

Victorian Energy Upgrades - Target Setting Process for 2021 to 2025



Information session
15 October 2018



Environment,
Land, Water
and Planning

Setting future targets for Victorian Energy Upgrades

- Process for target-setting: initial invitation for feedback
- Context and key considerations

We will be addressing questions at the end of the session

Please feel free to submit a question using Slido

Simply head to: <https://www.sli.do/>

And enter the following event code: #VEU

- The *Victorian Energy Efficiency Target Act 2007* was amended in 2015 to set the targets for 2016 to 2020
- The Act requires that the targets for 2021 to 2025 be set by no later than May 2020
- Future targets will be set through regulations: options for targets will be analysed in a Regulatory Impact Statement (RIS) in 2019 and involving a public consultation process
- The department recognises that setting the targets earlier than the legislated date provides industry greater certainty, particularly given the current strong supply of certificates



- Next year we will be preparing a RIS for the targets
- The role of a RIS is to compare options to identify the best one
- **Today** we are inviting your input on what we should consider in developing these options
 - We are seeking written responses by 3 December 2018
 - There will be further opportunities for consultation in 2019

‘Caretaker period’ is the time before the Victorian state election

This year it is likely to start on 30 October 2018 and will finish once the outcome of the 24 November election is known

During caretaker period, guidelines ensure the public service remains apolitical, including that we:

- avoid making policy decisions which commit an incoming government
- notify users of government websites that the state election is coming up
- avoid email communication which promotes political parties, existing policies or initiatives or achievements of the government

The department will be restricted in our ability to meet and discuss the target setting process with stakeholders during caretaker period

The energy market is in a state of transition and this involves many changes which affect the program, for example:

Changes in supply

- Increasing renewable penetration and decreasing GHG intensity of grid electricity
- Increasing rooftop solar installations for both household and business
- Price of gas now connected to international gas markets

Changes in demand

- LED lighting becoming increasingly business-as-usual
- Increasing software driven solutions and the rise of the 'smart home'
- Maximising solar self consumption increasingly the most cost effective form of energy

- The Victorian Energy Upgrades program has three objectives in the *Victorian Energy Efficiency Target Act 2007*
 - (a) reduce greenhouse gas emissions;
 - (b) encourage the efficient use of electricity and gas;
 - (c) encourage investment, employment and technology development in industries that supply goods and services which reduce the use of electricity and gas by consumers.
- The program aims to incentivise activities which are beyond business as usual and would not occur without the program



- We value your insights and feedback to inform our work on the RIS
- As a prompt, we have prepared 10 questions to which we would be interested in your responses

1. What other energy and climate policies do you think we should consider in setting targets?
2. What issues would you like to see us consider in determining the greenhouse gas savings attributed to energy savings?
3. What issues would you like to see us consider in relation to energy affordability?

4. Should the program incentivise maximising self-consumption of rooftop solar?
5. How should the program incentivise gas efficiency?
6. Should the current level of incentives provided to each type of lighting be continued?
7. What impact would the removal of incentives for lighting have on you?
8. Are there energy efficiency activities currently not incentivised that should be incentivised?

9. What issues would you like to see us consider regarding large energy users role in the program?
10. Is there anything else we should consider as part of the analysis?

**Please provide responses in writing by
Monday 3 December 2018**

Send to:

Energy.upgrades@delwp.vic.gov.au