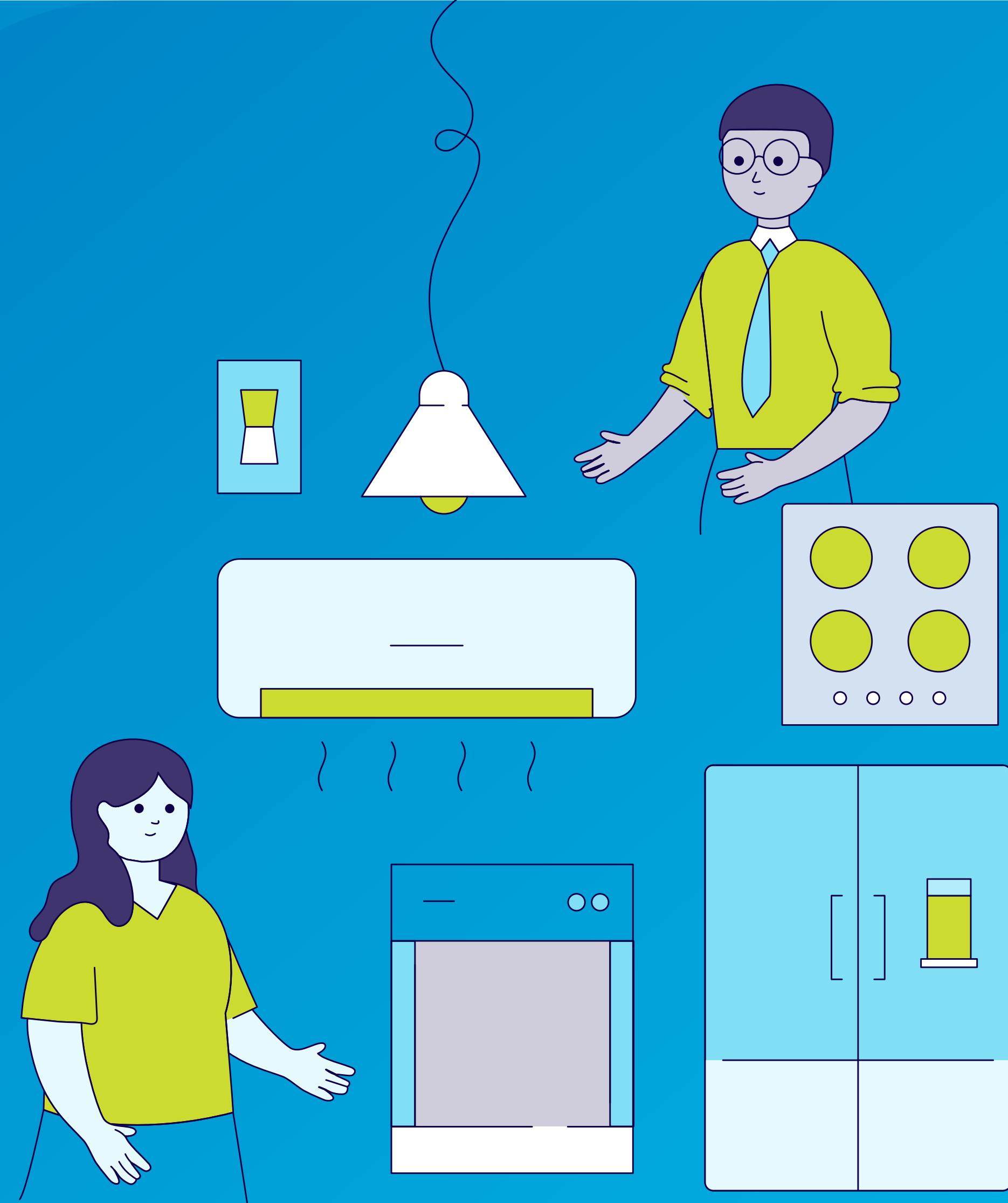


Summary report: Assessment of the Victorian Energy Upgrades program

2021 – 2024



Overview of the VEU program

The VEU program is a market-based scheme which provides financial assistance to households and businesses undertaking energy efficiency upgrades. Some of the most popular VEU upgrades to date include lighting, water heating, space heating and cooling, weather sealing, in-home displays and low flow shower roses.

