

Hot Topics (FAQs)

Project-Based Activities

Version 2.0 – 11 December 2018

The following document provides a list of frequently asked questions which scheme program participants may find useful when developing their project-based activities (PBA).

This list will be continually updated as new questions are raised.

Key differences

M&V

Scoping plan must be approved and project plan submitted prior to work commencing

Electricity **cannot** be exported outside the measurement boundary

Forward creation, annual creation and forward creation with top-up are all valid methods of VEEC creation

The maximum project lifetime is ten years

AM&VP verification report required for each impact report

Benchmark Rating

Scoping plan must be submitted prior to work commencing. Project plan must be submitted before work is complete

Electricity can be exported outside the measurement boundary but cannot be used to calculate VEECs

Annual creation is the only valid method of VEEC creation

The maximum project lifetime is eight years

No AM&VP verification report required

Project eligibility

Q: What types of projects are allowed? Are there specific technologies?

A. No. Any technology is allowed as long as it meets the eligibility requirements. It may even be that no new technology is introduced

Q: What documents do I need to submit and what approval do I need from the commission for a project to be eligible?

A (M&V): A scoping plan must have been approved and a project plan been received by us before any physical project works commence. Note that the Victorian Project-Based Activities Regulations 2017 (the PBA Regulations) forbid us from approving a scoping plan if work for the project has already commenced, and we require that a project plan is submitted prior to work commencing. There are some exceptions to this, such as the installation of metering. A full list of these exceptions can be found in Regulation 6 (6) of the PBA Regulations.

A (BR): We must have received a scoping plan application for your project before any physical project works commence. Note that the Victorian Project-Based Activities Regulations 2017 (the PBA Regulations) forbid us from approving a scoping plan if work for the project commenced before we received the scoping plan. There are some exceptions to this, such as the installation of metering. A full list of these exceptions can be found in Regulation 6 (6) of the PBA Regulations.

Q: I have a project which, amongst other things, includes solar photovoltaic (PV). Can I export some of this electricity to the grid and claim Victorian energy efficiency certificates (VEECs) for the remainder?

A (M&V): No. No export of any energy is allowed outside of the measurement boundary at all. This means that even if you only export on weekends or on the odd occasion when you generate more energy than you use within the boundary, then you will need to separate the generation equipment from the measurement boundary in order for the project to be eligible.

A (BR): Yes. Benchmark rating projects are allowed to export energy beyond the measurement boundary since the rating report will only count energy consumed by the building. Any energy exported beyond the measurement boundary will not be used to calculate VEECs for a project.

Q: I have a project which, amongst other things, includes solar PV. Can I claim VEECs as well as small-scale technology certificates (STCs) and/or large-scale generation certificates (LGCs)?

A (M&V): It depends. You cannot double dip and claim both VEECs and STCs/LGCs for the same abatement from this project. However if you can separately meter the portion for which VEECs are

to be claimed, and exclude from the PBA project the portion being used to claim STCs/LGCs, then both certificates can be claimed separately.

A (BR): Any electricity generated by a renewable energy system such as solar PV that also receives incentives under another prescribed greenhouse gas scheme must be metered and included as unaccounted energy consumption in the energy savings calculation.

Q: Can I claim VEECs as well as participate in the gas efficiency program (Boosting Business Productivity program) from Sustainability Victoria?

A: Yes. There is no restriction on participating in this program.

Q: How do we apply for the lighting products that we plan to use in our PBA project to be on the Register of products?

A: In general, lighting products must be applied for using the existing process for either Activities 21, 27, 34 or 35. However in some rare instances, a project may require the use of lighting products which are not applicable to an existing lighting activity under the VEU program. In this instance, please contact us as early as possible to discuss the specific project requirements.

Q: Can I start work on the project before getting scoping approval if it is just building part of the equipment such as a frame off-site?

A: Yes. This 'newness test' only applies to work undertaken on-site in-situ. You can reasonably undertake procurement, off-site work, or even on-site work as long as that is not in-situ and it does not affect any other equipment within the measurement boundary in any way.

Q: Are voltage optimisation projects likely to be eligible to participate in PBA??

A: If the project will save electricity (like voltage optimisation projects could do), then this may have the ability to be an eligible activity.

Q: We have a potential project at an electricity generator which will save non-grid electricity. Is this eligible?

A: Potentially. There is no specific restriction on non-grid electricity savings under PBA (unless the electricity is generated via renewable means). Contact us if you need further clarification regarding how this might apply to your project.

Q: We have a potential project which involves fuel switching from bottled LPG to a lower emission energy source. Is this eligible?

