

1 August 2017

Victorian Energy Upgrades Update



Victorian Energy Upgrades Update

Today's agenda

9:15 am	Program update and commercial lighting discussion	Emma Jacobs
9:45 am	Changes for large energy users	Andrew Rothberg
Morning tea		
10:15 am	Measurement and Verification (M&V)	Emma Jacobs
10:45 am	Administration of the M&V method	Andy Sharpe and Gabrielle Henry (ESC)

1 August 2017

Program update



Program update

- Measurement and Verification Regulations – Commenced 19 June
- Amendments to VEET Regulations
 - Weather Sealing – commenced 1 July
 - Large energy users – commenced 1 August

Program update

- Stakeholder reference panels to provide ongoing stakeholder input into development of program, particularly for:
 - M&V implementation
 - Building the new brand identity

Other energy efficiency programs

- Boosting Business Productivity
 - Energy Assessment Grants of up to \$18,000
 - Materials Efficiency Grants of up to \$13,000
 - Gas Efficiency Grants of up to \$50,000
- Sustainable Finance service – free facilitation for businesses and property owners seeking to invest in energy upgrades ‘
- Home Energy Assist – help improve the energy efficiency of more than 3,300 homes

The background features a solid blue area on the left and bottom, transitioning into a white area on the right. Overlaid on this are several semi-transparent, overlapping geometric shapes in various shades of blue. A prominent sunburst or starburst pattern of thin white lines radiates from the upper right corner, extending across the white background.

Commercial lighting

2017 Target

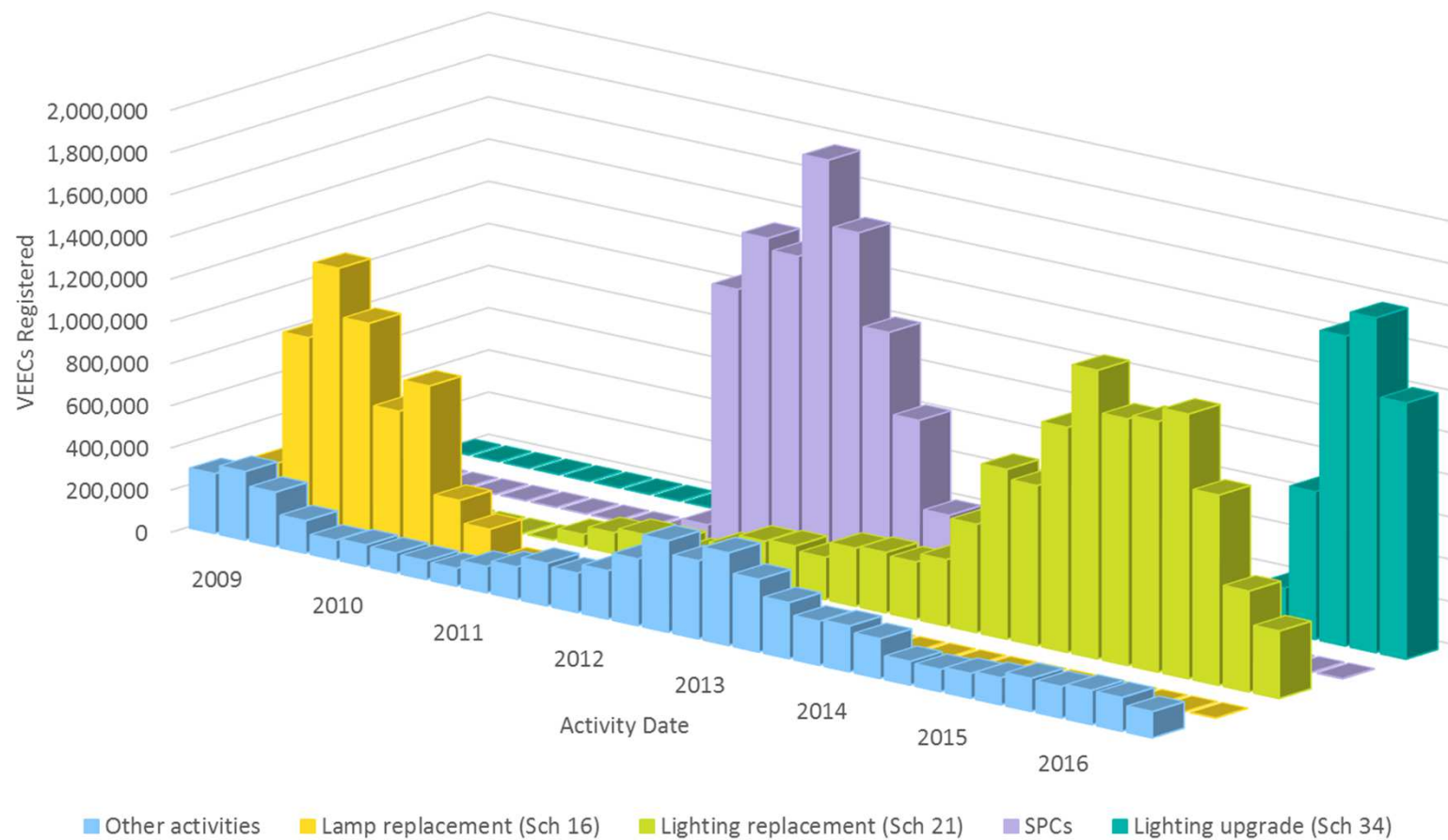
- Strong uptake of both residential and commercial lighting in 2016 resulting in the program exceeding the 2016 target by 1.9 million certificates
- By 10 July 2017 sufficient certificates had been registered to meeting the 2017 target

