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| Large energy users to gain ability to opt-in to the VEET scheme |
| Some business sites are excluded from the scheme. They can now choose to participate in the scheme or continue to be excluded.  |

From 1 August 2017 all large energy users will have the option to benefit from becoming more energy efficient.

# 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.

## EREP exclusion

Over 260 sites of large energy users are currently excluded from the VEET scheme because they were registered participants in the Environment Protection Authority (EPA) Victoria’s Environment and Resource Efficiency Plans (EREP) program.

This means they cannot create certificates under the scheme and receive scheme incentives. They also do not create a liability under the scheme for their energy retailer.

# Our consultation

## Should the exclusion continue?

In July and August 2016, the Department of Environment, Land, Water & Planning (DELWP) consulted on whether currently excluded sites should continue to be excluded and, if exclusion were to continue, what information would be suitable to use to identify excluded sites.

## What we heard from stakeholders

Businesses at various excluded sites told us that they were at different stages of being able to benefit from the VEET scheme.

Some said that a requirement to join the scheme would increase their costs and harm their competitiveness because the scheme can’t yet support their energy efficiency improvements or because they have no improvements available to them.

A small number of excluded sites wanted the ability to enter and benefit from the scheme.

Some industry bodies submitted that there is merit in allowing sites that want to create certificates to do so, while continuing exclusion for sites that do not.

Submissions from energy retailers called for any continued exclusion to be clear and easy to administer.

Some community organisations noted that excluded businesses should have the opportunity to be included because there are significant opportunities for those businesses to increase energy efficiency and productivity, and greater participation by businesses will be important in achieving a higher target.

# Outcome

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| Exclusion from the VEET scheme will continue for excluded sites unless they choose to opt-in to the scheme by notifying the Essential Services Commission (ESC) of their intention to opt-in and creating a certificate. Once a site opts in and creates their first certificate, it cannot opt-out. |

## Who will continue to be excluded?

Sites that participated in EPA Victoria’s EREP program when it ended in 2013 will continue to be excluded. Consistent with our consultation in June 2016, the list of excluded sites has been revised to include only those sites for which an energy retailer claimed an exclusion from the scheme in 2014 or 2015. The revised list of sites is included in the updated *VEET Regulations 2008*.

This will mean that the sites listed in the regulations are those that actively use the exclusion, which will improve the administration of the exclusion.

Some sites that participated in the EREP program are not listed because they ceased to operate. Additionally, some smaller energy retailers do not have a liability under the VEET scheme, so sites supplied energy by these retailers will not have had their exemption claimed. If in the future an eligible business wishes to claim the exemption, they can do so by demonstrating the site participated in EPA Victoria’s EREP program.

## Excluded sites will have the option to join the scheme

Our analysis has found that providing the option to join the VEET scheme, but not the requirement to do so, best manages the diverse needs of businesses.

This will also strengthen the scheme by allowing the participation of sites seeking access to VEET incentives.

Exclusion from the scheme will continue for those sites included in the regulations unless they choose to opt-in.

## How can excluded sites opt-in?

To opt-in to the VEET scheme, excluded sites are required to both advise the ESC of their intention to do so in writing and create their first certificate. It is not until a site receives an incentive under the scheme that the liability for the site is formally triggered. That is, when a certificate is created on behalf of the excluded business by a VEET accredited person undertaking an energy efficiency activity on the applicable site.

Sites for which a certificate is created will then start to create a liability for their energy retailer from 1 January in the calendar year two years after the calendar year in which the certificate was registered. Sites seeking to opt-in should discuss the associated VEET liability with their energy retailer before opting-in. Once a site opts-in to the VEET scheme that site cannot opt-out.

**Example**: *a certificate is created for an energy efficiency activity and that certificate is registered in December 2017. A site would first create a liability under the scheme for its energy retailer from 1 January 2019.*

**What information will the revised list show about excluded sites?**

The revised list uses the site address to identify the excluded sites. Where a site does not have a specific street address, a specific description of the site has been included.

This will allow scheme participants to be clear on the location and identity of excluded sites, allowing exclusions from the scheme to be more easily administered.

## When will excluded sites be able to start creating certificates?

These changes will apply from 1 August 2017.

## Further information

For further information contact DELWP at EnergySaver.Incentive@delwp.vic.gov.au or go to <https://www.energy.vic.gov.au/legislation/energy-saver-incentive>

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