A: Potentially. In general, greenhouse gas reductions as a result of reducing the use of bottled gas (either natural gas or LPG) can be eligible under PBA.

Q: We have developed a product capable of saving householders electricity, would such residential projects be eligible in the measurement and verification method?

A (M&V): No. Residential projects are currently not eligible for PBA. However, if the product is capable of being installed in a business or other non-residential premises, then it may form part of an eligible activity. If the project involves the upgrade to common services or areas of a multi-tenant residential building (such as an apartment building) then it may also be eligible (e.g. the project may be related to behaviour change).

A (BR): It is eligible if it relates to common services of a multi-tenant residential building and the ratings meet the requirements of a relevant benchmark rating process (for example, NABERS for apartment buildings), then it is potentially eligible.

Q (BR only): Does purchase of energy under the GreenPower program affect the rating?

A: The baseline rating used to calculate VEECs must be based on 0% GreenPower purchase. The rating report may also display the rating achieved with a proportion of energy purchased under the GreenPower Program, however this rating cannot be used to calculate savings under the benchmark rating method.

Q (BR only): Our building is a multipurpose premises and different activities and businesses are in place. Can we conduct energy efficiency projects for each part of the building separately (or simultaneously) and claim VEECs? How does that work?

A: Yes you can. You will need to have an accredited assessor to provide a certified rating for each separately tenanted area, or for the whole building. If there are multiple energy consumers each with their own separate NMI's affected by the upgrade, then they must all provide a Registration of Interest Form and VEEC Assignment Form for Project-Based Activities. Any commercial agreement related to assignment of rights for VEEC creation is the responsibility of the AP and the energy consumer(s).

Measurement and verification (M&V) plans

Note that questions in this section apply to **M&V** projects only.

Q (M&V only): Is there a template for M&V plans?

A: No. Although a Project Plan Approval Form (which asks for the M&V plan) is available, we have deliberately left the format of the M&V plan up to each accredited person (AP). We recognise that many of you as the APs may wish to develop your own templates. This approach may change in

future. We may also provide feedback on your M&V plan if the format slows down our assessment times.

Q (M&V only): Do we need to hire an approved measurement and verification professional (AM&VP) to review or sign off on the M&V plan?

A: No. The AM&VP is only required at the impact report stage. However, as the AP you could decide to hire an AM&VP to review, or even develop the M&V plan. This AM&VP would not be able to review the impact report (as they would not be sufficiently independent).

Where you do not have experience in M&V, we strongly recommend that you engage an expert to provide professional advice when developing the M&V plan – whether this is an AM&VP (who can't be used later), or another M&V professional with appropriate qualifications and experience.

Q (M&V only): We've planned to use a twelve month long baseline period but we would like to use a shorter operating period of two to three months to determine the impact. The independent variable being used is cooling degree days, which is a seasonal variable. Will this be eligible? I have heard that the effective range can limit how many VEECs can be claimed.

A: Yes, it will potentially be eligible. However the effective range affects how many VEECs you can claim for a project – time intervals cannot be used where the value of an independent variable is outside of its eligible range (the eligible range is the effective range plus or minus five per cent of the range used to develop the baseline and operating energy models). A shorter measurement period might not reflect the full twelve month range of independent variable values, and you may therefore only be able to claim VEECs for part of the year. For further details on how to determine the effective range for an independent variable, please refer to Section 4.5 of the Measurement and Verification Method Activity Guide.

Q (M&V only): Is a project that reduces kVA without reducing energy consumption (in kWh) eligible to create certificates?

A: No. Given that certificates are awarded based upon the amount of greenhouse gas abatement achieved, in order for a project to be eligible to create certificates, it must reduce the site's energy consumption in terms of kWh or GJ. At this time projects that only affect kVA are not eligible.

Benchmark rating reports

Note that questions in this section apply to **benchmark rating** projects only.

Q (BR only): Where can I obtain a benchmark rating report?

A: Contact an approved benchmark administrator to organise and obtain a benchmark rating specific to your building type. Currently NABERS is the only approved benchmark administrator.

You will require a rating report for both the baseline period (the twelve month period before the upgrade) and the reporting period (the twelve month period following the upgrade).

Q (BR only): How long does energy use need to be measured before I can get a rating?

A: Typically energy use must be measured (known as the rating period) for twelve months before the rating report is issued. There is an exception to this rule for some building types (e.g. data centres may use a shorter period of data to build a twelve month rating period).

Q (BR only): Is an approved measurement and verification professional (AM&VP) verification report required for benchmark rating projects?

