

Victorian Energy Upgrades Forum

14 July 2022



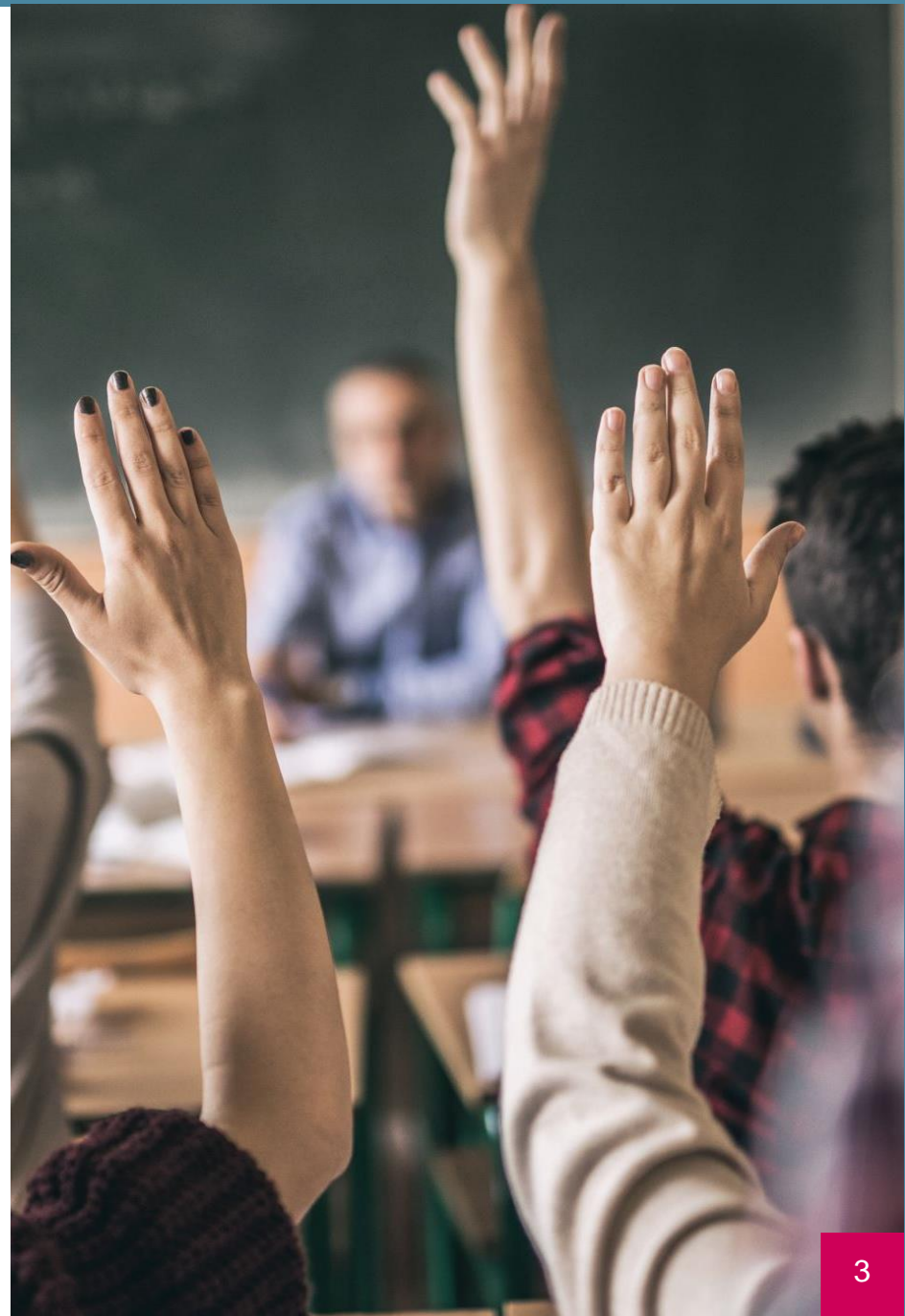
Victorian Energy Upgrades Forum – 14 July 2022

Time	Item	Speaker
10.00	Welcome and opening remarks	Kate Symons – Chairperson, Commission
10.10	VEU program update (including Q&A)	Jeff Cefai – Director VEU, Commission
10.25	Compliance and enforcement update (including Q&A)	Luli Zyka – Manager, Audit and Compliance VEU, Commission
10.40	VEET Bill (including Q&A)	Emma Jacobs – Manager, Demand Side Policy - DELWP
10.55	New and revised activities update (including Q&A)	Jack Brown - Manager Energy Efficiency Technologies - DELWP
11.10	VEU case studies in farms (including Q&A)	Nick Tsaktsiras - Senior Agricultural Policy Analyst – Agriculture Victoria and Katie Wittman, Technical Lead VEU - Commission
11.20	Closing remarks and final questions	Jeff Cefai – Director VEU, Commission
11.30	Session close	