The VEU program is transitioning from delivering low-cost, high-volume upgrades to focus on larger, more impactful and complex electrification upgrades at scale, to play a key role in accelerating Victoria's energy transition.

The Department of Energy, Environment and Climate Action (DEECA) undertook an assessment of the Victorian Energy Upgrades (VEU) program for 2021 to 2024, to inform the preparation of VEU program targets for 2026 and 2027.

Since the program's inception in 2009, VEU has:

Supported almost

2.4 million households



and more than

180,000 businesses

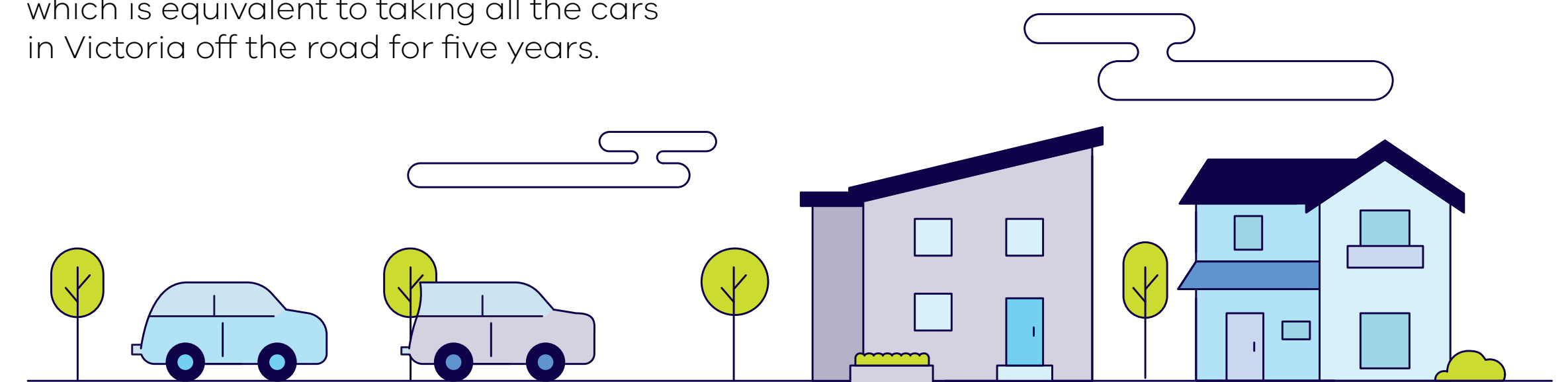
to participate in the program



Abated more than

90 million tonnes of greenhouse gas emissions,

which is equivalent to taking all the cars in Victoria off the road for five years.