A: No. The independent third party assessment of the project is inherent in the use of a benchmark rating accredited assessor.

Accreditation

Q: Can a Victorian statutory declaration be signed in NSW and witnessed by a NSW justice of the peace?

A: Yes. As long as the document is the Victorian statutory declaration, it can be signed anywhere and witnessed by an appropriate person of standing in that jurisdiction within Australia (if outside Australia, please contact us with specifics).

Q: Can projects commence prior to accreditation?

A: No. In order to apply for a project, applicants must be approved to undertake PBA by the commission.

Approved measurement and verification professionals

Note that questions in this section apply to **M&V** projects only.

Q (M&V only): Are professionals accredited to operate under the PIAM&V scheme in NSW able to automatically qualify to be AM&VPs in Victoria?

A: Partly. If an applicant is registered as an M&V auditor for PIAM&V in the ESS scheme in NSW, then this meets one of the requirements for participating in the VEU program in Victoria.

Q (M&V only): What is the role of the AM&VP?

As the AP you have the choice of hiring the AM&VP for one of two different types of reports. This can be either a **basic verification report** or a **detailed verification report**. As the names imply,

there is a difference between the two – the basic verification report only assesses the process that has been followed without checking the accuracy of calculations (only that they are present). The detailed verification report assesses not only the process that has been followed and that everything has been done correctly, but also checks all references and data sources.

The AM&VP must remain completely independent from the project, and so can only be involved at the end of the process (after the impact report has been produced).

It is acceptable for you and the AM&VP to go through a number of iterations of the impact and AM&VP verification reports before these are seen by the commission.

Q (M&V only): Can an AM&VP be an employee of an AP?

A: Yes, for **basic verification reports only**. If you are using an AM&VP employed by the AP, the AM&VP must have remained independent from the project at all stages. The AP and AM&VP will be required to demonstrate that they have sufficient processes in place to ensure this independence. For detailed verification reports, the AM&VP cannot be employed by the AP (including parent and subsidiary companies).

It is likely to be of benefit for you to employ an AM&VP (or a suitably qualified M&V professional), even though they could not validate your impact reports, as they will be able to help with the development of the project (e.g. the M&V plan).

Scoping plan applications

Q (BR only): Do I need to have a baseline rating report before I submit a scoping plan application for my project?

A: No. However it is likely that the building undertaking the project will already have obtained a rating that can be used for the baseline rating report.

Q: Is the Registration of Interest Form really necessary at the scoping plan stage? We expect our clients will not be willing to sign a document like this at the very early stages of a project.

Yes. We require the Registration of Interest form as evidence that the energy consumer knows about the project and agrees to you submitting a scoping plan for approval. This stops speculative applications being submitted to us. However, please note that this document **does not** bind the energy consumer to any agreement with the AP, or guarantee that the project will be undertaken.

Q: Do we need to provide the energy bill with a scoping plan application? We have found some clients to be unwilling to provide this at the early scoping plan stage.

A: We need to establish who the site energy consumer is from evidence you provide us. The energy bill is the easiest way to do this. However, at scoping plan stage the energy data can be blanked out. Other documentation can be provided instead of energy bills, as long as it is on an official letter headed document from the energy retailer and clearly identifies the site address and name of the energy consumer.

Q: We have already provided our insurance details as part of our accreditation/activity approval application. Do we need to provide this for every project as part of the scoping plan also?

A: No. If you provided all of the requested insurance details as part of your application for accreditation/activity approval, then you do not need to provide anything further. If you did not provide some of this information with your application for accreditation/activity approval, then you will be prompted to provide it with your first Scoping Plan Approval Form.

Q: Do we need to supply site layout drawings, engineering diagrams or other single line diagrams as part of the scoping plan? Many of these documents are unlikely to exist yet at the scoping plan stage.

A: A site diagram will help us to understand the project and make a decision on its eligibility without requiring a site visit. However, at the scoping plan stage this does not need to be a professional computer-aided engineering drawing, and can be as simple as a hand-drawn diagram/plan of the project, or a marked-up aerial photograph from an internet mapping site. All relevant meters should be marked, and if you are planning on using sub-meters you will in most cases need to mark all equipment covered by the sub-meter. For projects using the site utility meter, you will not need to detail all equipment on the drawing.

Q (M&V only): Do project/planning approvals need to be supplied at the scoping plan stage (question 26 on the Scoping Plan Approval Form)? This seems quite early to have these available.