Victorian Energy Upgrades Forum

How to: submit questions/comments

- 1.Chat function
- 2.Questions/comments from the floor
- 3.Be respectful



Introduction Jeff Cefai



Year to date – 1 July 2021 to 30 June 2022



2022 Target: 6.7 million certificates



Certificates created by 30 June: 15.9 million



Certificates registered by 30 June: 13.96 million*



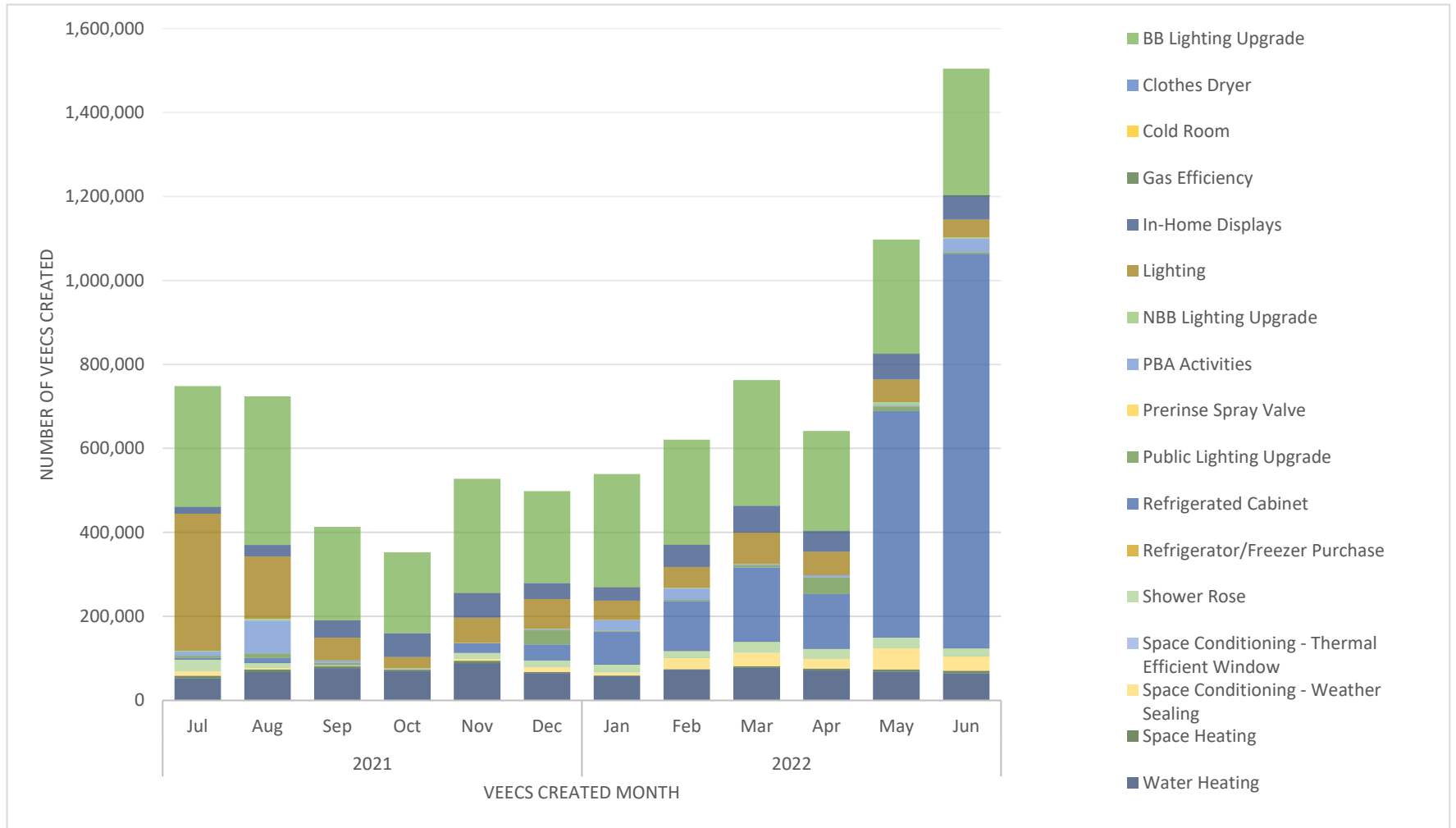
Products approved in 2021/22: 1,631



Approved installers in 2021/22: 1,193

*delayed surrender date in 2022

VEECs created by month and type of activity



1 July 2021 to 30 June 2022



7.57million VEECs registered



**Building based
lighting 3.2 m**



**Lighting (21)
1.5 m**



**Water heating
776 k**



**Refrigerated
display cabinet
945 k**



**Refrigeration
destruction
5 k**



**Project based
activities
190 k**



**Non building
based
lighting 13 k**



**Space
heating 40 k**



**Public
lighting 109 k**



**Shower rose
182 k**



**In-home
displays
485 k**



**Weather
sealing
127 k**

1 July 2021 to 30 June 2022



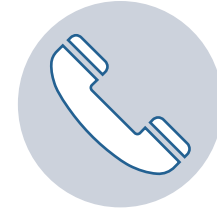
Field audits
60



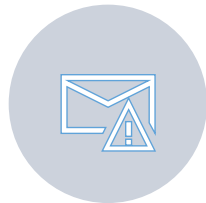
Desktop audits
623



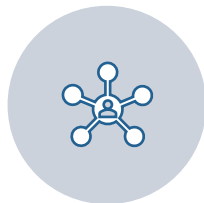
**VEECS
surrendered from
investigations and
enforcement
actions**
7,119



Phone Audits
132



Queries (total)
5482



**AP, business
queries**
2120



**Consumer
queries**
2819



**Complaints
resolved**
854

Program to date



Total installations 6 million



Residential 5.8 million



Non-residential 260,000



Total certificates created 81.9 million



Total certificates registered 74.3 million

Registry update

123 Accreditation Applications
Processed

- 19 new accreditation applications
- 97 additional activity applications
- 7 Project-based activity applications

7.5 million VEECs registered

- 9085 Batches registered
- Over 90% of batches completed within 2 days of target timeframe

Escalations and Investigations

- 5 Escalations (2 on-going)
- Over 100 First Creation batches completed, valuable feedback provided to program participants



