

Stakeholder forum on coronavirus

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Introduction

The bi-annual Victorian Energy Upgrades (VEU) forum was held online (25 June and 2 July 2020). The main purpose of the forum was to engage with VEU accredited persons and relevant entities, to listen to their views on a number of pressing questions.

The plenary session presentations and recordings are available [here](#).

Context: The forum (plenary session and workshop) were held after suspension of VEU activities 15, 17, 21 and 30 were lifted on 24 June. The forum responses do not reflect the return to suspension of these activities (in metropolitan Melbourne and Mitchell shire) on 2 and 14 July.

Purpose of the forum

The workshops gave program participants an opportunity to provide the Essential Services Commission with feedback on how the coronavirus (COVID-19) pandemic is impacting businesses, the challenges they are facing and what the commission can do to provide support going forward.

Purpose of this report

This report documents the distinct themes raised in the workshops and the feedback provided by the forum attendees across all sessions. We will assess the feedback and attempt to incorporate it into the way we work, our work priorities for the year and in making decisions.

Note: The opinions contained in the information below reflect the information provided by program participants. They do not represent the views of the commission or the Victorian Government.

Summary of accredited persons feedback

The coronavirus and subsequent lockdowns have dramatically affected accredited person. Staff, suppliers and cash-flow have been affected. Many organisations have laid staff off during the lockdown period. The lockdown has resulted in many appointment cancellations, rescheduling and a setback in marketing actions. Project based activities have been made harder to deliver and to monitor due to changes to the business' normal practice and their power use.

accredited persons believe that their businesses can provide great benefit in the current climate. There is opportunity to help people with energy bills by installing energy efficient products. accredited persons are struggling to plan based on the uncertainty around coronavirus and the release of the lighting regulatory impact statement. These are essential elements to their businesses. There is an opportunity to pivot some businesses to other VEU activities, but this does not happen quickly.

Accredited persons believe increased promotion of activities to householders and businesses would be helpful at this time. This could take the form of joint promotion or the commission promoting upgrades and identifying the accredited persons who are able to deliver them. This should be dependent on COVIDSafe plans being in place.

Accredited persons proposed a relaxation of audit requirements and streamlined processes to speed up the delivery of activities and the payment for delivering those activities. Increased communication around proposed lockdown plans and the lifting of restrictions would allow accredited persons to better manage their businesses.

Summary of relevant entities feedback

The primary theme of the feedback from relevant entities was the need for certainty. As relevant entities plan and enter into certificate contracts years into the future, any uncertainty around pricing of VEECs is a problem for them. If relevant entities have to budget for worst case scenarios it may result in higher pricing for consumers.

The effect of coronavirus has also created uncertainty about the supply of certificates. Relevant entities would like to know how failure of accredited persons to supply the necessary volume of certificates will affect their liability obligations. Similar issues were raised about the lighting regulatory impact statement and how any changes resulting from it would be managed.

Relevant entities also suggested improvements to the managing of scheduled activity premises (SAP) exemptions. The proposal was to utilise the national metering identifier (NMI) rather than the address to reduce any confusion.

There were a few suggestions put forward for opportunities to reduce the administrative burden on relevant entities. These included using more appropriate document formats (Excel v Word). Simplified processes were also proposed.

There were fewer representatives in the relevant entities forum than there were in the accredited person forum. This may have reduced the comparative breadth of discussion.

Structure of the forum

The forum was delivered in three sessions.

- A plenary session with presentations from VEU, Department of Environment, Land, Water and Planning and Sustainability Victoria.
- A workshop with accredited persons to understand their issues and what opportunities may exist in this space.
- A workshop with relevant entities to understand the impact on their business.

Challenges we faced

The delivery of the forum presented a logistical challenge. Social distancing measures meant the forum was held online. The major challenge was ensuring everyone could access the forum and had the ability to contribute effectively to the workshop discussions.

To ensure everyone could contribute to the discussions, our staff utilised eight virtual break-out rooms in the accredited person workshops. This allowed for small discussion groups as opposed to one large one. This meant everyone could be heard and they could provide feedback.

Overview of plenary

VEU Director, Jeff Cefai opened the forum with a presentation covering:

- performance for the past six months
- a projection for the next six months
- an update on program performance since 2009.

Emma Jacobs from Department of Environment, Land, Water and Planning presented on:

- updates on VEU target setting
- updates on the 2019 Regulatory Impact Statement proposal
- lighting response to consultation
- managing the response to coronavirus risks.

Ciaran O'Connor from Sustainability Victoria presented on the new Energy Upgrades Tool. The tool was developed to assist accredited persons when assessing projects.

All three presentations are available [here](#).

