

Changes to Measurement & Verification Specifications

Summary for stakeholder information session and public consultation

The Department of Environment, Land, Water and Planning is considering changes to the Measurement & Verification (M&V) Specifications to allow for ease of use and broader uptake of the method

The M&V method was introduced in June 2017. The Department and the program administrator, the Essential Services Commission (ESC), have been working closely with stakeholders to support the introduction of the method and build M&V capacity in Victoria. Based on that experience, we propose several changes to make the existing method more user friendly, including by:

- streamlining the reporting requirements for projects undertaking essentially identical upgrades across multiple sites
- allowing projects which include different types of upgrades at the same site to:
 - use utility billing data where billing periods are not uniform in length
 - choose different time intervals for each upgrade.
- allowing projects which include different types of upgrades at the same site to make a separate choice of forward or annual certificate creation for each upgrade.

More detail on these changes is set out below.

We are seeking stakeholder feedback on the proposed changes and any other opportunities to make the method easier to use.

There are several items which fall outside the scope of these changes. Some items would require changes to the Project-Based Activity Regulations (the Regulations), while others (such as renewable energy export) require more consideration and consultation than allowed for on our current timeline.

Streamlining reporting under the M&V method

One of the key proposed changes will allow businesses to submit a single application for essentially identical energy efficiency upgrades rolled out across multiple premises. A project with multiple premises will have a single scoping plan, a single project plan, and a single impact report, but would still require the same site specific information for each individual premises within the project (e.g. details of the measurement boundary, site constants, and an energy model). The aim of this is to reduce the administrative requirements for businesses interested in rolling out numerous, essentially identical energy efficiency upgrades across multiple locations. A list of proposed conditions for multi-premises projects are outlined in Table 1.

Table 1: Setting out the proposed conditions for multi-premises M&V projects.

Information/Method/Variable	Regulations Section	Level	Conditions
Method to calculate greenhouse gas reduction	(1)	Project	Within a project involving a number of essentially identical upgrades at multiple premises, the method of greenhouse gas reduction calculation should be consistent (e.g. every premises should use forward creation).

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Information/Method/Variable	Regulations Section	Level	Conditions
Measurement boundary	(4)(a), (9)	Upgrade	This should be consistent within a project with minor differences (e.g. every premises includes the upgrade of a HVAC system but the layout and wiring of each system varies).
Site constants and their standard values	(4)(b), (10)	Upgrade	Each project should have at least one site constant. However, the values could change by site (e.g. operating hours vary by premises) or by upgrade (e.g. different cool rooms could have different volumes).
Baseline energy model	(4)(f), Eq4, Eq5, (14)	Model	Baseline energy models and the beginning and end of baseline periods may be measurement boundary specific.
Operating energy model	(4)(h)(i), Eq4, (14)	Model	Operating energy models and the beginning and end of operating periods may be measurement boundary specific.
Normal year for each independent variable	(4)(h)(ii), Eq4, (17)	Upgrade	If there are multiple measurement boundaries at a premises then independent variables and their values may change by upgrade and premises.
Interactive energy savings	(4)(h)(iii), (4)(i)(iii), Eq4, Eq5, (18)	Upgrade	All premises should use a consistent method to determine interactive energy savings, though results may vary by premises or by upgrade.
Conditions and circumstances to create certificates	(6)(a)	Project	Cannot exceed 50,000 certificates up front for a single project.
Certificates previously created using Equation 3	(6)(b)	Upgrade	Cannot use forward creation if you have previously applied annual creation to that measurement boundary.
Forward creation limited to three times	(6)(c)	Premises	It may be useful to increase this limit if different upgrades are occurring at different times. The department is seeking feedback on whether the current limitation on using forward creation should be changed for multi-site projects. <ul style="list-style-type: none"> • Would this be most useful based on the number of premises, upgrades, or measurement boundaries?
Time at which the certificates are created	(7)	Project	All premises would generate VEECs at the same time.
Reduction in greenhouse gases	(8)	Project	The savings for all premises would be taken to occur at the same time.
Reporting period	(12)	Measurement boundary	Each measurement boundary could have a slightly different reporting period. However, this is constrained by the maximum number of years annual VEEC creation can occur. It may be beneficial for measurement boundaries with very different timelines to be treated as separate projects.
Maximum forward creation	(16)	Project	The implementation start time would set out the maximum forward creation allowed for the whole project.
Measured energy consumption – sampling	(20)(c)	Premises	Allowed within a premises, but not across multiple premises within a project (i.e. measurements must occur at each premises).