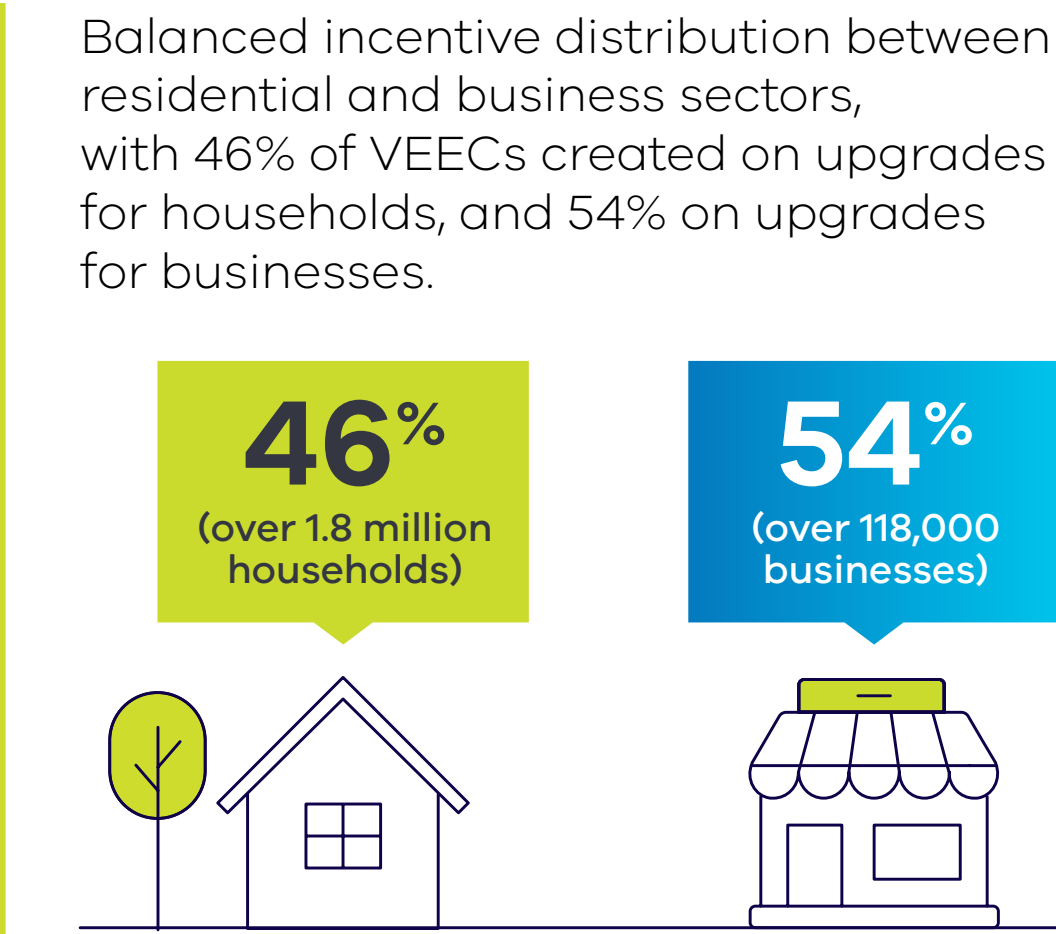