Technical Services: Project based activities and products

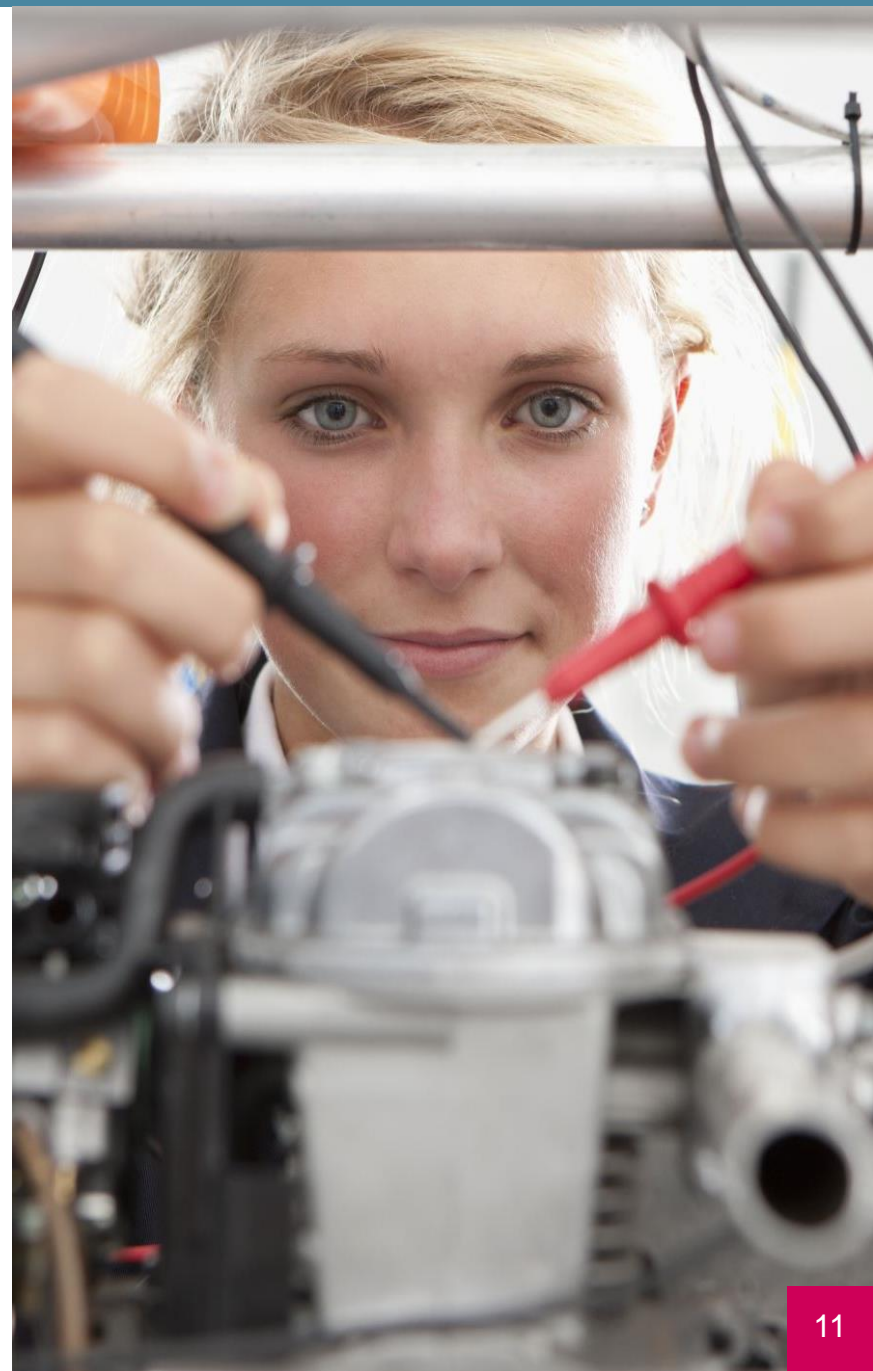
Project-based activity engagement

PBA certificate registrations more than doubled in 2021-22 via 47 projects to total 190,000 for the year:

2 projects:	> 20,000 VEECs
5 projects:	10,000 – 20,000 VEECs
26 projects:	1,000 – 10,000 VEECs
12 projects:	100 – 1,000 VEECs
2 projects:	< 100 VEECs

In 2022 processing times have been maintained even though impact report submissions increased

We are now accepting water heating product applications on behalf of the Energy Savings Scheme.



Program updates – January to July 2022

Specification changes – new commercial heat pump water heater activity, changes to building based lighting and energy efficiency factor changes (Feb)

Reminder to ensure BB lighting creation claims reflect baseline environment (Feb)

Updated guidance for refrigerated cabinet activity (Mar)

Updated product guides and forms for water heating products (Apr)

Updates for classification of refrigerated cabinet products (Apr)