A: It is not necessary to provide these at this stage. It is optional for the scoping plan application. However this MUST be answered by the project plan submission.

Note that it is your responsibility to identify any approvals required for the project. The commission has no responsibility for assessing whether or not a certain approval (planning or otherwise) is necessary for the project.

Q (M&V only): What information are you looking for in question 31 on the Scoping Plan Approval Form?

A: This question asks you to think about what information you are going to need in order to undertake appropriate M&V. This demonstrates that you have considered what information is needed and provides confidence that this is achievable. It is a reminder to you that M&V planning is a critical stage of the process and should be considered at the beginning of the project rather than waiting until the end. Projects that do not consider M&V at the beginning of the project can fail to generate reliable data and could therefore be unable to create VEECs.

Q: Do we need to identify the method of VEEC calculation (e.g. forward creation or annual creation) at the scoping plan stage? This seems quite early, and it may not yet have been decided on.

A (M&V): Yes. This is a particularly important question for us to assess at this early point as we will not allow some projects to create certificates in a certain way (for example, projects that have the potential to be changed easily, such as set point or behaviour changes, will not be allowed to forward create). It is therefore crucial for some project proponents to know whether or not they can create certificates in this manner, as not being able to forward create may mean that the project becomes not economically viable.

However, this information can be subsequently changed by applying for a variation at any time up until the first impact report is approved. Therefore if this answer is not known at this stage, it may be apt to select forward creation to see if this is possible or if another method is required.

A (BR): No. The only method of VEEC calculation for benchmark rating projects is annual creation.

Q: I have multiple projects with the same client. Do I need to get them to sign multiple Registration of Interest Forms?

A: No. As long as these projects are going to be undertaken or submitted to the commission within the same twelve month period and each relevant project address is listed on the form, then you only need to have your client sign this form once. Each scoping plan application you make to the commission should include a copy of this form.

Q: I have a project with multiple clients. Do I need to get each of them to sign a Registration of Interest Form?

A: Yes. Each client (where they are individual energy consumers with a separate NMI) will need to sign a Registration of Interest Form for Project-Based Activities. These show that all of the clients involved are aware of and are interested in the project activities progressing. Each client will also need to sign separate VEEC Assignment Forms which must be included when you are submitting the first impact report for the project.

Project plan applications

Q: We have already provided details of our organisation and project team as part of the accreditation/activity approval application. Do we need to provide this again as part of the project plan application?

A: Yes. This is a different question from that in the accreditation/activity approval application form. The accreditation question asks about the management of projects as a whole and is aimed at the management structure (and team) involved in managing multiple projects. The question in the Project Plan Approval Form asks only about the specific structure and team for this particular project. This team and its structure may be the same as the aforementioned, or it may be completely different.

Q (M&V only): Do all projects require a detailed risk management plan?

A: A separate document detailing how you will assess and manage risks is no longer a requirement for PBA M&V. You still must answer all mandatory questions on the Project Plan Approval Form and provide an organisational chart showing the relevant positions of responsibility for your project. However, it is your responsibility to assess all risks pertaining to the project and ensure that they are controlled appropriately.

Q: We are working on a very tight project schedule. What is the latest date we can submit our project plan?

A (M&V): Whilst we recommend you to wait to receive our approval in principle for the project plan before beginning work, we understand that for some projects this will not be feasible. The latest date you can ordinarily submit your project plan is the day before you start physical work on the project (activity start date). However, it may be possible for some projects (particularly for projects with longer installation times) to extend this to the day before project works are completed (activity end date, referred to in the PBA Regulations as the implementation start time). If you wish to do this, please speak to us well in advance of the activity start date to see if this will be possible.

Note that the scoping plan must always be approved before the activity start date. Further, a project plan cannot be approved if it is submitted after the activity end date for the project.

A (BR): The project plan must be acknowledged as having been received by us prior to the activity end date (the date at which project works end). A project plan for a benchmark rating project must be submitted and approved before an impact report can be submitted. Note also that the scoping plan must have been submitted to us before work can start on the project.

Impact reports

Q: The project timeframes specified in the PBA Regulations appear to be very long. It is very difficult to plan a project to account for these timeframes. Is the commission planning on taking this long to assess projects?

A: No. These timeframes would only apply in extreme cases. We aim to assess most projects in a fraction of these times. However, actual processing times will vary depending upon a number of factors, including project size, complexity/variety of project activities, and the number of projects waiting to be processed by the commission at a given time.

In order to give the market some level of certainty, we have published average processing times available at <https://www.esc.vic.gov.au/pba>. You should be aware that in general, larger and more complex projects will take longer for us to assess compared to small and simple projects.

