## Victorian Energy Upgrades Update

### Today’s agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Agenda Item</th>
<th>Speaker(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:15 am</td>
<td>Program update and commercial lighting discussion</td>
<td>Emma Jacobs</td>
</tr>
<tr>
<td>9:45 am</td>
<td>Changes for large energy users</td>
<td>Andrew Rothberg</td>
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<tr>
<td></td>
<td>Morning tea</td>
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<tr>
<td>10:15 am</td>
<td>Measurement and Verification (M&amp;V)</td>
<td>Emma Jacobs</td>
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<tr>
<td>10:45 am</td>
<td>Administration of the M&amp;V method</td>
<td>Andy Sharpe and Gabrielle Henry (ESC)</td>
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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
Commercial lighting
• 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

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TARGET</th>
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<tbody>
<tr>
<td>2016</td>
<td>5.4 million</td>
</tr>
<tr>
<td>2017</td>
<td>5.9 million</td>
</tr>
<tr>
<td>2018</td>
<td>6.1 million</td>
</tr>
<tr>
<td>2019</td>
<td>6.3 million</td>
</tr>
<tr>
<td>2020</td>
<td>6.5 million</td>
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## Targets

<table>
<thead>
<tr>
<th>Years</th>
<th>Target</th>
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<tbody>
<tr>
<td>2009 to 2011</td>
<td>2.7 million tonnes per year, set in VEET Act</td>
</tr>
<tr>
<td>2012 to 2014</td>
<td>5.4 million tonnes per year, set in VEET Regulations</td>
</tr>
<tr>
<td>2015</td>
<td>5.4 million tonnes per year, set by Minister</td>
</tr>
<tr>
<td>2016 to 2020</td>
<td>5.4 to 6.5 million tonnes per year, set in VEET Act</td>
</tr>
<tr>
<td>2021 to 2025</td>
<td>To be set in VEET Regulations</td>
</tr>
<tr>
<td>2026 to 2030</td>
<td>To be set in VEET Regulations</td>
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Commercial lighting activities

Graph showing the number of lighting fixtures from 2011 to 2017, categorized by Non-Office - linear fluorescent, Office - linear fluorescent, Industrial - linear fluorescent, Industrial - HID, and Downlights.

The graph indicates a decrease in lighting fixtures from 2011 to 2017.
Commercial lighting activities

![Commercial Lighting Activities Graph](image-url)

- Y-axis: Upgrade lamp power (LCP, W)
- X-axis: Baseline lamp power (NLP, W)
- Color bar: Number of lamps replaced (20000, 40000, 60000)
Additionality

<table>
<thead>
<tr>
<th></th>
<th>Without target</th>
<th>With target</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of energy upgrades</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business as Usual</td>
<td></td>
<td>Green</td>
</tr>
<tr>
<td>Altered business as usual</td>
<td>Yellow</td>
<td></td>
</tr>
<tr>
<td>Additional</td>
<td></td>
<td>Grey</td>
</tr>
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Consultation on discount factor

Issues paper (released today)

Feedback from industry

Decision if discount factor is needed

Discount factor comes into force

Discount factor set
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](http://www.veet.vic.gov.au)
Project-based activities: Measurement and Verification method

1 August 2017
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

DELWP Publication

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

ESC

VEET Guidelines

Explanatory Notes & Administrative Requirements
# 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
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
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 provide 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&MV

<table>
<thead>
<tr>
<th>Measure the baseline after implementation?</th>
<th>Victoria M&amp;V Method</th>
<th>NSW PIAM&amp;MV</th>
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<tbody>
<tr>
<td>Yes, if effects can be disabled</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Renewable energy sources</td>
<td>Yes, with restrictions</td>
<td>No</td>
</tr>
<tr>
<td>Adjust counted savings for effective range and time overlap</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Multi-site projects</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Simulated baseline</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Must report negative savings</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Top up only after exceeding total forward-created savings</td>
<td>Yes</td>
<td>No, top up annually</td>
</tr>
</tbody>
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Next steps

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