Overview of accredited person workshop sessions

The workshops with the accredited persons were designed to answer four questions:

- The impact and challenges of coronavirus on accredited persons and VEEC market.
- What activity uptake you are planning for/forecasting over next 6-12 months?
- How the commission could help accredited persons deliver activities under the program.
- How the government could stimulate and promote VEU program activities and which activities/stakeholders should be targeted.

The responses to these questions will be the focus of this report. There were also questions asked by the accredited persons that were not related to these questions. These responses will be addressed in a separate section of the report.

How was feedback given?

Workshop attendees were divided into eight breakout rooms to form smaller discussion groups. We used an online tool called Mural in each of these groups. Mural allowed participants to fill out virtual “sticky notes” and add them to a board. Where people were unable to access the tool, commission staff filled out the sticky notes for them, based on their verbal response.

The Mural boards captured the accredited person responses in a simple format (see below).



Figure 1 - Mural board example

The responses were assessed and categorised to highlight consistent themes.

Accredited person responses

There was broad ranging discussion on the topics. The focus of each discussion group was different. The focus was most likely based on the diversity of people in the room and their interests. The consistent themes of the discussions were:

Question 1 – The impact and challenges of coronavirus on accredited persons and VEEC market

Staff: Many accredited persons were unable to maintain employee levels due to the impact of coronavirus lockdowns. This was made more difficult when appointments were cancelled or rescheduled. There is also a concern about being unable to find qualified staff once all activities are back to normal. Accredited persons were predicting a return to pre coronavirus activity levels very quickly (once the lockdown ceases) assuming availability of qualified staff.

Communication: The timing of coronavirus related announcements and the clarity of the announcements were an issue for accredited persons. Immediate lockdowns did not allow for accredited persons to change or adapt their existing plans. The lack of an end date for restrictions reduced accredited persons' ability to plan for the resumption. The lifting of restrictions without notice limited accredited persons' ability to ramp up activities. This includes promotion and staff scheduling.

Stock: Accredited persons currently face stock issues due to coronavirus and its impact on other industries. Accredited persons reported both a shortage and an oversupply of stock. There is also an issue of transport. Regional deliveries are impacted by staff reductions in transport companies.

Projects: There have been delays to many projects because of lockdowns which are adversely affecting accredited persons. The inconsistencies around energy use over the period also presents problems with verification and measurement of project-based activities. The delays have also affected the price of VEECs leading to lower confidence in the project and the market.

Promotion: Lockdown laws have directly affected accredited person's ability to promote their lighting replacement service. Door knocking is a common practice and was severely curtailed with the advent of lockdowns. This has had a higher impact on accredited persons who are focused on residential activities.

There appears to be an inconsistency between commercial and residential activities. Door knocking for commercial premises was still occurring during the lockdown period. Accredited persons need confirmation whether commercial door knocking is still allowed.

Audits: Participation in audits during lockdown is problematic for accredited persons as well as householders. Providing all the required evidence means the accredited person spends more time in the home. A relaxing of the evidentiary requirements was recommended by accredited persons.

Quotes from accredited persons:

Staff: 'We had to let go approx. 120 contractors and employees.'

Communication: 'The lack of communication from the VEU teams at the ESC and DELWP was very challenging.'

Stock: 'We have about \$800,000 of unused residential stock. We also have difficulty storing them as we didn't expect a complete lockdown. This can be installed within 2 months' time should the restriction begin lifting.'

Projects: 'Delays have affected VEECs price.'

Promotion: 'The coronavirus has majorly impacted the APs that are only accredited for the residential activities. For instance, suspension of high-volume activities that depend vastly on door to door knocking.'

Audit: 'We recommend removing requirement to capture installation by environment type (activity 21) as it is a very time-consuming exercise and it doesn't really achieve anything for all parties. Removing it will ensure we spend less time at consumer's house.'

Question 2 – What activity uptake are you planning for/forecasting over next 6-12 months?

Diverse: Accredited persons are planning to diversify their activities. There will be a greater focus on commercial lighting in the future. There is a high level of interest from accredited persons on renewable solar energy, as part of the product range. There will also be a greater focus on project-based activities. Accredited persons are looking to expand into regional centres. They are continuing with business as usual where possible, but the results are impacted by lockdowns.

Clarity: Accredited persons are waiting on clarity around the status of residential lighting. They indicated that they are planning to continue with residential lighting for at least six to 12 months, but few are planning further. There was a lot of discussion on the lighting regulatory impact statement. The activities of accredited persons will be dependent on the lockdown. The duration and breadth of the lockdown will impact any decisions.

Marketing: Accredited persons are holding back on marketing currently. Traditional market channels such as door knocking are on hold or less effective. There will be a focus on social media in the future. Marketing to commercial organisations will increase. People working from home present an opportunity as they are facing higher energy bills. People working from home are also more available once the lockdown restrictions ease.

New activities: Accredited persons would like certainty around the new activities that are planned, such as cool room upgrades, before committing to deliver new activities. The uptake of any new activity will depend on the VEEC price. One accredited person reported there was significant public interest in in-home-displays.