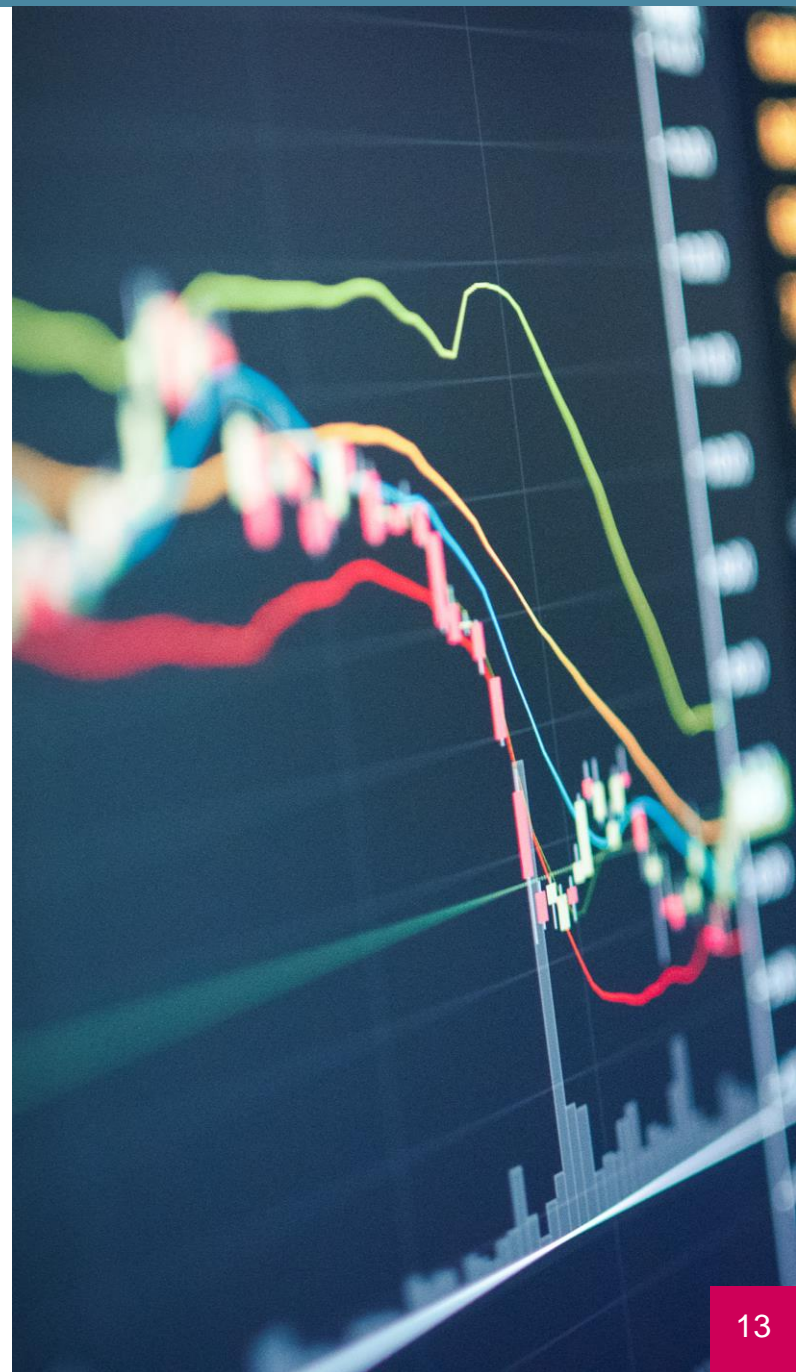
Other projects

Release of VEU performance report 2021.

Introduced of code of conduct, including release of guidance documents.

Worked with DELWP on the amendments to the VEET Bill.

Deployed improvements to VEU Registry to enhance system performance.



Refrigerated cabinets

Commission communication releases:

- 24 June 2022 – pause multi-fridge installation assessments
- 7 July 2022 – notification to confirm that low certificate assessments have commenced

Continually reviewing assessment process for refrigerated cabinets claims

No change to assessment processes for other VEU activities – these have continued as usual

Commenced a detailed investigation to ensure compliance by all accredited persons

Questions?



VEU Compliance update

Luli Zyka
Manager – VEU Audit & Compliance

January – June 2022



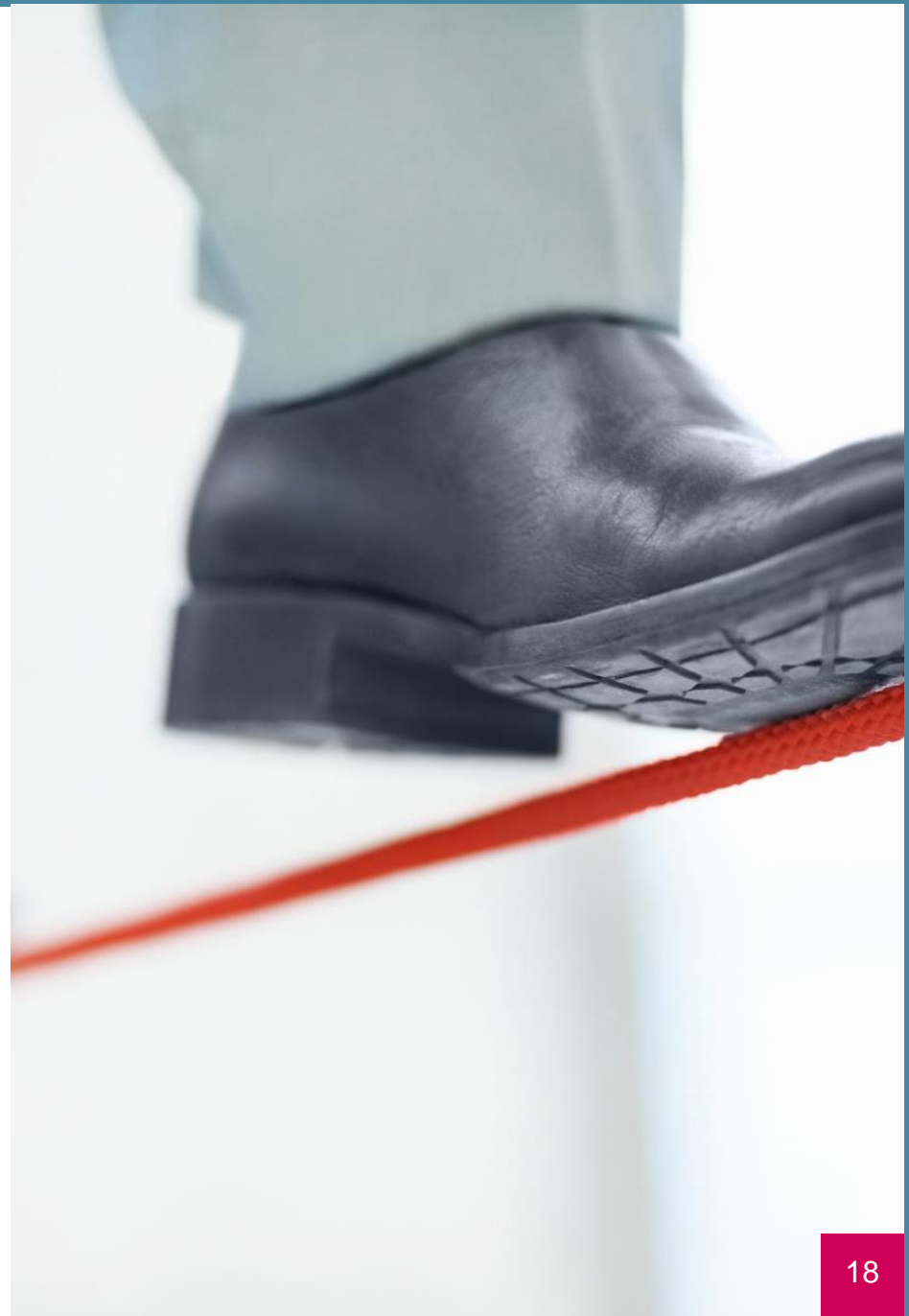
Agenda

- Escalations
- Additional activity audits and accreditations
- Regional investigation and enforcement action
- Complaints
- Refrigerated cabinet - investigation
- 2021 relevant entity compliance



Escalations

- Risk based approach to audit of VEECs.
- In the past six months focus on accredited persons undertaking lighting, in-home displays, refrigerated cabinets and weather sealing.
- 15 accredited persons.
- Testing covered a population of over 220,000 VEECs.



