Victorian Energy Upgrades
Department of Environment, Land, Water and Planning
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To Whom It May Concern

Thank you for the opportunity to comment on the 2018 Victorian Energy Efficiency Target (VEET) Regulations Proposed Activity Changes.

Rheem Australia operates factories in NSW and Victoria and employs over 800 Australians across the country. Many hundreds more are involved in the supply and sale of our products which are sold under a range of brands including Rheem, Solahart, Aquamax, Vulcan and Raypak. With millions of our water heaters installed in Australian homes, we are heavily invested in energy efficiency outcomes and the programs that support this.

The Victorian Government is to be congratulated on its long term commitment to assisting Victorian householders reduce their energy usage and emissions profile. An added benefit arising from the VEET scheme is that it supports local Victorian manufacturing, as our Moorabbin factory’s high efficiency gas and solar water heaters products qualify for support under the scheme.

Based on changes over the last decade to technology, product standards and the carbon intensity of energy, it is appropriate that this remaking of the VEET regulations includes a revision of the rules related to water heating activity, and our comments are restricted to this component of the scheme.

Our general feedback on the proposed changes is as follows:

- Rheem supports the proposed changes to the water heating activities schedule, including the elimination of activities that appeared to have little uptake in the market.
- We welcome the 1E and 3A “placeholders” that have been added to the scheme with a view to potentially including yet to be announced technology.
- We are supportive of the reduction in GHG allocated to each activity based on improvements in both water heater technology and the energy intensity of grid energy
- Rheem has no issues with the proposal to relabel load sizes
- Rheem has no issues with proposed changes to the equations used to determine certificate numbers for water heating activities
Rheem has significant concerns regarding the proposed changes to renewable energy water heater modelling. Our concerns relate to changes associated with both solar water heaters and heat pumps. These concerns are detailed below.

**Electric & Gas Boosted Solar Water Heaters (Activities 1C, 1F and 3B)**

Whilst Rheem appreciates the proposal to completely align VEET modelling with that conducted for registration with the Renewable Energy Target, the nuances required within the Victorian scheme ensure that any expected benefits arising from alignment are more than offset by additional modelling. For example, The CER only requires 1 load to be modelled, whilst the VEET requires 2. Where a system is modelled as a CER large load, then both VEET medium and small loads will still need to be modelled. In effect, the reduction of administrative burden for program participants is not achieved.

The current VEET modelling requirement is in accordance with AS/NZS4234:2008 and in conjunction with the ‘Explanatory note – annual solar energy calculation methodology for domestic solar water heaters’. This means a manufacturer can currently choose either an orientation of north and inclination of 20° (traditional VEET modelling method) or an orientation of 45° west of north and inclination of 20° (effectively the CER method).

Rheem is opposed to the proposed sole alignment of modelling requirements for solar water heaters to that of the Commonwealth Small-scale renewable energy scheme. Instead Rheem would recommend that the current modelling requirements also be maintained for the revised VEET scheme.

In order to achieve the desired outcome of decreasing the administrative burden for program participants (accredited providers), Rheem would support that the program participants having the choice of the 60% minimum annual energy savings being in accordance with either AS/NZS4234:2008 or the Commonwealth Renewable Energy (Method for Solar Water Heaters) Determination 2016.

**Note:** The Plumbing Regulations 2008 refer to AS/NZS4234:2008 as the Standard to evaluate the performance of a solar water heater to meet the 60% energy savings under the legislative requirements. The results from this modelling by program participants are kept alongside the VEEC modelling results on the VEET Product Register for 1E, 1F, 3B VEET activities.

- Has consideration been given to the modelling methodology for solar water heaters under the new Plumbing Regulations?
- Has there been consultation between the relevant Departments?
- The proposed move to the CER modelling methodology would be in conflict with the Plumbing Regulations.
- Is it proposed to keep two data bases?

The Plumbing Regulations 2018 are due to be implemented before the end of 2018, with a public consultation period for the draft Regulations around ‘mid’ 2018. The draft Regulations appear not to have been released for public consultation yet, so it is unknown if or what conflict there will be between the two sets of Legislation.
If the proposed amendments were to proceed, Rheem’s reading of the documents is that existing solar water heater registrations based on current modelling would be maintained, and that only new registrations or product revisions be required to meet the CER modelling requirement. Please confirm.

**Concerns re Heat Pump Water Heaters (Activity 1D)**

Rheem is concerned with the proposal that heat pumps will be required to be modelled based on Zone 5 weather data.

Whilst the consultation document explains this change has been proposed to ensure that heat pumps can operate effectively during frosts, we do not believe that this change will contribute to the desired outcome. Instead, the requirement for Zone 5 modelling will merely understate the true ambient air temperatures that a heat pump would have available for use in regional Victoria, and would as a result undervalue its true contribution in delivering energy efficiency outcomes. For these reasons Rheem would recommend that this change should not be implemented.

If the Regulator does intend to implement the change as specified, we understand that existing VEET heat pump registrations (modelled Zone 4) will be grandfathered and moved to the new scheme’s register. This assumption is based on our reading of the documents, however your confirmation that this is the case would be appreciated.

If you wish to follow up on any issue I can be reached at gareth.jennings@rheem.com.au or on 0423 792 334.

Yours sincerely

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