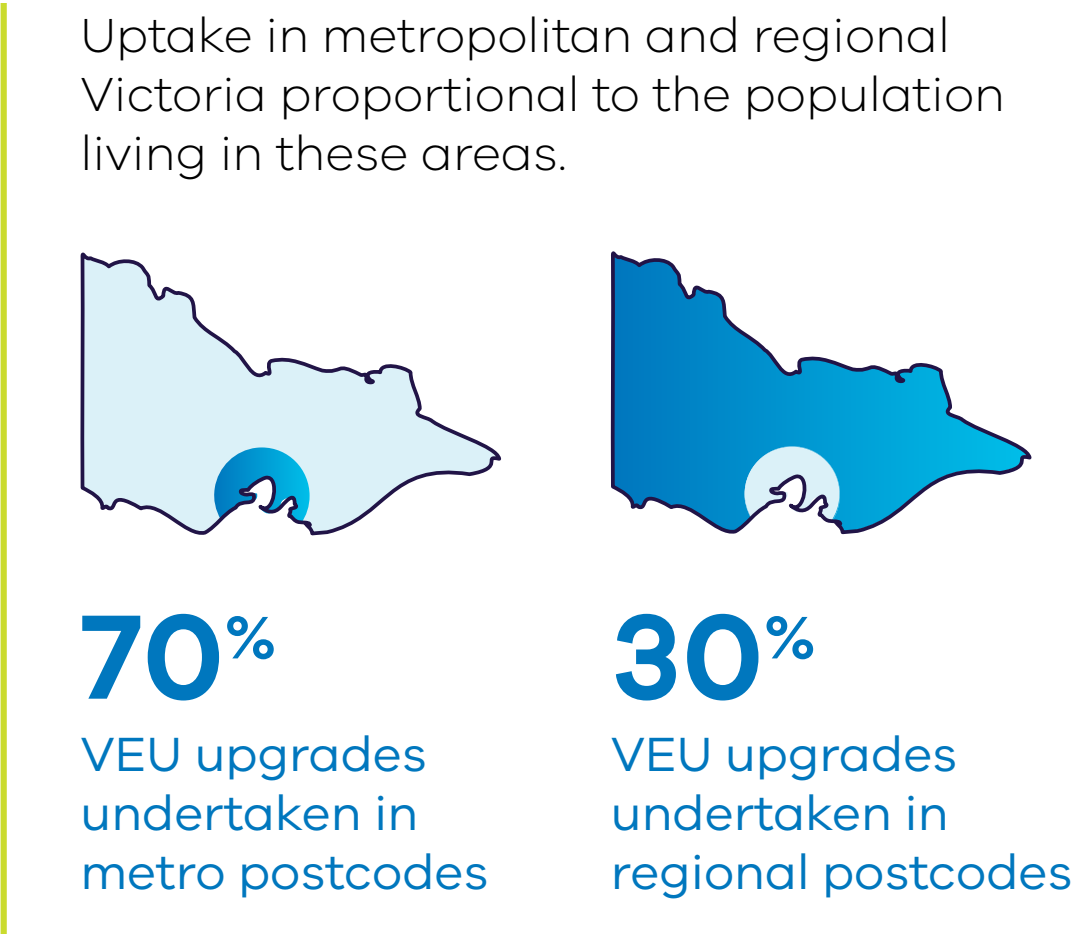


