**Victorian Government response to the recent
Victorian Energy Efficiency Certificate price increases**

On Thursday, 2 September 2021, after several months of trading at $60-$68, the Victorian Energy Efficiency Certificate (VEEC) spot price increased rapidly, reaching a high of $83.75.

While the VEEC spot price has now fallen (with the price as of 26 October 2021 at $74.50) and the VEU program on track to meet its 2021 and 2022 VEU targets despite the COVID-19 restrictions over 2020 and 2021, (with the 2021 target of 6.5 million VEECs now met and 50 per cent of the 2022 target of 6.5 million VEECs created as at 22 October 2021), the Department of Environment, Land, Water and Planning (DELWP) and the Essential Services Commission (ESC) have heard the concerns raised by stakeholders regarding the potential impact of high VEEC prices and uncertainty about future VEEC supply.

In response to these concerns, DELWP and the ESC are proposing a number of actions to ensure the VEU program continues to benefit all Victorians.

1. **ESC to extend the retailer surrender date from 30 April 2022 to 31 July 2022:** The ESC will extend the retailer certificate surrender date for the 2021 year from 30 April 2022 to 31 July 2022. The three-month extension is expected to provide retailers and the businesses that supply retailers with certificates more flexibility to meet commitments as restrictions are eased. It is consistent with the ESC’s decision taken to extend the surrender date for the 2020 year also in response to the impact of COVID-19 restrictions. See the [ESC website](https://www.esc.vic.gov.au/victorian-energy-upgrades/updates-reports-reviews-and-data/updates-veu-program/extension-relevant-entities-surrender-2021-compliance-year-certificate-liability) for more detail.
2. **DELWP to extend residential lighting activities to 31 January 2023**: The end date for residential lighting incentives will be extended from 28 February 2022 until 31 January 2023. This extension acknowledges that lighting activities have been heavily disrupted by ongoing COVID-19 restrictions and that many VEU providers who were planning to generate VEECs through residential lighting upgrades in the second half of 2022 have been unable to do so.
3. **DELWP to regularly publish information in relation to the pipeline of new VEU program activities:** DELWP is fast-tracking work on several new and revised activities for the VEU program, which will increase the supply of certificates. DELWP has today published information regarding the pipeline of new VEEC creation opportunities for accredited providers. This information will be published quarterly to the website. See the online [infographic](https://www.energy.vic.gov.au/energy-efficiency/victorian-energy-upgrades-veu-market-update-and-work-program) for the first edition of this information.
4. **DELWP to regularly publish information in relation to the VEEC market:** DELWP has also published a high level analysis of trends and factors that impact supply and demand in the VEEC market. This information will be updated monthly. See the online [infographic](https://www.energy.vic.gov.au/energy-efficiency/victorian-energy-upgrades-veu-market-update-and-work-program) for the first edition.

The VEU program is the state’s largest energy efficiency program and a key measure in Victoria’s Climate Change Strategy. Encouraging investment and employment in the energy efficiency sector is an objective of the program – certainty in the program is a key to achieving this. Changes to the announced targets and shortfall penalties for 2022 to 2025 could undercut investment and should be avoided. Therefore, the targets announced by the Hon. Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change on 8 December 2020 will remain unchanged. Similarly, changes to the emissions factors and the shortfall penalty prices will not be considered at this time.

However, DELWP is also seeking stakeholder feedback on further actions that could be considered. Please see our [consultation paper](https://www.energy.vic.gov.au/energy-efficiency/victorian-energy-upgrades-veu-market-update-and-work-program) and provide any feedback by 25 November 2021.