Accreditation and additional activity audits

- Met with 18 businesses seeking accreditation or approval to undertake an additional activity.
- Gain an understanding of the business structure and potential risks that they may face in creating VEECs.
- Assess their risk profile and ensure that we inform VEU Registry to scrutinise their claims adequately.



Regional investigation

- VEU authorised officers have inspected over 50 sites in rural settings with an independent electrical inspector.
- Significant and systemic non-compliance identified.
- Enforcement action invoked on an accredited person.



Complaints

- Since 1 Jan the Audit and Compliance team has assessed 640 complaints
- Increased marketing complaints regarding lighting and in-home displays – issued Section 60 Notices to APs requiring APs to provide information regarding their lead generation methods, installation practices and complaints handling procedures
- Product issues continue to be the main source of complaints
- Code of conduct effective 1 July 2022 will result in many complaints being escalated for further investigation and potential enforcement action

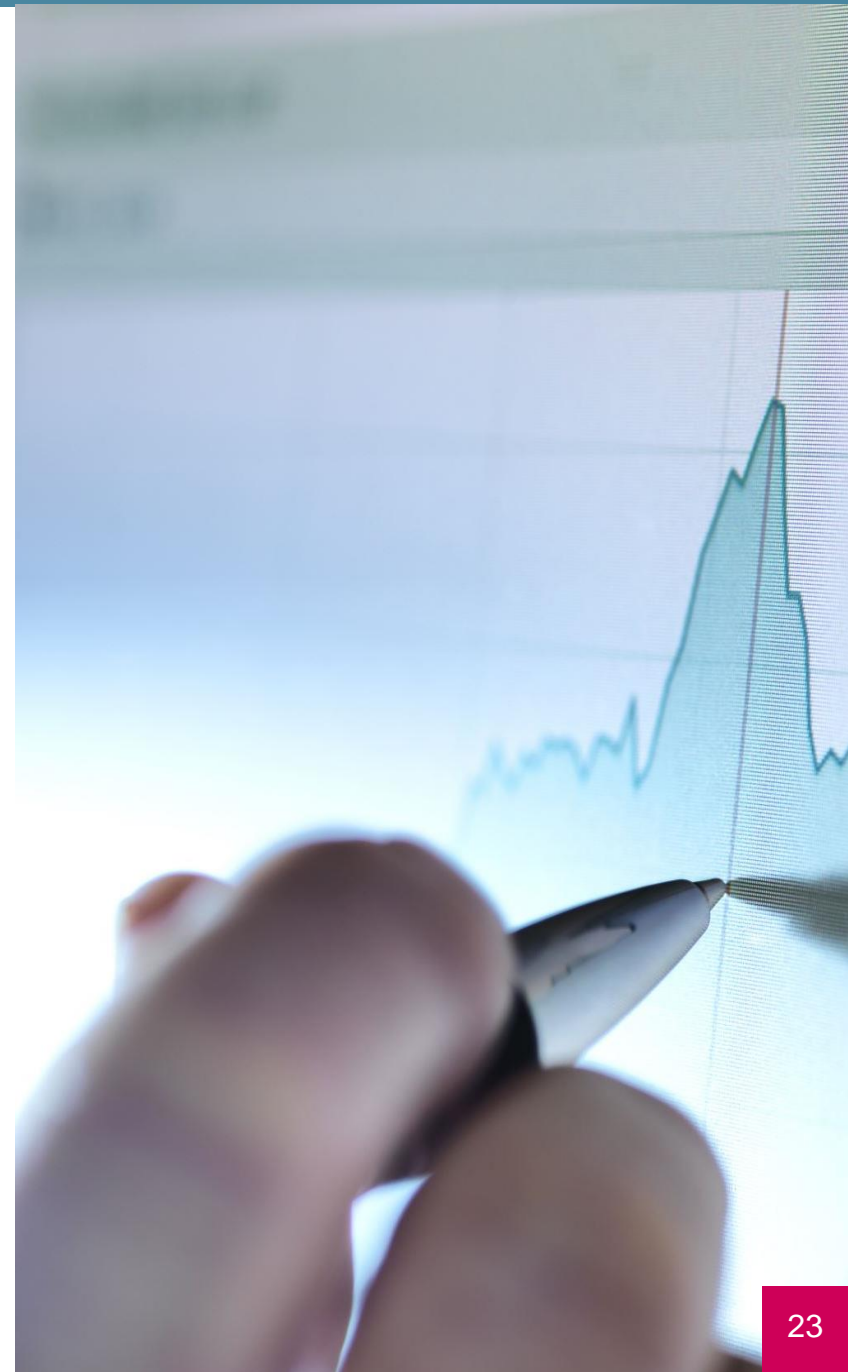


Refrigerated cabinets Investigation

- Week commencing 20 June 2022 media reports and complaints of dumping RC's.
- Investigation underway
- AP's who are identified as dumping may have their claims placed on hold and be under review.
- Risk-based approach being applied to 14,000 activities currently pending.

Relevant entity compliance

- 2021 target - 6.5 million certificates.
- 37 energy retailers identified with a liability.
- Obligatory certificate surrender, independent audit and Annual Energy Acquisition Statements (AEAS) due 31 July 2022.
- Shortfall penalty rate \$70.



Questions?



ESC forum VEET Bill



14th July 2022



Environment,
Land, Water
and Planning

Agenda

1. VEU Program Introduction
 2. Recap Code of Conduct
 3. Scope of the VEET Act changes and the Code
 4. VEET Bill: overview
 5. Stakeholders support
 6. Implementation and Timing
-



Victorian Energy Upgrades

- Victorian Energy Upgrades (VEU) is a market-based program designed to encourage households and businesses to undertake demand-side upgrades that reduce greenhouse gases (GHG) either because they reduce overall energy demand/consumption or because they switch consumers to low-emissions or 'green' fuels.



Victorian Energy Efficiency Certificates

- Each tonne of GHG abated by an upgrade (activity) generates one Victorian Energy Efficiency Certificate (VEEC). The number of VEECs generated depends on the activity being carried out.



Targets

- The program places a liability on energy retailers to meet an annual greenhouse gas (GHG) abatement target – which is set by Government. This establishes demand (by retailers) for VEECs.



Accredited Providers

- Only accredited providers (APs) can create VEECs. They do this by carrying out energy efficiency upgrades on the behalf of households and businesses.