YEAR	TARGET
2016	5.4 million
2017	5.9 million
2018	6.1 million
2019	6.3 million
2020	6.5 million

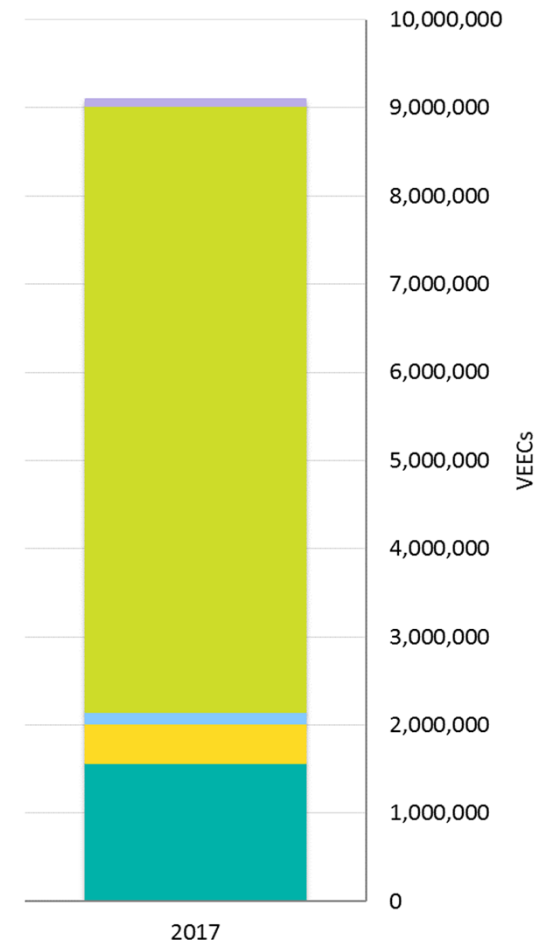
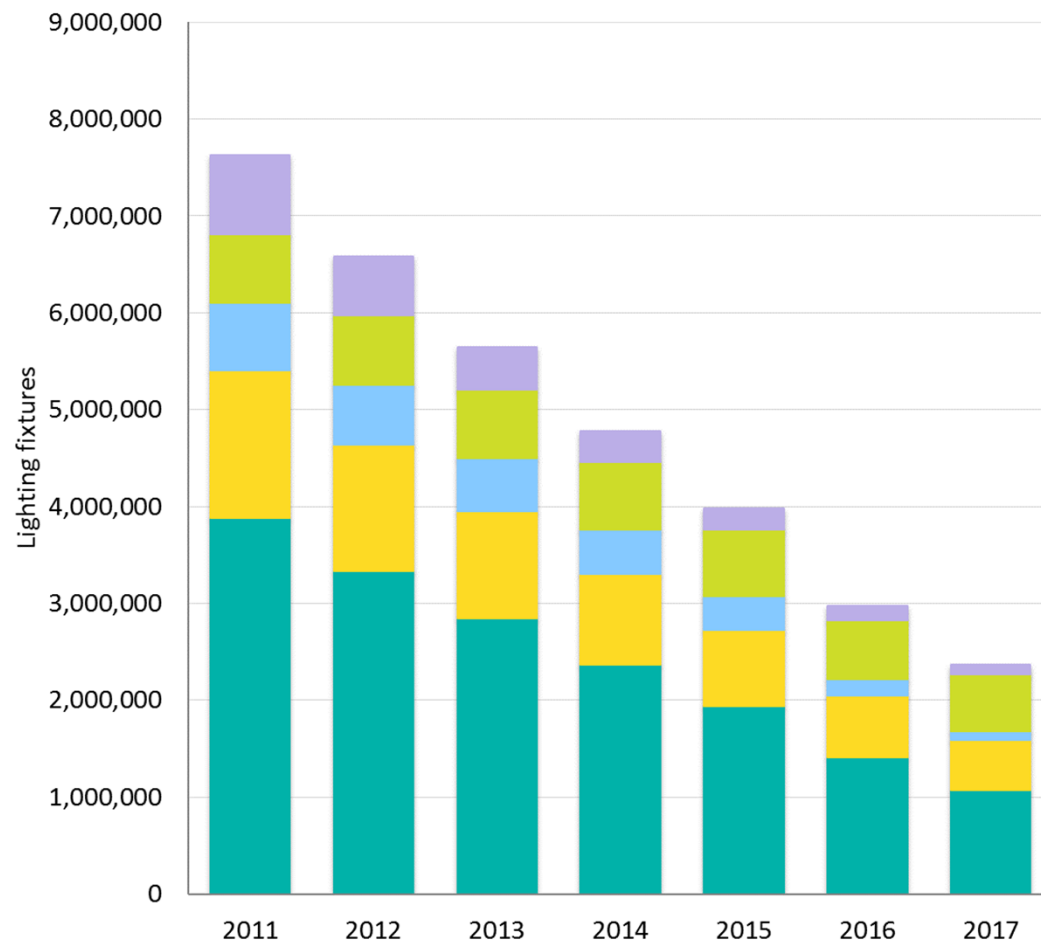
Targets

Years	Target
2009 to 2011	2.7 million tonnes per year, set in VEET Act
2012 to 2014	5.4 million tonnes per year, set in VEET Regulations
2015	5.4 million tonnes per year, set by Minister
2016 to 2020	5.4 to 6.5 million tonnes per year, set in VEET Act
2021 to 2025	To be set in VEET Regulations
2026 to 2030	To be set in VEET Regulations

