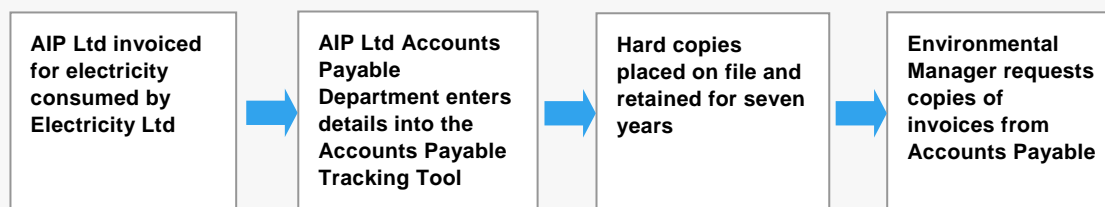
The example in Guidance Point 3 (following) addresses each of the requirements of the Application Form as they relate to the hypothetical applicant's proposed record keeping procedures for invoicing and payment. The requirements which have been addressed include:

- The process for gathering data (i.e. information is collected by a third party (Electricity Ltd) and mailed to AIP Ltd);
- An illustration of how data is recorded within the relevant information systems (i.e. manual entry in the Accounts Payable Tracking Tool and automated updating of the General Ledger);
- Details of the information systems, databases, and/or spreadsheets used to collate, manage or store records (for example, the use of the Accounts Payable Tracking Tool and the General Ledger are identified as key components of the applicant's record keeping system as is the requirement to place hard copies of invoices on file). Applicants should address this requirement by including details of how the relevant record is identified in its record identification protocol and listed in the document register;
- Details of personnel responsible for each type of record (in the example shown in Guidance Point 3, the title of the three key personnel has been provided i.e. the Accounts Clerk, Accounts Payable Supervisor and the Environmental Manager); and
- Length of time records are maintained and procedures for archiving and retrieving documents (i.e. Step 11 of the Guidance Point provides this information).

Applicants should ensure their response clearly addresses each of these requirements in a step-by-step approach.

### **Guidance Point 3: Record Keeping Arrangements for Electricity Consumption by Australian Industrial Products (AIP) Ltd Marrickville Manufacturing Plant**

The following flow chart summarises the record keeping procedure for invoicing and payment in respect of electricity consumption at the AIP Ltd Marrickville Manufacturing Plant.



This process is described in detail as following:

1. Electricity Ltd issues AIP Ltd with an invoice for electricity consumed on a monthly basis.
2. Invoices are received monthly by AIP Ltd Accounts Payable Department.
3. Upon receipt, the Accounts Payable Clerk enters the following information into the AIP



Ltd electronic Accounts Payable Tracking System:

- a. Electricity Ltd Invoice Number (as displayed on the invoice)
  - b. Amount owing (in AUD\$)
  - c. Volume of electricity consumed for the month (in MWh)
4. The Accounts Payable Tracking System generates a 'request for payment' form and corresponding request number. This form is printed by the Accounts Receivable Clerk.
  5. The original Electricity Ltd invoice is placed in a hard copy file with the request number recorded on the top right hand corner of the document (file number 123xyz).
  6. The Request for Payment form and a copy of the invoice are forwarded to the supervisor of the Accounts Payable Department. The supervisor confirms the Request for Payment Form is consistent with the invoice. If so, the supervisor authorises payment by signing the form and returns the form to the Accounts Clerk. If a discrepancy is identified the form is returned to the Accounts Clerk for correction.
  7. The Accounts Clerk raises a cheque in the Accounts Payable Tracking System for the specified amount. This is affixed to the copy of the invoice and mailed to Electricity Ltd. The Accounts Payable Tracking System automatically updates the AIP Ltd General Ledger to reflect the payment.
  8. The AIP Ltd General Ledger is audited annually (on a sample basis) by a reputable accounting firm as part of the AIP Ltd financial audit.
  9. The original invoice is held on file by the Accounts Payable Department until the financial audit has been conducted (File number 123xyz). After the financial audit has been completed original records are archived off-site by Storage Pty Ltd for a period of seven (7) years. These may be recalled by any member of the Accounts Payable Department.

In compiling the Application Form the Environmental Manager of AIP Ltd requests copies of the Electricity Ltd invoices from the Accounts Clerk. The Environmental Manager then holds these on hard copy files (file number 987abc) for reference in calculating Reduced Energy Consumption as required by the Rule.

