

# energymakeovers

Level 1, Suite 7, 25 Claremont Street • South Yarra, VIC 3141

Victorian Energy Upgrades  
Department of Environment, Land, Water and Planning,  
PO Box 500  
East Melbourne, VIC 8002.

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Via email  
energy.upgrades@delwp.vic.gov.au

## **RE: Proposed Activity Changes - Victorian Energy Efficiency Target Regulations 2018**

Thank you for the opportunity to respond to the proposed changes to the VEET regulations.

Energy Makeovers is one of the largest creators of VEECs having created more than 4 million VEECs to date and therefore has a significant depth of experience in managing VEEC activities.

In general Energy Makeovers is supportive of the proposed changes and wishes to commend the department on its commitment to consultation with VEET market participants regarding this matter.

### **General Comments:**

#### **Fresh start for the number of times an activity can occur at a premise.**

Energy Makeovers strongly supports this proposed change. A large percentage of Victorian residences have previously received VEET benefits for a range of activities and the current duplication restrictions of the Regulations present APs with significant risk of not being able to create VEECs for installations in residential premises. This has resulted in most APs withdrawing from the provision of residential VEET activities thereby denying Victorian residences the opportunity to participate in the VEET scheme. A fresh start will reignite participation of the residential sector in the VEET scheme.

#### **Revised greenhouse gas equation.**

Energy Makeovers supports the proposed change. The new calculation methodology is simpler and easier to explain to potential VEET beneficiaries.

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## **Introducing greater flexibility.**

Energy Makeovers strongly supports the proposed change. Providing the department with flexibility to declare in the Specifications that a new technology or product is an eligible upgrade will enable the scheme to quickly adopt new and emerging energy efficient technologies and encourage their uptake more quickly.

## **Transitional arrangements.**

Energy Makeovers does not support the proposed transitional arrangements relating to product applications. It is proposed that product applications made to the ESC but not determined before the proposed Regulations commence will be assessed in accordance with the proposed Regulations following their commencement. This provides uncertainty to product manufacturers as they may not be able to determine which set of requirements will apply to products submitted leading up to the commencement date. Energy Makeovers recommends that all product applications submitted prior to the commencement date are considered under the current product requirements and those submitted after the commencement date are considered under the requirements of the new Regulations.

## **Response to the specific questions raised in the paper titled “Proposed Activity Changes Victorian Energy Efficiency Target Regulations 2018”.**

### **1. Is the timing of the proposed changes appropriate? – why/why not?**

No. The proposed changes result in many VEET activities qualifying for significantly reduced VEEC creation. This will impact on the viability and market size of these activities and therefore the market value of these products. The development and production cycle of these products is typically in the order of 1 to 2 years meaning product manufacturers must commit to production volumes up to 2 years in advance. To secure the availability of products, APs are often required to commit to forward orders up to 12 months in advance. Accordingly, any regulatory intervention in the market that impacts product value will severely impact on pre-existing commercial commitments made by manufacturers and APs. Energy Makeovers has consistently advocated for at least 12 months notice of regulatory changes to the VEET scheme to provide market participants with sufficient confidence to enter into efficient and long term commercial agreements.

### **2. Where barriers to uptake are being addressed, do the proposed solutions seem reasonable? – why/why not?**

Yes. Energy Makeovers believes that the department has made good progress in identifying and addressing barriers to uptake.

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### **3. Please provide comments on the energy efficiency opportunity available for an activity, how close is this activity to business as usual?**

A key purpose of the VEET scheme is to incentivise Victorians to invest in energy efficiency products and practices that may not have otherwise occurred. Energy Makeovers believes the VEET scheme has gone a great job in delivering very low cost carbon abatement for Victoria over and above that available under “business as usual”. Indeed it could be argued that the VEET scheme has significantly raised the “business as usual” bar by stimulating the development of energy efficient products and raising the energy efficiency awareness of Victorians. Manufacturers have developed products specifically for the VEET market that they can now deliver to other national and international markets at low cost due to economies of scale provided by VEET scheme participation. As a result, Victoria can rightly claim a good part of carbon abatement activity occurring nationally and internationally is directly attributable to the VEET scheme.

### **4. Are any other changes warranted?**

Yes. Energy Makeovers believes the Department should take the opportunity to improve and correct several features of the current Regulations including:

#### **Ceiling Insulation:**

Ceiling Insulation remains one of the lowest cost and highest performing energy efficiency investment available to many Victorians. It is a VEET activity under the current Regulations (with zero abatement) but is proposed to be removed from the new Regulations and reintroduced in 2019. Energy Makeovers believes the Department can avoid the cost and effort of a subsequent change to the Regulation to reinstate ceiling Insulation by leaving it intact in the new Regulations. It is a very simple activity and does not require significant rework to align it with the new greenhouse gas calculation methodology. It can be included in the new Regulations with a discount factor set at the discretion of the Department. Taking this activity out of the Regulations adds one more significant barrier to it becoming a vibrant VEET activity. The Department has been reviewing this activity for far too long with the result that many low income Victorian families that are in greatest need of this activity have been unable to access VEET benefits that may have made this activity financially viable. The Federal Government’s “Pink Batts” mess is now ancient history and it is time for the Victorian Government to respond to public demand and get behind this crucial activity.

#### **Removal of CFLs from Part 21A:**

Energy Makeovers supports the removal of CFLs as a replacement product under Part 21A. However, Energy Makeovers believes that Part 21 should be expanded to allow for the replacement of CFLs. Many thousands of Victorian homes and businesses received CFL replacement of incandescent lamps under schedule 21A going back to the start of the VEET scheme. These CFLs are energy inefficient when compared to LED bulbs and are nearing or are at the end of their life. LED bulbs are significantly more expensive to purchase than CFLs

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so most customers replace CFL lamps with new CFL lamps. Including CFL replacement with LED bulbs under Part 21 of the Regulations will facilitate the bulk changeover of CFL lighting stock to more efficient and longer life LED technology. This is consistent with the principle of “fresh start” for the VEET scheme.

**5. Please provide comments for activities where deletion has been proposed, do you agree with this course of action? – why/why not?**

Yes. Energy Makeovers agrees with the Departments rational to delete erroneous VEET activities.

If you wish to discuss this matter further, please contact me on 0408 900 092 or [roy@energymakeovers.com.au](mailto:roy@energymakeovers.com.au)

Yours sincerely,



Roy Zandona  
Chief Executive Officer