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Questions for consultation: Are there practical barriers to any of the proposed changes?

Currently forward creation of VEECs for a prescribed activity is allowed three times per project. A limit based on the number of premises or the number of upgrades may be more workable for multi-premises projects. The department is seeking feedback on whether the limitation on using forward creation of Victorian energy efficiency certificates (VEECs) should be changed for multi-premises projects.

Are there other proposed changes which may create barriers to the useability of the method?

Proposed changes to the time interval uniformity restrictions

The proposed changes will allow for non-uniform time intervals from the same energy source to be used to determine the energy savings within a measurement boundary, if the lengths of these time intervals are determined by utility bills or utility data.

- Example: A premises has gas bills which typically cover a 30-day period, but in the baseline period they have two gas bills which cover a 15-day and 45-day period respectively. These non-uniform time intervals may be used to build a baseline model and calculate energy savings, provided a valid model can be built.

Additionally, the proposed changes will allow for use of different time intervals for the same energy source when these are for separate models with separate measurement boundaries under the same project and at the same premises. The time interval chosen for the reporting period of a measurement boundary will need to be the same as the time interval that was used for the baseline period of that measurement boundary.

- Example: A premises is upgrading a pool heating system and a heating, ventilation and air conditioning (HVAC) system. The measurement boundaries and energy models for these upgrades are separate, though they both use gas. The pool heating system models use monthly data, while the models for the HVAC upgrade use hourly data.

Proposed changes to allow multiple methods of greenhouse gas reduction calculation under one project

The proposed changes will allow projects with multiple measurement boundaries at a single premises to choose different methods to calculate greenhouse gas reduction for different measurement boundaries.

- Example: A premises is implementing two separate energy efficiency measures under a single project, one saves energy through a hardware upgrade and the other saves energy through behavioural changes. They may use forward creation for the hardware upgrade and annual creation for the behavioural change.

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Topics to be considered for future changes

The changes proposed for the Specifications would not require amendments of the regulations and therefore can be introduced quickly following consultation. The following changes (below) will require more consideration and consultation.

Changes to regulations

It is important that the requirements for the M&V method are sufficiently rigorous to prevent fraud and manipulation. However, this must be balanced with the need to ensure participation in the method is user friendly and cost effective.

What are future streamlining opportunities?

We are interested in hearing your views on the following:

- Which are the most difficult or resource intensive aspects of the project plan?
- Do you have any suggestions for making the project plan more user friendly?
- Should we allow some low-risk projects to have an assessment by an Approved M&V Professional (AM&VP) for only the first project impact report, with no requirement for this assessment on subsequent impact reports?
- What other aspects of impact reporting are particularly time/resource intensive?

Treatment of demand response activities

When a premises undertakes a demand response activity separate to their energy upgrade, this may result in that time interval not being an eligible time interval. Under the M&V Specifications at least 80% of the time intervals must be eligible time intervals for the project to receive incentives. The department considers that it is unlikely that these requirements would make a site which participated in demand response ineligible and is seeking your views on this topic.

- Example: A premises engages in demand response activities frequently during peak demand periods. Because of this, more than 20% of time intervals in the baseline period is not able to be used to develop the baseline energy model, making the premises ineligible for creation of VEECs under the M&V method.

Do we need to make changes to account for demand response?

We are interested in hearing about:

- Do you or businesses you work with engage in demand response activities? Is this as part of the Reliability and Emergency Reserve Trader (RERT) or in response to another market signal?
- How often do you or businesses you work with engage in demand response activities?
- Do the requirements of the M&V Specifications restrict sites from engaging in both demand response and the M&V method?

Treatment of renewable energy

The department have received multiple enquiries regarding the treatment of renewable energy and renewable energy export under Project Based Activities. This topic will be considered in a separate process and has not been included in the scope of this consultation.