Historical VEEC Registrations

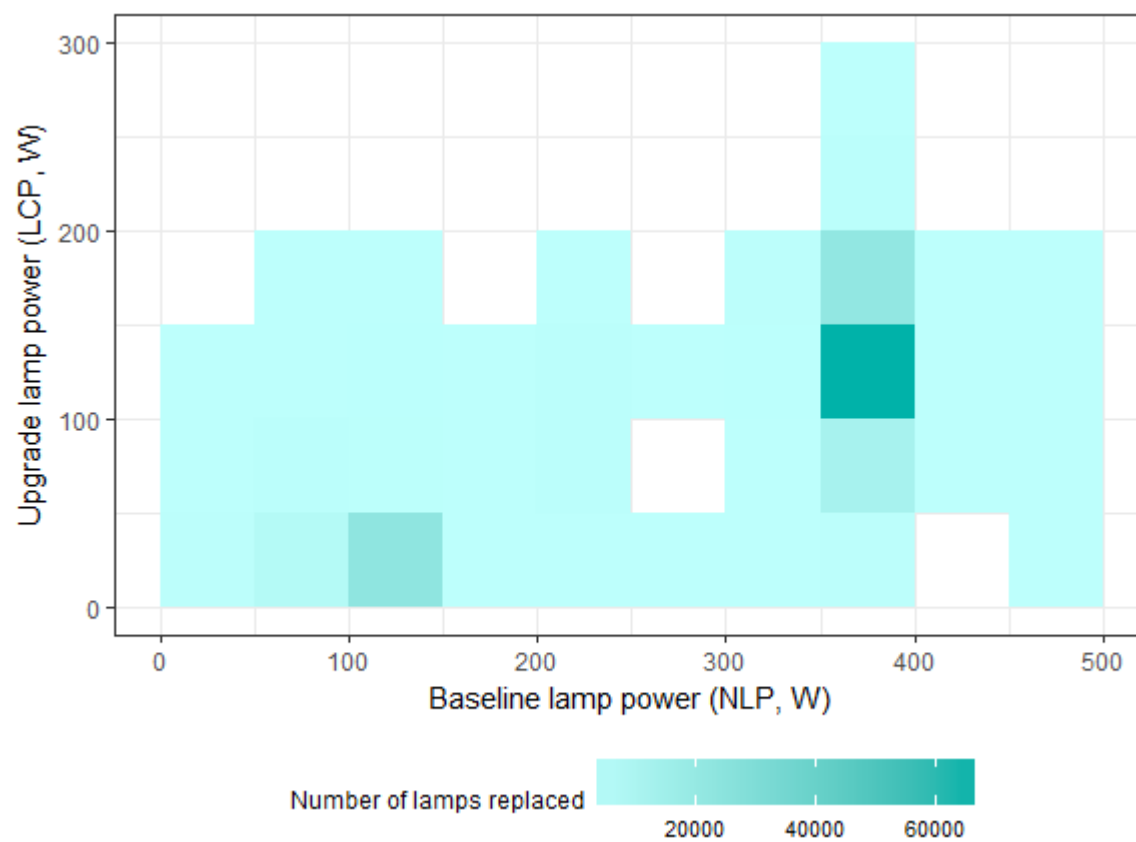


Commercial lighting activities

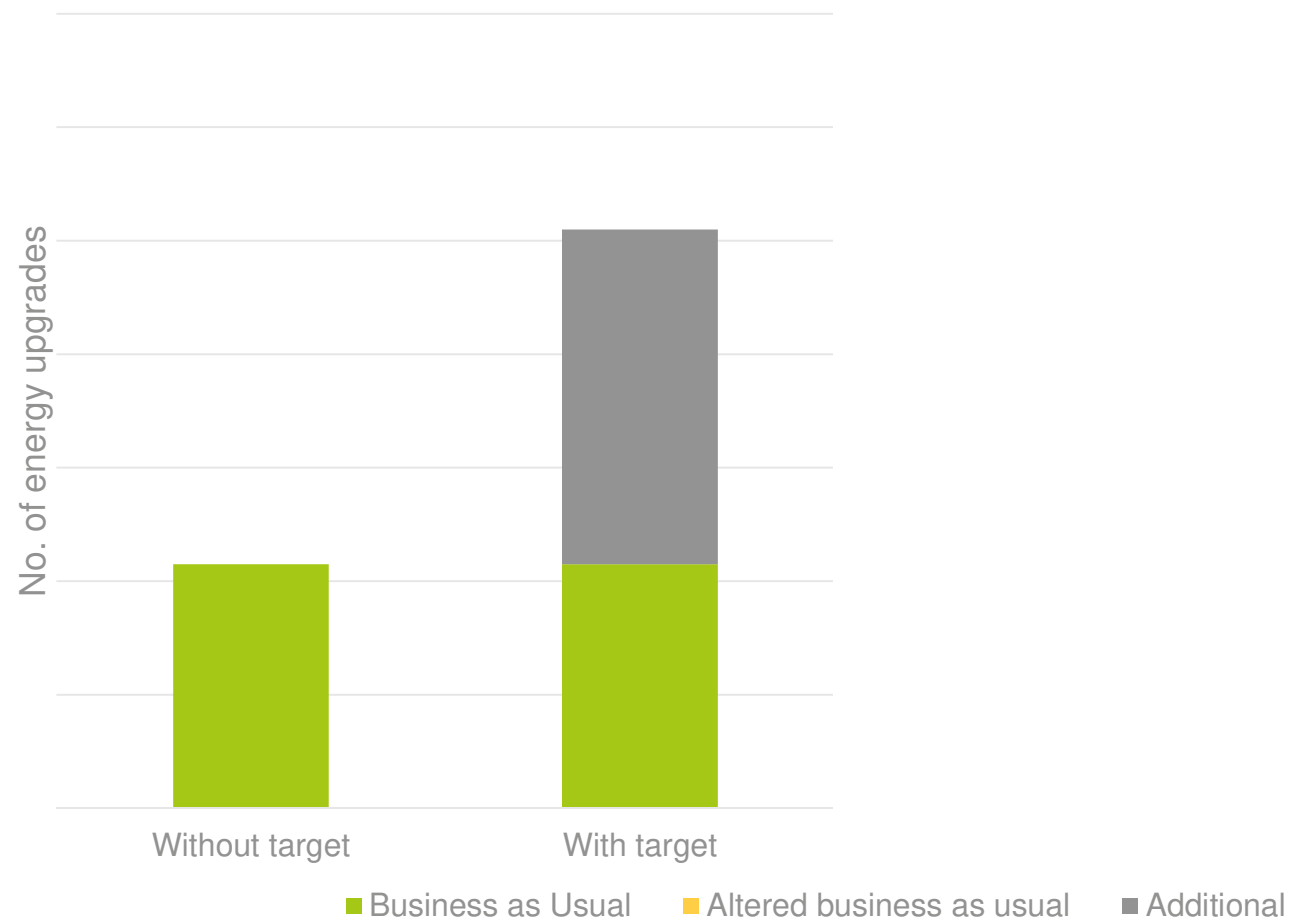


■ Non-Office - linear fluorescent ■ Office - linear fluorescent ■ Industrial - linear fluorescent ■ Industrial - HID ■ Downlights

