19th June, 2018

The Engage Victoria Team

Department of Environment, Land, Water and Planning

Victoria State Government.

Via email:

Subject:

APA Group (APA) welcomes the opportunity to make a submission to the Review of Victorian Energy Efficiency Target (VEET) Regulations (the paper), by The Engage Victoria Team, Department of Environment, Land, Water and Planning (the Department).

About APA

APA own and/or operate around $20 billion of energy assets and deliver half the nation’s natural gas usage. APA own 15,000 kilometres of natural gas pipelines that connect sources of supply and markets across mainland Australia. APA operates and maintains gas networks connecting 1.3 million Australian homes and businesses, and employs over 1600 people. APA also owns or has interests in gas storage facilities, gas-fired power stations and wind farms. APA Group (ASX:APA) is listed on the ASX and is included in the S&P ASX 50 Index.

APA acknowledges the efforts of the Engage Victoria Team (the Team) in its work relating to the ongoing development of the Victoria Energy Upgrade (VEU) program. As such, over a number of years APA has actively supported the program by conducting appliance marketing campaigns that also incentivise specific activities under the program.

With respect to the changes currently being proposed, although APA is generally positively disposed towards the proposed changes, APA is nevertheless concerned about some specific issues.

The first issue that APA would like to raise relates to a feature of the program which has been in place since the program’s inception. That feature, which allows certain activities in the program to claim VEECs, whilst also being eligible for small-scale technology certificates (STCs), is a program feature that has been of concern to APA for some time. APA views this feature as being in conflict in the technology neutral approach of the program and as a consequence some activities or appliance installations are effectively receive higher financial rewards than others, simply because of the technology chosen.

Interestingly, APA notes that the NSW Energy Savings Scheme (ESS) specifically excludes from the NSW ESS, those activities that are eligible to participate in the Commonwealth’s Small Scale Renewable Energy Scheme (SRES) as a part of the Renewable Energy Target scheme.

As final comment on this point, APA would also like to highlight that quite apart from conflicting with the technology neutrality principle, this significant feature difference between VEU and the ESS, diminishes the substantial efforts of the two governments to ‘harmonise’ to the schemes.

APA’s recommendation, therefore, is that appliances or activities that are eligible to participate in the Commonwealth Government Small Scale Renewable Energy Scheme are excluded from the VEU.

The second point that APA would like to raise relates to the proposed change to the program, i.e. Schedule 1(E) and Scenario 3(A).

As APA understand it, these proposed changes are designed to provide the Department with flexibility that would allow it, in the case of 1(E), to add ‘an as yet unspecified type of water heater (to be specified by the department in the future), to replace an electric resistance water heater’. Scenario 3(A) ‘proposes to allow an as yet unspecified type of water heater (to be specified by the department in the future (to replace a gas/LPG water heater).

Although these proposals will likely bring greater flexibility to the Department’s ability to make program changes, these proposals concern APA, as it seems to provide the Department with much greater flexibility of program management than is required. APA does acknowledge however, that if a public consultation process was required as a part of any potential change, APA may have a potentially different view. Further, in APA’s view, to avoid the perception of ‘winner picking’ by the department, the Department should extend this type of clause to all appliances eligible within the scheme.
APA’s recommendation therefore, is that in the case of 1(E) and scenario 3(A), these changes should:

- include a public consultation process, in any case; and
- also apply to other appliances in the VUE so that all appliances eligible under the scheme are treated in an equitable, technology neutral manner.

Further to APA’s comments above, please also see provided APA’s responses to the questions posed as a part of the consultation.

APA thanks the Department for the opportunity to comment on the paper. Please contact Josh Hankey on (07 3215 6632) should you wish to discuss our submission further.

Jonathan Bryan
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