Incentives

- APs generate revenue from the sale of VEECs. This can offset or reduce the cost of the activity to the AP, consumer or both. VEECs are traded on a market. The value can fluctuate which affects the types of upgrades undertaken by APs.

How does the Code work?

q **Before the Act Changes:**

- Mandatory minimum consumer protection standards for all APs (and through them, their associates) as a condition of certificate creation
- APs work with consumers and inform ESC of breaches
- ESC could apply existing penalties under the VEET Act

q **After the Act Changes:**

- Stricter accreditation requirements in place
- Broader range of offences available including: suspension, cancellation of accreditation, disqualification from applying for accreditation

Requirements consistent with Australian Consumer Law

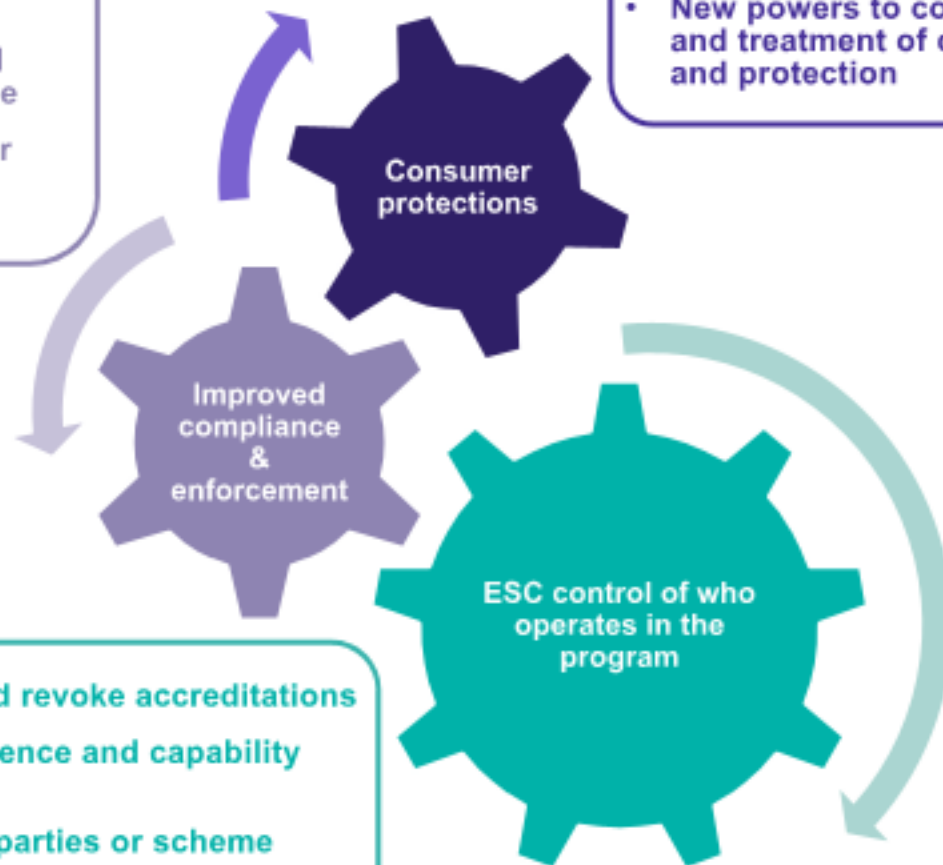
- Marketing
- Information provided to consumers
- Installation and upgrade service
- After sales services and complaints

Implementation of the Code will be followed by VEET Act changes/non-regulatory measures

Scope of the VEET Act changes and the Code

- Address gaps in compliance framework and make the VEET Act consistent with the ESC Act
- APs have an assurance and compliance process in place
- Publish good compliance or 'best practice systems and procedures'

- Greater powers to enforce the Code of Conduct
- New powers to consider privacy and treatment of consumer data and protection



- Expanded grounds to refuse and revoke accreditations
- Fit and proper person + Competence and capability requirements
- Training and penalties for third parties or scheme participants



The **Victorian Energy Efficiency Target Amendment Bill 2022** amends the *Victorian Energy Efficiency Target Act 2007* (VEET Act).

VEET Bill 2022

The purpose of the proposed amendments is **to improve the VEU program's compliance and enforcement** while reaching the new targets by 2025 and enhancing consumer protections through the Code of Conduct.



Minimum accreditation requirements



Penalties for third-parties to ensure consumer protection



More audits



Market transparency



Expand powers & enforcement tools



Expand breaches & offences



ESC decisions to be reviewed



Program extension

More than 80 organisations and individuals engaged in the VEET Act and Code of Conduct public consultation over 28 October to 25 November 2021

A public webinar was held on 9 November

Total attendees: 70
Number of organisations: 48
Type of organisations: Service providers, retailers, consumer groups, peak industry bodies, individuals and consultants/academics

Number of questions: 45
Number of users that asked questions: 14

Key themes of questions asked:

- Third parties
- Doorknocking
- Compliance and enforcement
- Training
- Prescribed activities

Ten written submissions were received for the Code

Out of the 10 submissions there were:

- ✓ Five **Accredited Providers**
- ✓ Two **NGOs**
- ✓ One **retailer**
- ✓ One **consultant**
- ✓ One **VEU product manufacturer**

There was **broad support** for the Code

- ✓ Minor feedback on requirements
- ✓ Most saw the Code as requiring little or no additional burden

However, there were concerns about **enforcement** of the Code

Eight written submissions were received for the Act

Out of the 8 submissions there were:

- ✓ Three **Accredited Providers**
- ✓ Two **peak bodies**
- ✓ One **retailer**
- ✓ One **consultant**
- ✓ One **VEU product manufacturer**

There was **broad support** for the Act amendments

- ✓ Understood the problems trying to be solved
- ✓ Support for increased flexibility for ESC enforcement
- ✓ Support for more regulation
- ✓ Questions about door knocking



Stakeholders agreed that:

- **Consumer protections** should be strengthened
- APs should be subject to **accreditation requirements**
- **Third-party register** would support compliance amongst third parties
- Current **audit program** needed to be enhanced to ensure compliance across the program
- Some ESC decisions should be able to be **appealed to VCAT**



