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| Changes to VEET compliance timings to benefit Energy Retailers and consumers |
| Energy Retailers to get notification of their VEET scheme liability before the commencement of a compliance year |

Changes to the way the rates are set will offer more certainty to energy retailers, and the opportunity to pass on associated savings to energy consumers.

# The VEET Scheme

The Victorian Energy Efficiency Target (VEET) scheme is a market-based scheme that incentivises energy efficiency upgrades, reduces greenhouse gas emissions, encourages investment and jobs and develops technology in Victoria.

The Victorian Government is strengthening the scheme. As part of this process, the administrative process for establishing the annual compliance requirement is being reviewed.

## Greenhouse Gas Reduction Rates

Under the VEET scheme energy retailers are required to surrender a number of Victorian energy efficiency certificates in proportion to the amount of energy sold to their customers in that year. These liabilities are calculated each year using figures known as the Greenhouse Gas Reduction Rates (the Rates).

There are two such Rates: one for gas and one for electricity.

The Rates are published in the Government Gazette in late May of the year to which they apply. As a result of this timing, energy retailers do not know their liabilities for the first five months each year and therefore have to estimate liabilities during that time. This uncertainty may raise the cost to energy retailers of compliance with the scheme, a cost which could ultimately be passed onto consumers.

At present, the data used to estimate these Rates are the information shown in the Energy Acquisition Statements submitted by energy retailers by the end of April each year with respect to their activity in the preceding year.

For example, the rates for 2015 were set in May 2015, based on the energy acquisitions which occurred in 2014 as detailed in the Energy Acquisition Statement provided to the Essential Services Commission in April 2015.

# Our consultation

## Proposed changes to setting the Rates

In July and August 2016 the Department of Environment, Land, Water & Planning (DELWP) consulted on a proposal to publish the Rates applicable to any liability year in Quarter 4 of the preceding year.

To make this possible, we proposed the use of data to calculate the Rates that related to retailers scheme activity two years before any liability year. This information is reported by energy retailers to the Essential Services Commission in annual Energy Acquisition Statements.

For example, for the 2018 compliance year, the Rates would be set by Quarter 4 of 2017 by using energy retailers’ Energy Acquisition Statements for 2016.

## What we heard from stakeholders

Responses to our consultation universally supported this proposed change. That consultation included responses by energy retailers, community groups, peak bodies and other VEET stakeholders.

# Outcome

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| The rates energy retailers use to calculate their VEET scheme liability will be set in Q4 of the year preceding the compliance year to which the rates apply. |

The rates for 2017 will be set in December 2016. In future years the rate will be set in quarter 4 of the calendar year.

## Further information

For further information contact DELWP at [EnergySaver.Incentive@delwp.vic.gov.au](mailto:EnergySaver.Incentive@delwp.vic.gov.au) or go to [www.delwp.vic.gov.au/energy/legislation/energy-saver-incentive](http://www.delwp.vic.gov.au/energy/legislation/energy-saver-incentive)

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