The Victorian Department of Economic Development, Jobs, Transport and Resources would like your feedback about a proposed change to the
timing for setting the Greenhouse Gas Reduction Rates for the Victorian Energy Efficiency (VEET) scheme.

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

The liabilities faced by energy retailers under the VEET scheme 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 these during that time. This uncertainty may raise the cost of the scheme, a cost which could ultimately be passed onto consumers.

At present, the data used to estimate these Rates are the scheme acquisitions shown in the Energy Acquisition Statements submitted by energy retailers by the end of April each year.

Proposed changes

The date by which Rates are published would be changed to Quarter 4 of the year before the liability year for which they apply.

It is also proposed that the data used to calculate the Rates be changed to the most recent scheme acquisition data available at that date. This would be for the year two years before any liability year as reported by energy retailers to the Essential Services Commission in their 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.

Why make these changes?

**Greater certainty about scheme liabilities**

Bringing forward the date on which the Rates are published would create greater certainty for energy retailers as to their scheme liabilities.

**Limited options for data sources**

The data used to calculate the Rates is not available until April 30 each year. Therefore it is proposed that two-year old data be used.

**Implications of using older data**

The effect of the proposed changes has been modelled and has shown that the resulting variation in the number of certificates would be within the range of variation normally seen year to year. In addition, when setting the Rates, any shortfall or excess in the number of certificates from the previous year is normally taken into consideration to ensure that the target is met each year.

**Regulatory implications**

The proposed changes would not involve any changes to the VEET Act or Regulations and would involve only administrative changes.

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| **Questions:**Are there any other options or issues that have not been considered?Do you have any comments on these proposals? |

Next steps

Consultation day

There will be a public consultation day for interested parties in June 2016.

Please see the department’s website for further information including, time, date and location:
[www.energyandresources.vic.gov.au/esi](http://www.energyandresources.vic.gov.au/esi)

How to provide your comments

Responses should clearly state the issue and can be provided either by email or by post.

Submitting by email

Submissions may be emailed to energysaver.incentive@ecodev.vic.gov.au

Please use the subject:
*VEET: Greenhouse Gas Reduction Rates*

Submitting by post

Alternatively, responses may be provided
in writing to:

*VEET: Greenhouse Gas Reduction Rates*Energy Policy and Programs
Department of Economic Development, Jobs, Transport and Resources
GPO Box 4509
Melbourne VIC 3001

Closing date for submissions

Please refer to the departmental website:
[www.energyandresources.vic.gov.au/esi](http://www.energyandresources.vic.gov.au/esi).

Confidentiality

Submissions may be published on the website. Please indicate if the submission, or sections within the submission, is confidential or contains sensitive information that is not for publication.

Authorisation

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