How were the **benefits** and **costs** of the VEU program distributed?

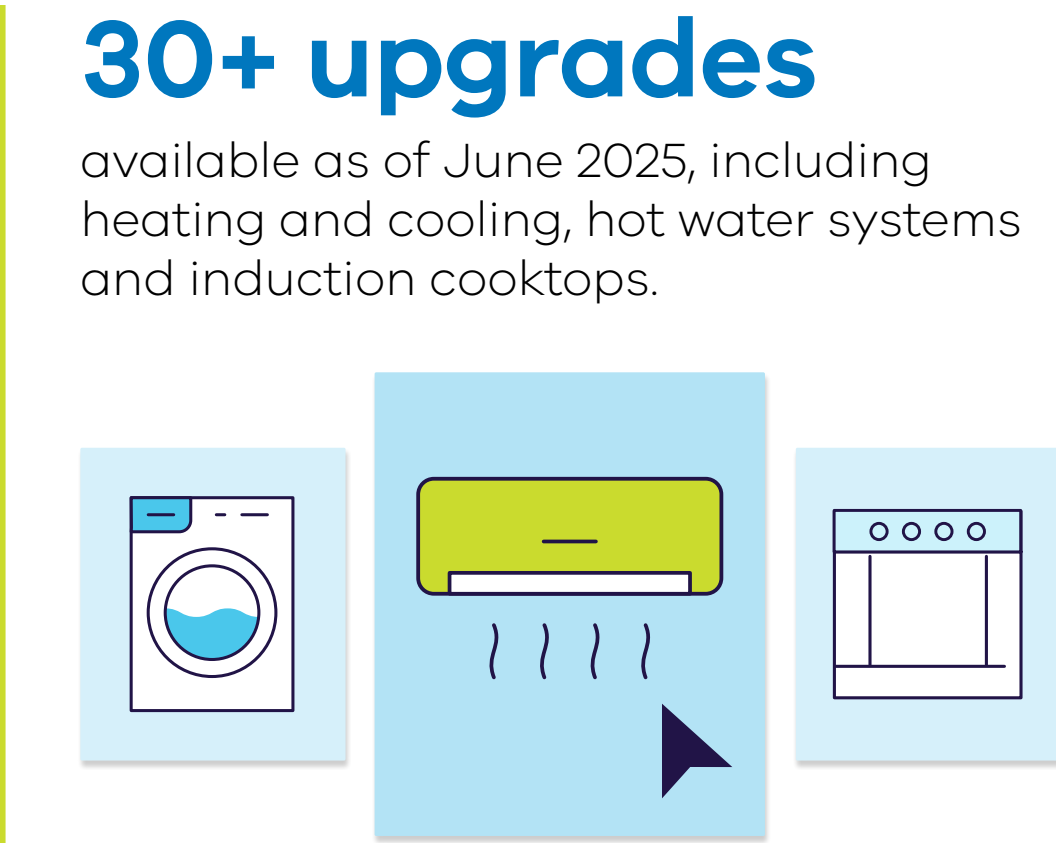
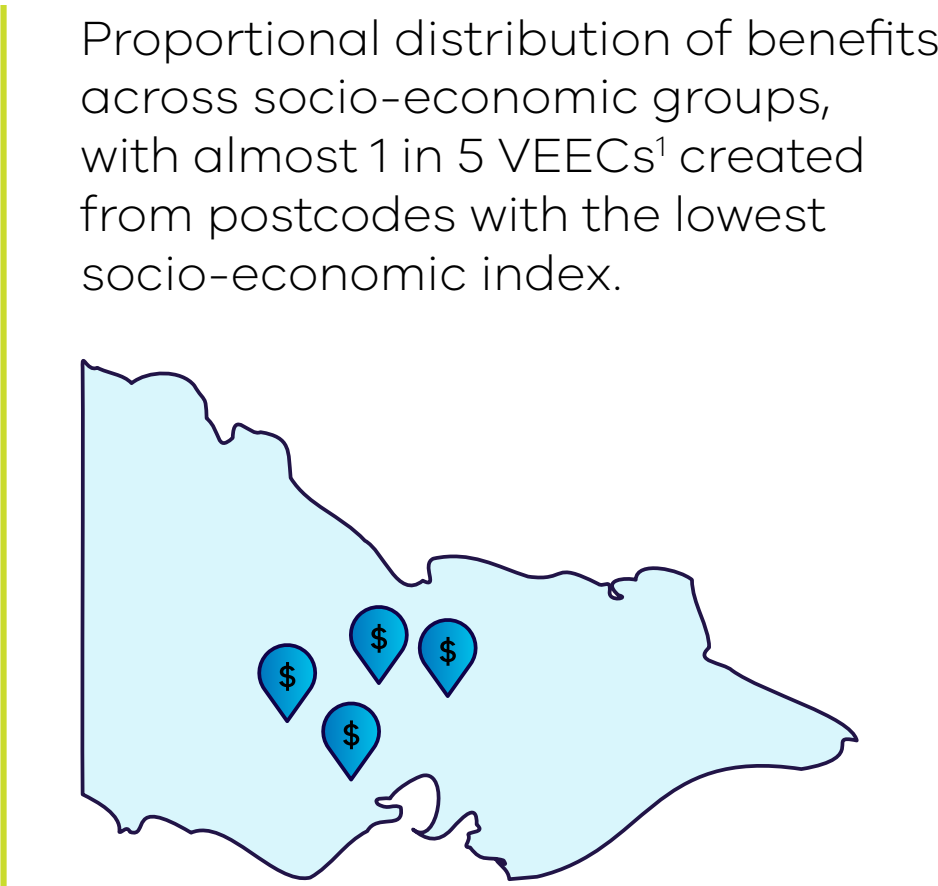
Overall, the VEU program has achieved a **balanced distribution** of program **benefits** across different consumer groups, with opportunities to monitor and improve the distribution of program costs for each target setting period.

