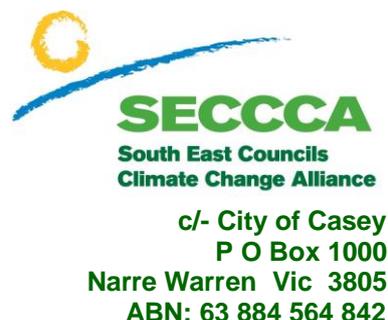


Chair of the Review Secretariat
Victorian Energy Efficiency Target Scheme
Energy Sector Development
Department of Economic Development,
Jobs, Transport and Resources
Level 9, 121 Exhibition Street
Melbourne Victoria 3000



Dear Chair,

Setting future Victorian energy efficiency targets

Thank you for the opportunity to comment on the draft paper 'Setting future Victorian Energy Efficiency Targets'.

SECCCA is a collaboration of 8 Councils to Melbourne's south and east. SECCCA develops and implements regional programs for climate change mitigation and adaptation. These comments are from South East Councils Climate Change Alliance (SECCCA) and do not necessarily represent the views of any member council.

We work across many sectors within our communities, we have a range of innovative and successful projects underway and we are effective and efficient vehicles for regional action. Our council members, the Cities of Bayside, Casey, Greater Dandenong and Kingston and the Shires of Bass Coast, Baw Baw, Cardinia and Mornington Peninsula are very active in supporting their communities in improving energy performance. Further, they are always looking to improve their own energy efficiency in their operations, from the provision of street-lighting, the management of childcare centres and in their own corporate facilities.

The VEET Scheme has proved highly beneficial to councils and to communities. For example, member Councils have benefitted from the scheme as it has helped to facilitate energy efficiency projects that may not have otherwise proceeded. The VEET scheme has assisted member Council's to develop a dialogue regarding energy efficiency and carbon abatement with their community.

Our council members consider that increasing the target will unlock other energy efficiency projects that are currently marginally viable but offer significant greenhouse gas reduction. Further, extending the scheme in legislation from 3 to 5 year periods will assist the South East Councils and communities to make longer term energy efficiency investment decisions for the benefit of all Victorians.

Low income households

SECCCA strongly supports the decision to continue and strengthen the Victorian Energy Efficiency Target (VEET) scheme. The VEET scheme, a strong driver of improvements in energy efficiency, provides recognition to the many participants that they are not alone in their efforts to improve energy performance and reduce emissions of greenhouse gases. Specifically the VEET Scheme offers low income and vulnerable households access to and incentives for energy efficiency information, products and services.

Without an incentive scheme to assist in overcoming the financial barriers faced by low-income households, community-wide benefits will not be able to be delivered. On both social justice grounds as well as for energy efficiency, the VEET Scheme should be maintained and expanded.

Additional technologies

SECCCA is conducting a project, the Energy Saver Study, to investigate the most effective means of bringing about improvements in residential energy efficiency in low-income households. Through this

study, SECCCA is quantifying the considerable benefits to households in installing insulation, draught proofing and energy efficient lighting. SECCCA believes that the VEET scheme should provide an incentive to encourage further uptake of insulation as a significant household energy efficiency measure while also ensuring that appropriate measures and oversight are incorporated into the roll-out to address safety concerns.

The full range of energy efficiency technologies should be considered for the Scheme in its next iteration.

Public lighting

SECCCA supports the MAV view with regard to the inclusion of street lights in the VEET Scheme. The MAV has commented as follows:

Enabling councils to generate certificates for lighting upgrades will provide a much-needed incentive to take on the next tranche of work and investment needed to upgrade lights on major roads. Based on conservative estimates, there are around 726,000 tonnes of emissions reductions to be achieved by changing to energy efficient hardware for major road lighting in Victoria. Councils will prioritise these upgrades if provided with an adequate incentive to do so. Victorian councils already have a strong track record of achieving significant savings and emissions reductions through adopting energy efficient street lighting in residential streets. With funding assistance from the now defunct Federal Government Community Energy Efficiency Program (CEEP), a little more than 232,000 residential street lights have been, or are in the process of being, changed to more efficient alternatives, reducing greenhouse gas emissions by an estimated 1.56 million tonnes over the life of the new lights.

Private Operators

The current operations of the VEET scheme typically lead to a number of businesses conducting 'cold' calls' upon householders with offers of a range of retrofit technologies in exchange for VEECs. There appears to be little oversight of the practices, particularly with regard to marketing and/or sub-standard retrofits, of a number of these businesses that appear to lead householders deliberately to the impression that the marketers are agents of the local government. This results in local government dealing with customer dissatisfaction for which they have no responsibility. There does need to be close oversight of the marketing of the VEET scheme by self-interested private operators.

Oversight of the VEET

VEET currently sits within the operations of the Essential Services Commission. This gives a formal and regulatory to energy efficiency. Clearly the program must be rigorous in concept and in implementation. There is benefit in increasing participation in the scheme however, to deliver greater energy efficiency and reduce greenhouse gas emissions. If VEET was to sit within Sustainability Victoria, which has promotion and achievement of maximum energy efficiency as a core purpose, Victoria might have greater success in implementing energy efficiency projects.

The culture of SV, its research into community engagement and its direct interactions across the Victorian community, with business, with local government and with households, aligns more naturally with marketing the program to lead to greater participation with the VEET scheme and higher emission reductions.

Further comment

Consideration should be given to raising the target to 6.9 million VEECs over a 5 year period. This will allow energy retailers and accredited persons to engage in longer term forward planning and facilitate commitment to larger projects that have the potential for significant carbon abatement.

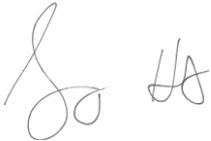
There are financial barriers to energy efficiency that stand in the way of achieving targets under the scheme. The whole community benefits when greenhouse gas emissions are reduced so there is a powerful rationale for supporting community wide participation and overcoming barriers. The VEET should continue to support activities that can be undertaken without financial contribution from households and businesses. The great success of VEET has been its ability to offer real energy savings to those that cannot afford to invest in energy efficiency.

SECCCA supports the introduction of project based methodologies. Businesses have gained little from the scheme to date and including project-based methodologies offers a means for making many large scale projects viable with the community benefitting from the abated carbon.

SECCCA believes that the NSW "Sale of new appliances" methodology should be adopted. The existing VEEC appliance methodology is not promoted by appliance retailers and has therefore not delivered any significant change in consumer buying behaviour. The NSW method provides an incentive for appliance retailers to promote energy efficient appliance models as they directly gain a benefit from the energy savings certificates they generate.

SECCCA is pleased to offer the above comments on the draft and would welcome the opportunity to expand upon them if that would be helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'G. Hunt', written in a cursive style.

Greg Hunt
Executive Officer
15 May, 2015