Stakeholders were divided on:

- **Public reward/** acknowledgement of strong compliance
- Public interest **warning notices**

*"[We] consider that there is room to improve the enforcement powers or mechanisms available to the ESC and **agrees with the potential options** for improving the enforcement regime listed in the Consultation Paper."*

- Energy Retailer

*"Supports the proposed approaches for enforcement powers and mechanisms and believes that it **will address the existing gaps in the program.**"*

- AP

*"In order to improve compliance and customer experience across the board it is critical that AP's have the **systems and intent to measure and confirm** that good work is being undertaken."*

- Consultant



ESC forum

New and revised activities update



14th July 2022

Jack Brown –
Manager Energy Efficiency
Technologies

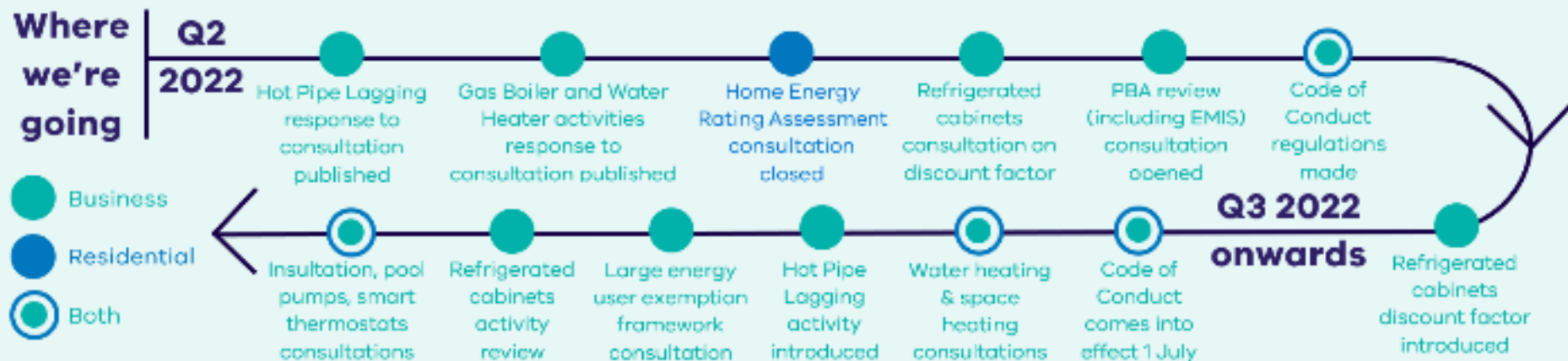


Environment,
Land, Water
and Planning

Agenda

1. New and revised activities timelines
 2. Water and space heating consultations
 3. Project-based activities consultation
 4. C&I heat pump water heater capacity building
-

New and revised activities timelines



- **The small Energy Efficiency Technologies team at DELWP has delivered on projects in the first half of 2022**
 - Introduction of C&I heat pump water heater activity
 - Consultations – home energy rating assessment, PBA, space and water heating
 - Consultation responses – gas boiler and water heater activities, hot pipe lagging
 - Guidance and clarifications released for multiple activities
- **Smart thermostats and insulation projects delayed** due to higher priority projects taking up team resources
- **August** – anticipated introduction of hot pipe lagging and gas efficiency activities
- **October** – anticipated introduction of Regulations for space and water heating activities
- **Caretaker period due in late October/November**

Consultation closes 1 August 2022

- Stakeholder workshop in July



Key changes proposed

- Incentives for the **replacement of inefficient gas water heaters with efficient electric alternatives** – first half of 2023
 - Transition to AS/NZS 4234:2021 for new efficient electric registrations – first half of 2023
- **Removal of incentives** for the installation of **gas fuelled water heaters**
 - **By 30 April 2023**
- Transition calculations for efficient electric products registered to AS/NZS 4234:2008 – 6 months from publication of response to consultation
 - Registrations to AS/NZS 4234:2008 removed from register – 1 July 2024
- Introduction of a **refrigerant GWP threshold of 700** for heat pump water heaters in the VEU program – by end of 2023

Consultation closes 1 August 2022

- Stakeholder workshop in July

Key changes proposed

- Consolidation of space heating and cooling activities into one activity
- Incentives for the replacement of **inefficient gas space heating appliances** with **reverse cycle air conditioners (RCAC)** – first half of 2023
- New greenhouse gas abatement calculations and allowance of products registered to GEMS 2019 Determination – first half of 2023
- Transition and **removal of some existing upgrade scenarios**, including **upgrades to gas appliances** – by 30 April 2023
- Introduction of a **refrigerant GWP threshold of 700** for RCACs in the VEU program – first half of 2023



- **DELWP is seeking stakeholder feedback on how to improve and streamline PBA methods to remove unnecessary barriers and encourage uptake**
 - Consultation opened on 25 May 2022
 - **Consultation closes tomorrow! – Friday 15 July**
- VEU has two PBA methods:
 - Benchmark Rating allows VEECs to be created based on improvements in the energy performance of a commercial building. Uses NABERS ratings. No uptake.
 - Measurement and Verification provides for bespoke energy-saving projects at business and non-residential sites. Savings determined by comparing energy use before and after project implementation using standard techniques. Some uptake.
- Stakeholder workshop in late July/August
- Only a small number of submissions so far for this consultation
- **Submit now via www.engage.vic.gov.au/project-based-activities-pbas**

C&I heat pump water heater – capacity building

- **Commercial and industrial heat pump water heater (HPWH) activity introduced on 1 February 2022**
 - Incentivises the replacement of gas boilers, gas water heaters and electric resistance water heaters with air-sourced heat pump water heaters
- The **activity provides Victorian businesses** with a fantastic opportunity to **reduce their gas usage and costs**
- This will only happen if HPWH technologies are designed, selected and installed in the correct way
- **Critical that this activity provides good outcomes for end users**
- DELWP is working with the **Australian Alliance for Energy Productivity (A2EP)** on a project to build industry understanding and awareness of HPWH technologies
 - First webinar on held on 23 June with over 150 attendees
 - Second webinar to be held on 21 July – registrations open now!
 - HPWH applications in agriculture (dairy), swimming pools and multi-unit residential sites
 - Go to www.a2ep.org.au to register for the event
 - Resources to be released include technical guide and series of case studies

Questions?