Benefits

In the 2021 to 2024 period, the VEU program’s emissions savings have been achieved with:



There is an opportunity for improved data collection to monitor uptake from low-income and vulnerable households and renters, which will enable initiatives to be implemented to further encourage VEU uptake from those consumer cohorts.



¹ Victorian Energy Efficiency Certificates

How were the **benefits** and **costs** of the VEU program distributed?

On the cost side, **VEEC costs are passed through to all energy consumers** based on individuals' energy consumption.



Costs

VEEC prices for the 2021-2024 period averaged \$78 per certificate, higher than the modelled average price of \$68.

Some retailers paid a shortfall penalty for not meeting their certificate surrender obligations under the VEU program, most significantly for the 2023 target.

In 2023:

28 energy retailers met their energy liability

achieving 95 per cent of the total certificate surrenders required to meet the energy liability across all retailers.

3 energy retailers did not meet their energy liabilities,

with a certificate shortfall of 331,586 VEECs resulting in almost \$30 million in penalties paid.

VEECs shortfall:

331,586

Penalties paid:

\$30 million



Despite higher VEEC prices, the VEU program has supported a net benefit for all Victorians over the 2021-24 period, due to energy efficiency upgrades under VEU reducing electricity demand and putting downward pressure on retail price.

Based on actual VEEC prices in 2021-24, between 2021 and 2030:

Non-participating consumers save \$8 per year on average, even if they do not participate in VEU.

On average,

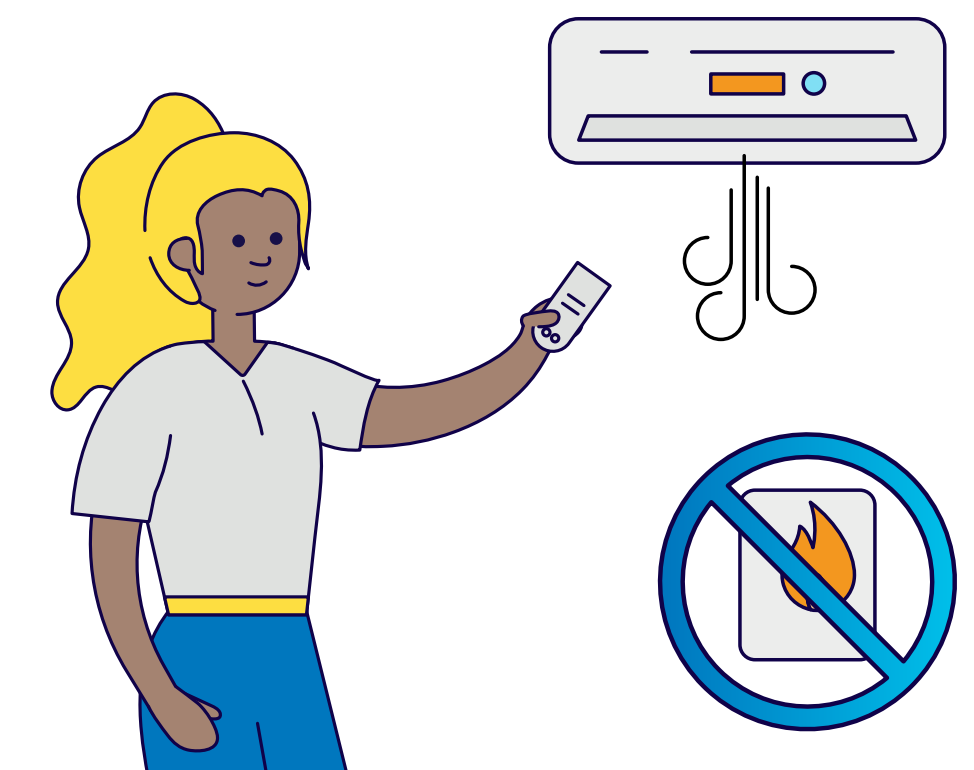
participating households save \$110 per year on their energy bills while participating businesses save \$3,700 per year.