#### 4.3 Question (c) Internal control processes for record keeping

This question asks applicants to demonstrate that their record keeping procedures have adequate mechanisms in place to ensure that records are complete, accurate and reliable. Applicants are asked to describe the control mechanisms in place for each of the record keeping arrangements identified in its application. Examples of internal controls from the scenario in Guidance Point 3 are:

- The reconciliation of the data input of the Accounts Clerk by the Supervisor of the Accounts Payable Department (Step 6);
- The financial audit of records (Step 8);

- Another internal control is that the Environmental Manager utilising the data is a different person to that inputting the data; and
- As part of an audit of a record keeping system, an auditor from the Scheme's Audit and Technical Services Panel may review the applicant's internal control processes and verify the accuracy and reliability of data contained in the records. In the case of small organisations the auditor may seek external confirmation that information is correct. For example, the auditor may contact external suppliers and request written confirmation that raw materials were delivered to the applicant as stated in the record keeping systems and Application Form.

#### 4.4 Question (d) Monitoring Plan – Carbon Sequestration Rule Only

This question is only required by the Carbon Sequestration Application Form. Application Forms for accreditation under the other Rules do not contain this section and applicants under those Rules should disregard the following text.

Question 3(d) of the Carbon Sequestration Application Form requires applicants to provide details of the monitoring plan developed to track changes in the carbon stock of the Eligible Forest (as that term is defined in Clause 11.1 of Rule 5). This monitoring plan must:

- Substantiate the accuracy of the carbon stock and growth model;
- Confirm that the net stocked area is accurate;
- Confirm that the net stocked area estimated has been reached (e.g., through the use of standing assessments and supporting data from growth models);
- Confirm that any model used is still justified;
- Record any variations to the carbon stock due to fire, pests, diseases, harvesting or changes to the total area;
- Record variation in matters such as the ownership or control of the Carbon Sequestration Right or relevant land title covenants; and
- Record modifications to current or future forest management plans.

In their response to this question, applicants are to specifically describe how their monitoring plan fulfils each of the requirements above.

## Part Five - Ongoing record keeping requirements

Once an ACP has been accredited, it must maintain the record keeping arrangements approved by the Scheme Administrator in accordance with the requirements of the Act, the Regulation, the Rules and the conditions of accreditation.

Under section 97DD1(b) of the Act, the Scheme Administrator may impose conditions on the accreditation of an ACP at the time of the accreditation or during the period in which the accreditation remains in force.

As a minimum, the Scheme Administrator will impose a condition of accreditation (at the time of accreditation) which requires the ACP to:

*“maintain, keep up to date and keep secure the Approved Record Keeping Arrangements to the standards and requirements of the Scheme Administrator...”*

during the period in which the accreditation remains in force.

Two categories of accreditation conditions will be imposed by the Scheme Administrator:

- General Accreditation Conditions (elements of which are common to all accredited ACPs under each of the Rules); and
- Special Accreditation Conditions which are specific to the particular abatement activity undertaken by the accredited ACP.

These conditions of accreditation are described in sections 5.1 and 5.2 respectively.

Accredited ACPs must report to the Scheme Administrator, as required by their conditions of accreditation, on their record keeping arrangements. These requirements are discussed in section 5.3.

Accredited ACPs may be subject to ongoing audit obligations for their record keeping arrangements. These are described in section 5.4

A breach of any of the conditions of accreditation attracts a maximum penalty of 2,000 penalty units under the Act (section 97DD(5)) and may result in a suspension or cancellation of their accreditation (Clause 73HC(1) of the Regulation).

### 5.1 General Accreditation Conditions

The General Accreditation Conditions for each Rule are substantially the same as the requirements imposed under the Act and the Regulation (as described in section 2 of this Guide).

For example, the General Accreditation Conditions for ACPs under Rule 2 state:

#### **“3.4 Record Keeping (Regulations, clause 73IF)**

- (a) *The Generator must keep a record of the following:*

- (1) *the amount of electricity supplied by the Generating System used in connection with the Accredited Generation Activity;*
- (2) *the type of fuel or fuels used by that Generating System to generate electricity;*
- (3) *the source of the fuel or fuels;*
- (4) *the amount of each fuel used by that Generating System to generate electricity.*
- (b) *The Generator must keep such other records as the Scheme Administrator, by notice in writing to the Generator, requires the Generator to keep;*
- (c) *Subclause (a) does not apply to the Generator if the Accredited Generation Activity is a category A electricity generation activity, but subclause (b) applies;*
- (d) *A record required to be kept by a Generator by or under this clause must be retained by the Generator for at least 6 years after the record is made; and*
- (e) *Records are to be kept in a form and manner approved by the Scheme Administrator."*

Applicants for accreditation are strongly advised to review the General Accreditation Conditions for the specific Rule under which accreditation is sought. These are available on Scheme website.