Quotes from accredited persons:

Diverse: 'We are targeting regional areas to help contractors and consumers feel safe, but there is an element of risk involved in it which can be mitigated by following coronavirus safe plan.'

Clarity: 'Need clarity for us to invest. Currently working on prototypes so we do need to know what is coming up.'

Diverse: 'We will be working on lighting activity until we can't. We will be preparing for other activities upon confirmation of lighting consultation. We have been working actively to increase activity 34 in the interim.'

Marketing: 'Don't want to door knock, less focus on residential activities. Greater use of social media and letter box dropping to promote program.'

Clarity: 'Without any announcement on the RIS, how can we project what activities we will concentrate on over the next 12 months?'

New activities: 'Our business expects to provide residential and commercial lighting activities in the next 6 to 12 months and look into further activities being water heating.'

New activities: 'Focusing on schools and other commercial businesses currently closed because of the virus.'

Question 3 – How the commission could help accredited persons deliver activities under the program.

Home visits: In a time of coronavirus, accredited persons would like to reduce the time spent in people's homes. This would reduce risk and allow a greater level of productivity. If possible, a contactless process would be effective – meaning an electronic signature would be needed.

Audits: A reduction in the level of proof would reduce the time spent in people's homes. This would mean less photos and some leeway around audit requirements.

Promotion: Large scale promotion of the program by the commission would be of benefit. Using the Essential Services Commission logo or the Victorian Government logo alongside the accredited person logo would give the program and the accredited person greater credibility. Promotion of the program by the Victorian Government could mean a greater uptake of the program and more confidence from householders. An advertising push by the Victorian Government once lockdown finishes to assure people the process is safe and that they can save money would be helpful for accredited persons.

Process: Faster processing of VEECs would mean improved cashflow for the business. Providing immediate feedback on duplicates would reduce the time it took to address the issues. Accredited persons would like to know if it is possible to process all VEECs and have the accredited person refund any duplicates that require it.

Products: Accredited persons indicated they would like greater input into decisions. Workshops on proposed new activities should include accredited persons. A simplified method for solar allowing for export would be helpful. There should be a streamlined approach for already certified accredited persons to deliver other products, like in home displays. Accredited persons would like to see the results of the lighting regulatory impact statement and the emissions factors released.

Fee reduction: A reduction in the VEEC registration fee could increase accredited person profitability. Currently many accredited persons are working on low margins and a small decrease in the registration fee should improve the profit margin and make some accredited persons viable in this period.

Quotes from accredited persons:

Home visits: 'Reducing time an installer is in the home - installer to sign off on behalf of a customer.'

Home visits: 'Concerns in signing of the assignment form, as this is the customer contact. What can we do instead of getting the signature?'

Audits. 'Consider if some compliance requirements could be simplified.'

Promotion: 'Are we able to use ESC logo side by side our company logo on our brochure?'

Process: 'Time for VEEC registration - tightens cash flow and adds to an existing stressful process to wait for VEEC registration/supply chain could be affected (not installing but payment due for all stock).'

Process: 'Please clarify the duplicate justification process in writing. We have never been given a clear process for duplicate justification.'

Products: 'Hold workshops to facilitate understanding of potential new activities.'

Question 4 – How could the government stimulate and promote VEU program activities and which activities/stakeholders should be targeted.

Project based activities: Project based activities have a long lead time compared to deemed activities. Streamlining this process and reducing the time needed to get started would increase uptake. Advertising the service to commercial and large industrial users would generate business.

Promotion: As part of a coordinated plan the commission could promote activities direct to householders. They could advise that doorknockers and marketers could be in contact. The fact that accredited persons have coronavirus plans in place could be highlighted to improve confidence. This could be framed as a great opportunity to save money and energy and reduce the financial impact of coronavirus.

The VEU website could provide the details of accredited persons and what services they offer. Those who have a good record could have this highlighted on the commission website. Accredited persons could be graded (gold, silver, bronze) based on their records. There is an opportunity to highlight the quality of products on offer to assure people they are getting a good quality product. Project based activities could be advertised through industry bodies.

Products: Accredited persons suggested the reintroduction of insulation into the mix of products. Could more non-building-based activities be included in future product assessments?

Communication: Advance knowledge of lockdowns and lifting of restrictions would allow for accredited persons to manage their businesses more effectively. The release of the draft lighting regulatory impact statement would provide some certainty.

Grants: Grants to assist with the measurement and verification or the initial study for activities could generate more uptake of activities.

Targets: Setting ambitious targets would drive the market forward.

Quotes from accredited persons:

Project Based Activities: 'Post activity 34, we are looking at PBA. We are concerned as to the viability of this moving forward, seeing as how much of a delay there is in not only approving a project, but also the VEEC delivery post implementation.'