With rapid uptake of electrification activities, especially space heating and cooling,

participating households are saving more than projected.

For instance, when **replacing a ducted gas heater with an efficient reverse cycle air conditioner,** households save \$950-\$1,100 per year on their energy bills.



How has the VEU program delivered against its **legislated objectives** and intended outcomes?

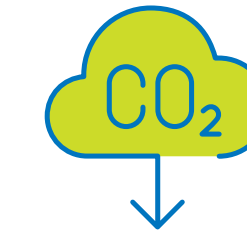
This assessment suggests that the VEU program achieved its legislated objectives and did so while supporting Victorian households and businesses to save money on their energy bills.

In terms of **reducing greenhouse gas emissions, supporting the energy transition** and **supporting the energy efficiency industry**, between 2021 and 2024 the VEU program has:

Supported more than **1.8 million households and 114,000 businesses** to participate in the program.



Abated more than **25 million tonnes** of greenhouse gas emissions



Provided almost **\$1.7 billion in incentives** for households and businesses when undertaking VEU upgrades.

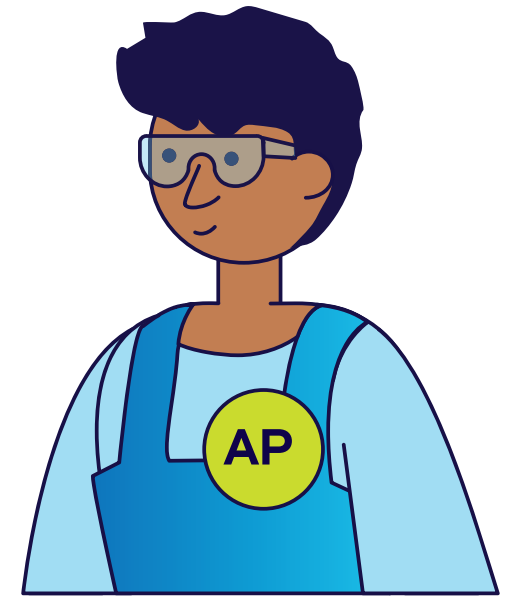


Supported more businesses to participate in the VEU and energy efficiency industry.

From 2021 to 2024, the number of active accredited providers in the VEU program has **grown 60 percent**.

2021:
82 providers

2024:
131 providers



How well is the program operating from **consumer and industry perspectives**?

Overall, the VEU program received generally positive feedback from Victorian energy consumers.

Market research suggests that **the VEU program has a positive reputation overall**, with the VEU program commended among participants. Consumer perspectives on the VEU program speak to its success:

9 in 10 participants are satisfied with the program



and the product installed, and are open to participating again in the future.

2 in 3 Victorians are likely to participate in the program in the next 5 years.

Additionally, the VEU program has a low average complaints rate of 0.27%, or one in every 400 installations. Complaints have been trending down since the introduction of the telemarketing and doorknocking ban.

1 in 2 Victorians are aware of the program, highlighting opportunities to improve brand awareness.

DEECA has limited formal data available on industry perspectives of the VEU program. Accredited provider participation in the program continues to increase, however there is scope for further engagement.

The assessment recommends DEECA and the Essential Services Commission work collaboratively to determine data needs for future program monitoring, evaluation and improvement. Further data requirements may also be considered as part of the [VEU Strategic Review](#).