## 5.2 Special Accreditation Conditions

At the time an ACP is accredited, the Scheme Administrator will issue Special Accreditation Conditions which relate to the particular abatement activity for which accreditation has been granted.

These will vary markedly due to the wide variety of abatement activities eligible under the Scheme. Examples of special conditions that the Scheme Administrator may impose with respect to record keeping arrangements include:

- That the accredited ACP keeps records confirming that the project has been, and remains implemented, in the manner outlined in the Application Form for the life of the project. In general, it is likely the Scheme Administrator will not stipulate the specific type of records (e.g. maintenance schedules or contractor invoices) but it may require the record keeping arrangements pertaining to key variables in the accredited ACPs calculation method to remain consistent over the project life;
- Under Rule 2 (Generation) or Rule 3 (Demand Side Abatement), where a third party has been nominated as the ACP, the Scheme Administrator may require that the ACP keep records in a manner which facilitates an auditor's access to the records;
- Where an ACP has been accredited as the Nominated Abator (under Rule 3) with respect to energy efficiency Installations in various locations, the Scheme Administrator may place specific requirements on records tracking the locations of the abatement activity. In this case the Scheme Administrator may also require that the ACP keep records demonstrating that Installations remain installed for the project life; or
- That the accredited ACP maintain and submit production records to the Scheme Administrator on an annual basis.

Whilst these conditions will vary between accredited ACPs, applicants are advised that special conditions form part of the conditions of accreditation and are binding under the Act.

### 5.3 Reporting requirements

The Regulation (Clause 73IF) requires accredited ACPs to have record keeping arrangements approved by the Scheme Administrator. Accordingly, accredited ACPs should advise the Scheme Administrator of any alteration to its record keeping arrangements to ensure this approval remains valid. Such notification will also allow the Scheme Administrator to update the conditions of the accreditation if necessary.

The Scheme Administrator may, in certain circumstances, impose a special condition of accreditation requiring the accredited ACP to provide an annual report. This annual report will confirm the project is still continuing and that the characteristics of the project are not materially different from those outlined in the application. A key component of an annual report will be confirmation that the record keeping arrangements have not varied from those approved by the Scheme Administrator and remain in compliance with the conditions of accreditation.

In circumstances where an annual report is not required as a condition of accreditation, ongoing record keeping arrangements will be subject to audit prior to the creation of abatement certificates as outlined in section 5.4 (following).

### 5.4 Ongoing audits of record keeping arrangements

The Scheme Administrator may require the following types of audit of an accredited ACP;

- audit of abatement certificate creation (on either a periodic basis or prior to the creation of abatement certificates); or
- spot audits.

Any audit of abatement certificate creation is likely to contain the following generic audit scope items:

*“The auditor is required to conduct sufficient procedures to enable the expression of an opinion that the number of NGACs registered or proposed to be registered in respect of the period covered by the audit has been calculated, in all material respects:*

- *in accordance with the Rule and based on accurate and reliable records and other relevant supporting documentation;*
- *in a manner consistent with the methodology and approach specified in the AACP’s Application for Accreditation as approved by the Scheme Administrator; and*
- *in a manner consistent with the Notice of Accreditation and any Conditions of Accreditation as specified by the Scheme Administrator.”*

Where the accredited ACP has no ongoing audit requirements as a condition of accreditation, the Scheme Administrator may require a spot audit of the project at any time to confirm approved record keeping arrangements remain in place and operational.

## Part Six - Contact details

Please direct any enquiries regarding record keeping arrangements for the NSW Greenhouse Gas Abatement Scheme to:

### NSW Greenhouse Gas Scheme Administrator

**Phone Number:**

02 9290 8452

**Fax Number:**

02 9290 2063

**Street Address:**

Level 8  
1 Market Street  
SYDNEY NSW 2000

**Postal Address:**

Greenhouse Gas Reduction Scheme Administrator  
PO Box Q290  
QVB POST OFFICE NSW 1230

**Email Address:**

[mail@greenhousegas.nsw.gov.au](mailto:mail@greenhousegas.nsw.gov.au)