AGRICULTURE VICTORIA



VEU M&V Case Studies on Farms

VEU Mid-year AP forum - Plenary session

Nick Tsaktsiras - Agriculture Victoria

Katie Wittman – Essential Services Commission

July 2022

Today's Discussion

1. There are significant opportunities to create VEECs and save energy in agriculture.
2. Some of the greatest opportunities for you and farmers are in the dairy, horticulture, and intensive animal sectors.
3. We have created material (videos and written case studies) to support you in promoting the VEU Program to farmers.
4. We'll also outline some of the key challenges/difficulties you might encounter in the farming sector.

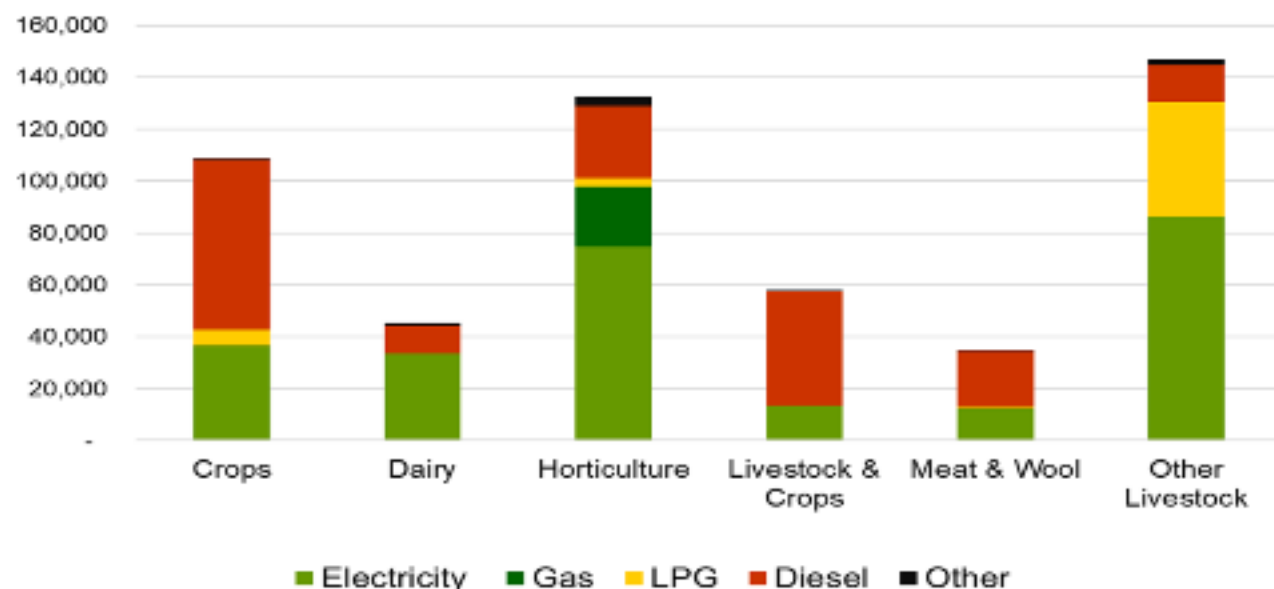
What is the problem – why are we here?

- q Agriculture business participation in the VEU program has been limited to date.
- q Few of the deemed activities are of value to farmers.
- q There are opportunities to promote agriculture as a source of VEECs to accredited providers and farmers.
- q 21,700 Victorian Farmers

Agriculture is a significant consumer of energy






Average Energy Costs by Key Agricultural sector

Average Energy Costs (\$/year)






Other Livestock (pigs & poultry) had highest individual energy costs

Energy Intensive Processes by Sector

		Sector				
Energy Intensive Processes	Energy Input	 Cropping	 Horticulture	 Dairy	 Intensive Livestock	 Pastoral Farming
Field Operations	Diesel/ Biofuel	●	◐	◐	◐	●
Housing and Sheds	Electricity/ Gas/Biogas	○	●	●	●	○
On-Farm Processing	Electricity/ Diesel/Gas/ Biogas	○	◐	●	●	○
Irrigation	Diesel/ Electricity	◐	●	◐	○	◐

Source: [Navigating a dynamic energy landscape series](#), Energy Efficiency Council

 High Energy use
  Medium or variable energy use
  Low energy use

Case Studies – Type of Upgrades and VEECs

Farm Type	Type of upgrade	Estimated number of VEECs	Estimated % of project cost recouped in VEECs
Chicken – Meat	Installation of 247.5 kW rooftop solar PV to serve the poultry sheds, along with a Power Factor Correction (PFC) unit.	3,400	50%
Aquaculture	Installation of 516 kW rooftop solar PV.	5,700	40 – 50%
Tomato Glasshouse	Installation of greenhouse thermal screens and automated climate control system.	970	25 – 50%
Irrigated Orchard	Upgraded four 30kW irrigation pumps to higher efficiency pumps featuring motors with Variable Speed Drives	200	20%

Challenges Specific to Agriculture

- q Finding farmers that are ready to implement a project.
 - Harvest time, sowing, cropping, drying off (dairy).
- q Data and measurement issues
- q Stronger seasonal variation in agriculture – affects measurement period length
- q Farmers may need a tailored sales approach.
- q Project finance.

Common Opportunities for VEU M&V upgrades

- Solar PV<50kW
- Variable speed drives
- Upgrade to more efficient equipment (Newer like for like)
- Heat Recovery
- Timers/Operational controls
- Insulation
- System reconfiguration
- Other renewable energies (Renewables, non-solar).

Coming Soon - 5 Case Studies – Video and Written

Expected to publish case studies in late July or early August 2022.



All case studies will be published on the Energy Smart Farming website:

<https://extensionaus.com.au/energysmartfarming/home/>

And Agriculture Victoria's website:

<https://agriculture.vic.gov.au/>

AGRICULTURE VICTORIA



Thank you




Nick Tsaktsiras – Agriculture Victoria
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Questions?

Closing remarks



Contact us

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