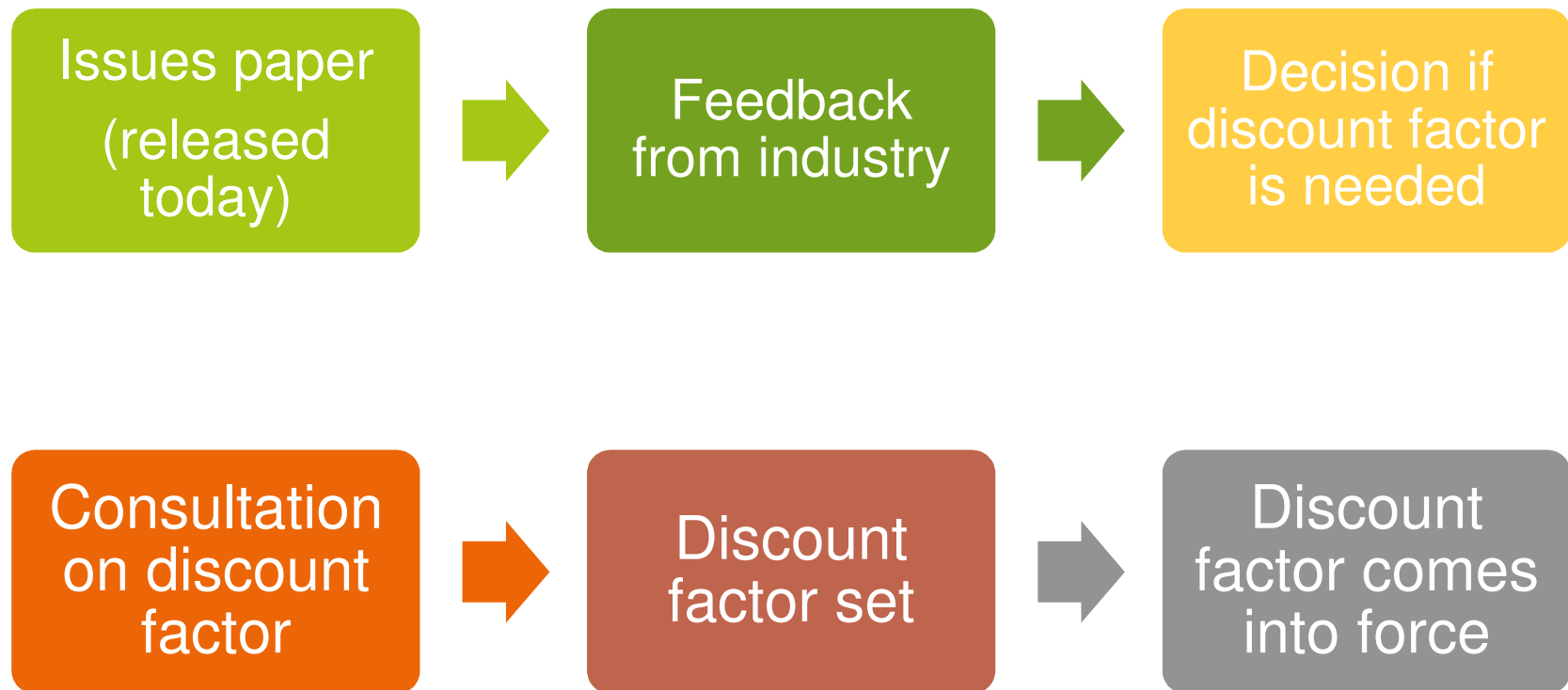
Commercial lighting activities



Additionality



Additionality





Large Energy User Opt-in

Large Energy User Opt-in

What has changed?

- From 1 August 2017 large energy users excluded from Victorian Energy Upgrades can opt-in.
- No change for sites unless they opt-in.

Why has this change occurred?

- Support for a voluntary opt-in mechanism
- Alignment with project based activity method

How do excluded large energy users opt-in?

How do currently excluded sites opt-in?

Sites seeking to opt-in should discuss the associated VEET liability with their energy retailer before opting-in.

To opt-in to Victorian Energy Upgrades, excluded sites are required to both:

- advise the ESC of their intention to do so in writing; and
- create their first certificate

What does this mean for sites currently excluded?

- Sites can create certificates to benefit from Victorian Energy Upgrades
- Opting in will create a liability for their energy retailer

Once a site opts-in to Victorian Energy Upgrades that site cannot opt-out

How do excluded large energy users opt-in?

What does this mean for energy retailers?

- There will not be changes to 2017 liabilities
- Excluded addresses are listed in schedule 37 of the *Victorian Energy Efficiency Target Regulations*

Further information regarding how excluded large energy users can opt-in can be found at www.veet.vic.gov.au

1 August 2017

Project-based activities: Measurement and Verification method

Project-Based Activities

Commenced in Victorian Energy Upgrades on 19 June 2017

- Create certificates based on savings from a specific project
- Rely on direct measurement and analysis, not average 'deemed' factors
- More flexible, technology agnostic – but more work
- New opportunities for businesses and other non-residential sites.



How do Project-Based Activities fit into the legislation?