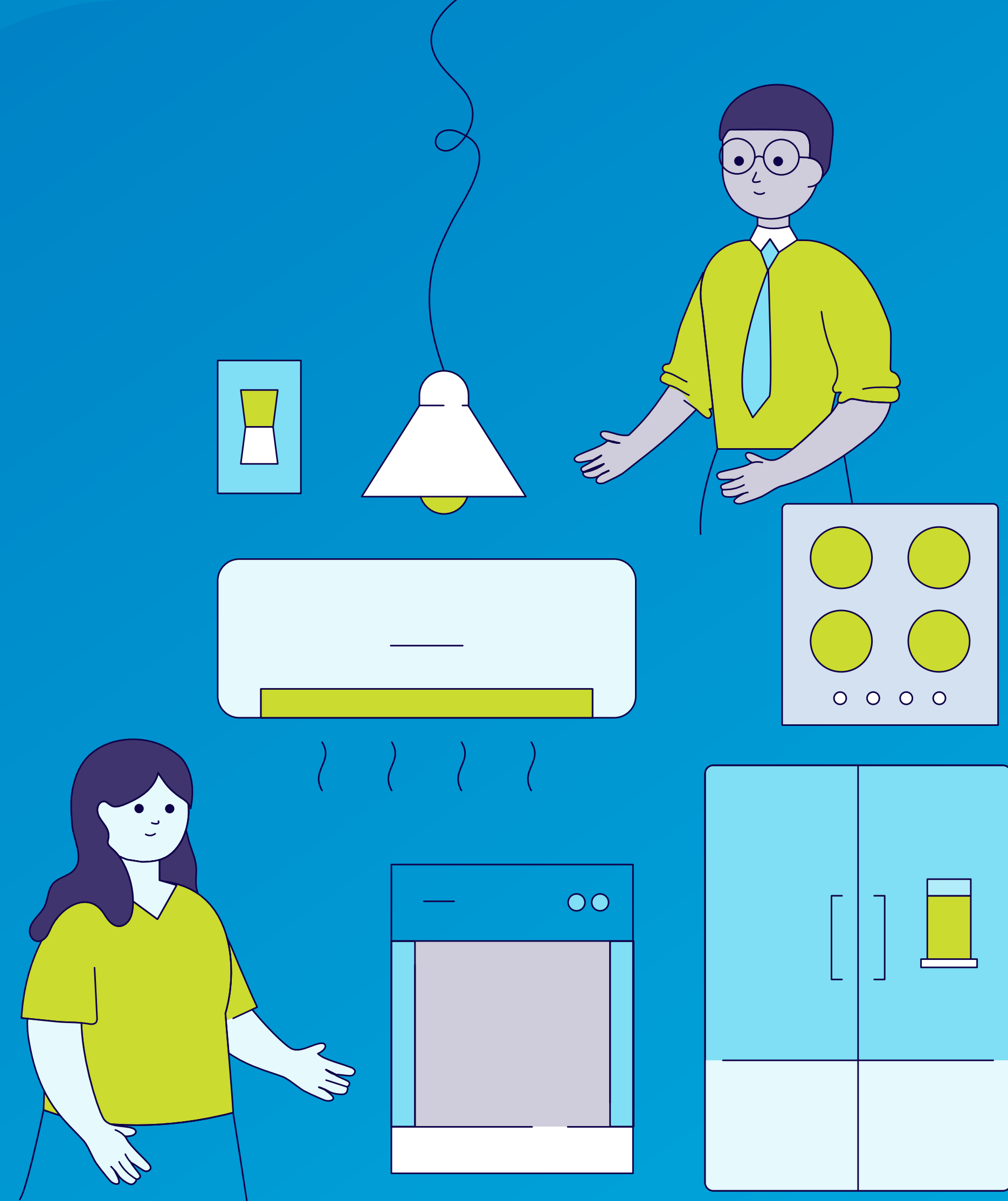
Next steps

As part of the assessment, DEECA has made several recommendations for future opportunities for program improvement, many of which are already progressing.

DEECA is undertaking work to:

- improve data collection and monitoring
- strengthen VEU brand awareness
- support industry participation and engagement
- ensure program accessibility for low-income and/or vulnerable consumers and renters.

Stakeholders are welcome to provide feedback by emailing the team at energy.upgrades@deeca.vic.gov.au



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