



Hon Lily D'Ambrosio MP

Minister for Energy, Environment and Climate Change
Minister for Solar Homes

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Dear Stakeholder

2021 TARGET FOR THE VICTORIAN ENERGY UPGRADES PROGRAM

I am writing to inform you that I will be setting an effective target for 2021 of 6.5 million certificates for the Victorian Energy Upgrades (VEU) program, equivalent to reducing 6.5 million tonnes of greenhouse gas. The effective 2021 target is the same as the 2020 target and will deliver substantial energy savings for Victorians, without increasing the cost of the program.

In December 2019, the Department of Environment, Land, Water and Planning (DELWP) released proposed draft regulations and the Regulatory Impact Statement (RIS) which set out proposed targets for 2021 to 2025. Since then, the environment in which the VEU program operates has changed considerably. The coronavirus (COVID-19) pandemic and the actions taken to protect the health of Victorians has led to significant changes in the operating context for the VEU program, including the temporary suspension of some high-volume residential activities under the program.

Recognising the impacts of COVID-19 and the need for certainty for business planning, there will be minimal changes to the program in 2021. However, I am committed to setting ambitious targets for the VEU program out to 2025. This will be an important element of the government's climate change pledges which will be released this year. The making of regulations to set targets for 2022 to 2025 will be completed in alignment with this process.

The 2021 target will be established by setting the greenhouse gas reduction rate (which establishes the liability for energy retailers) to ensure there is demand for 6.5 million certificates in 2021, and updates to the electricity emissions factor will occur after 30 June 2021.

These measures will provide important certainty for business planning and ensure that the VEU program can continue to deliver important benefits for Victoria, including:

- Reducing 6.5 million tonnes of greenhouse gas emissions – equivalent to taking over 2 million cars off the road,
- Supporting 2,200 jobs under the VEU program, and
- Saving 4.9 terawatts per hour of energy over the next 10 years – these 2021 target savings are enough to light the MCG for around 13,000 years.

The VEU program is the largest energy efficiency upgrade program in Australia and offers varied incentives – and multiple benefits – to households and businesses for undertaking energy efficiency upgrades. Over the past 10 years, the program has reduced electricity demand in Victoria by over 11,000,000 megawatt hours (MWh) and gas demand by over 8,000,000 gigajoules (GJ).

The commitments I have made for 2021 will ensure that the program continues to provide important benefits to Victorians. More information is available on the DELWP website: <https://www.energy.vic.gov.au/energy-efficiency/victorian-energy-upgrades>. With queries, please contact Helen Sofele, Acting Director Energy Demand and Efficiency Policy at helen.sofele@delwp.vic.gov.au.

Yours sincerely

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