Legislation

VEET Act 2007

**VEET
Regulations 2008**

**VEET
Regulations
(Project-Based
Activities) 2017**

ESC

**VEET
Guidelines**

**Explanatory
Notes &
Administrative
Requirements**

**M&V in the VEET
scheme –
Methods and
Variables (2017)**

DELWP Publication

Responsibilities

Department of Environment, Land, Water and Planning

Policy

- Advice and delivery for the Minister of Energy, Environment and Climate Change
- Legislative amendments
 - Prescribed activities
- Stakeholder and community engagement and communications

Essential Services Commission

Administration

- Ensuring that greenhouse gas abatement and certificate creation are genuine
- Accreditation
- Audit and compliance
- Product approvals
- Ensuring energy retailers meet their obligations

Consultation and Development Process

**Consultation on
Project-Based
Activities – Initial
Discussion Paper**

Oct-Nov 2015

**Development of
draft regulations
& technical
review of M&V
method**

**Consultation
event & draft
regulations for 3
PBAs released**

Jun-Jul 2016

**Review subs &
detailed legal
development**

Late 2016 – Early
2017

Minister briefed

**Project-Based
Activities
Regulations
Commenced**

19 June 2016

Your feedback and how it affected the final method

Support the business case for participants

Balance the cost of participating (and other barriers) with the potential incentives and program rigour with:

- Streamlined and risk-based administration
- Periodic reviews of the method
- Department and ESC to work collaboratively

Outcomes

- Avoiding rigidity in the regulations where possible
- Facilitate a risk-based approach by the ESC
- Stakeholder reference panel
- Future review

Your feedback and how it affected the final method

Project eligibility

- Mixed views on exceptions for solar water heaters claiming STCs
- Allow ongoing improvement programs, not just one-off projects
- Allow multi-site projects
- More flexible timing for the project plan

Outcomes

- Exception is limited to Schedules 1, 2, 3 and 4
- Ongoing improvement is allowed, provided it is planned for
- Multi-site projects not included, but earmarked for further consideration

Your feedback and how it affected the final method

Public register of projects

There was general support for a public register of projects. Information should be limited to that needed for APs to manage risks of overlapping projects.

Outcomes

- The ESC will publish a register of approved project plans that includes:
 - A project name
 - The name of the AP
 - Location
 - Method (e.g. forward or annual creation)

Your feedback and how it affected the final method

Product register and decommissioning

Requiring the same product registration requirements as in the 'deemed' activities would create barriers, especially for unregulated or custom-built products.

Likewise, uniform decommissioning rules may not translate well to many situations.

Outcomes

- Product registration and decommissioning requirements apply only to:
 - New lighting equipment installed
 - Lighting equipment removed

Your feedback and how it affected the final method

Other alterations

- Renewable generation allowed, provided:
 - No double-dipping with Victorian Energy Upgrades and the Renewable Energy Target
 - No export beyond the measurement boundary – the program credits genuine fuel switching only, not distributed generation
 - No native forest biomass
- Flexible accounting for ‘counted savings’ when two projects overlap and subtraction is needed
 - Adjustment for time intervals lost due to effective range
 - Adjustment when the subtracted project will last longer than the M&V reporting periods

Clarifications (1)

- Zero export of generated power
- Relative precision is calculated after the effective range is applied
- 'Implementation start time' means after commissioning and testing has taken place
- 'Counted savings' is more clearly defined
- The methods provides for the Low Carbon Australia persistence model to be used, and any other compliant persistence model
 - The LCA persistence model can't explicitly be mentioned for legal drafting reasons

Clarifications (2)

- The method provides between 12 and 24 months after the end of the operating or reporting period in which to apply to create certificates
- Regression can be achieved via any means, provided the method can be followed correctly and compliantly
- 'Effective range' reworded
- At least one site constant is required

For any further clarifications – talk to the ESC

Key differences between M&V and PIAM&V

	Victoria M&V Method	NSW PIAM&V
Measure the baseline after implementation?	Yes, if effects can be disabled	No
Renewable energy sources	Yes, with restrictions	No
Adjust counted savings for effective range and time overlap	Yes	No
Multi-site projects	No	Yes
Simulated baseline	No	Yes
Must report negative savings	Yes	No
Top up only after exceeding total forward-created savings	Yes	No, top up annually

Next steps

- Working on ways to support uptake
- Stakeholder reference panel for industry feedback
- Further project-based activities to be introduced