Q: Can the baseline be adjusted to account for unforeseen changes that occurred during the project?

A (M&V): No. Non-routine baseline adjustments are not currently allowed under PBA. This is one of the ways that PBA differs from the IPMVP (International Performance Measurement and Verification Protocol). Some ways of mitigating against these unforeseen changes are through ensuring the measurement boundary is as small as possible, using site constants to exclude portions of data where the unforeseen event occurred, or using forward creation (which allows you to normalise).

A (BR): Some changes can be accounted for in the benchmark rating method by using the reverse calculator (e.g. the measured floor area for the purposes of the rating). The reverse calculator is an electronic tool that is published on the benchmark administrator's website, and it determines what the energy consumption of the building would have been if the project had not occurred. Other changes in space use must be accounted for by using unaccounted energy consumption. For more information refer to the Benchmark Rating Method Activity Guide document.

Q (M&V only): My client has undertaken an additional energy saving project after the approved measurement and verification project took place. This makes our savings look greater than they should be. Am I able to claim these as extra VEECs in my impact report?

A: No. This additional abatement was not part of the approved project plan, so the abatement relating to this cannot be claimed as VEECs. These additional savings must be accounted for as 'counted savings' in Equation 1 of Measurement and Verification in Victorian Energy Upgrades-Specifications.. You may be able to submit a variation to your project plan allowing these additional activities to be included; however, this must not change the project purpose (for example you

cannot add a lighting upgrade activity to an air compressor upgrade activity unless there is already another lighting upgrade activity that is part of the overall project).

Q (BR only): We started doing some renovations which require certain energy efficiency activities to be done as part of the building code. Can we include these renovations in the rating?

No. VEECs cannot be claimed for completing these activities. To account for this, activities that occur after the start of the baseline period which require planning approval must use a different baseline rating in the reverse calculator. Refer to the Benchmark Rating Method Activity Guide for more information.

Q (BR only): The metering arrangements for my project have changed since I received the baseline rating report. Can I still get a reporting rating report and submit an impact report?

A: Possibly. Depending on the situation, the benchmark administrator may allow some areas of the building to be excluded (e.g. some parts of the building are going to be vacated and not in use after the upgrade). To do this, the excluded part of the building must be metered and energy consumption recorded during the reporting period. This energy consumption must then be discounted from energy savings as unaccounted energy consumption.

Q: My project has multiple phases which will complete within two years. The lighting upgrade is in the first year but the HVAC upgrade will be completed in the second year. Can I create VEECs after the first phase is complete or do I need to wait until the whole project is completed and back into service?

A (M&V): You can do either. However, if you need to create VEECs at the end of each phase, the end of phase one starts the clock for the total project life, which is up to a maximum of ten years. Please note this maximum of ten years does not reset each time a phase is completed.

A (BR): You can do either. However, if you need to create VEECs at the end of each phase, the end of phase one starts the clock for the total project life, which is up to a maximum of eight years. Please note this maximum of eight years does not reset each time a phase is completed.

VEEC creation and registration

Q: Why is there a second “assessment” at the stage in between VEEC creation and registration, when the project will have only just been approved at the impact report stage?

A: This is not an additional assessment process, but a standard audit process (which may or may not be carried out) after project approval. The project has been approved in principle, but all

projects will be subject to a potential audit, the same as any other VEU activity. If a project is subject to an audit, this is expected to occur between VEEC creation and registration.

The reason we may carry out the audit between VEEC creation and registration is that some projects will be worth a large number of VEECs, or a project may have been undertaken by you where you may plan to carry out only a single project (e.g. at your own site). In these instances, we may have no means of recovering any incorrectly created VEECs. Therefore, the only option to mitigate this risk is to audit the project before the VEECs are registered.

We understand that this adds more time before you are able to receive a financial return for VEECs created. However this will be carried out on a risk-based approach, so better performing APs (rated as lower risk) who are participating regularly in VEU program may have their audits undertaken less often, or at a later stage in the process.

Auditing and compliance

Q: Why do non-lighting replacements not have to be decommissioned? Doesn't this mean the old product can remain in place and operating?

A: Yes. Non-lighting equipment does not need to be decommissioned. It is understood that in many cases, some equipment needs to be left in situ – for example as a backup, or for maintenance purposes. This is acceptable as it is understood that the old equipment is unlikely to be used, except in less frequent maintenance or less likely equipment failure situations.

Our auditors therefore do not need to see decommissioning records for this old equipment (except for lighting equipment).