Promotion: 'Updating the website advising that door knocking and marketing agents maybe calling on your area.'

Promotion: 'AP with excellent customer service and compliance should be able to market the fact.'

Products: 'Insulation activities were planned to be revived in 2019, it hasn't happened yet but may be something to consider as they would deliver VEECs and help people.'

Communication: 'ESC or department should give ample of time before the lockdown get enforced or when the lockdown gets lifted. It puts AP's under tremendous pressure to recommence while they are not yet ready to do so. There has to be 2 weeks delay in either cases.'

Grants: 'Grants for activities where the VEU program only covers a part of the upgrade.'

Targets: 'Set ambitious targets as quickly as possible.'

Overview of relevant entities workshop sessions

The relevant entities sessions were less well attended than the accredited person sessions. This resulted in limited feedback as not all relevant entities were represented. The format of the sessions was the same as the accredited person sessions. Breakout rooms were used to make the groups smaller. Mural was used to collect feedback.

The four questions we asked were:

- The impact of coronavirus on relevant entities and VEEC market.
- How the commission could support relevant entity compliance under the program.
- What IT system changes would relevant entities like the commission to make.
- What changes to the program's legislative framework would relevant entities like to see and why?

These questions differed from the questions asked of the accredited persons.

Question 1 – What was the impact of coronavirus on relevant entities and the VEEC market.

Note: There are limitations on the information that can be shared between relevant entities for commercial and legal reasons.

Uncertainty: The uncertainty around supply and price is affecting relevant entities. They have difficulty putting long term plans into place without knowing the price of VEECs. Contracts for VEECs can go out to five years. Without clarity around pricing they are not confident entering into these contracts.

Supply: Relevant entities are concerned about the ability of accredited persons to deliver the required VEECs because of the impact of coronavirus. They need to understand if penalties will apply if their obligations are not met. There is concern about what new activities would be introduced into the program and what activities will be delivered by accredited persons going forward (when lighting is phased out). Relevant entities would like to know when existing lighting activities will be phased out. Relevant entities need to understand if there will be a lag between the phasing out of old activities and the commencement of new activities.

Activities: A high VEEC price will cause volatility in the market. This will be reflected in consumer pricing. The inability to budget accurately means the highest cost scenario may have to be used. The inclusion of new activities and the removal of old activities may cause increased volatility in the market.

Quotes from relevant entities

Uncertainty: 'We plan for 3-5 years in the future. They look out as far as the scheme will go (e.g. ten year). They have some uncertainty about what the supply and demand is going to look like in 2022 onwards.'

Supply: 'The unknown of the new activities is also concerning and when they will ramp up. The price of VEECs will fluctuate based on the uptake. The REs wanted new activities to be introduced before old ones are phased out, to allow for the market to balance.'

Activities: 'The change in the fine of \$100 is taken into account when factoring for the Green offset. This causes issues with budgeting for the green offset as this is major leap from prior years.'

Question 2 - How could the commission support relevant entity compliance under the program.

Scheduled activity premises (SAP¹): Utilising National Metering Identifier (NMI) numbers rather than addresses to identify SAPs would provide greater transparency. This would reduce the confusion around these sites. The administrative cost would also be lowered. The quality assurance process for these sites can be time consuming and confusing.

Quotes from relevant entities

Scheduled activity premises: 'The reconciliation around SAP for liable entities is tricky. Would like SAP sites to be identified by an NMI to make compliance easier to identify. Tie each site to an NMI.'

Question 3 - What IT system changes would relevant entities like the commission to make.

Note: Some workshop participants indicated they were not familiar with the IT system so had minimal input.

IT issues: Documents should be in more user-friendly formats. The annual statement would be better in Excel rather than Word.

There would be increased efficiency if it were possible to increase or remove the limit of 100,000 certificates per surrender transaction in the VEU registry.

Simplifying the surrender process would make a big difference. Adding users is complex and should be streamlined.

Quotes from relevant entities

Document formats: 'The annual statements we supply at the end of the year could be in a system or at least an MS Excel sheet, and not a Word doc.'

IT process: 'VEU Registry limit of 100K to be increased.'

¹ Scheduled Activity Premises are sites which are exempt from the program.

<https://www.esc.vic.gov.au/victorian-energy-upgrades-program/participating-veu-program/scheduled-activity-premises>

Question 4 - What changes to the program's legislative framework would relevant entities like to see and why?

Certainty: Relevant entities would like certainty around targets, penalties and supply. Coronavirus has impacted accredited persons which in turn will impact relevant entities. Relevant entities would also like certainty around the substance of decisions and when the decisions will be released.

Regulatory relief: A reduction in monitoring and evaluation waiting time to be reduced to twelve months. Smoothing of emission factors would provide greater certainty for relevant entities. Smoothing of changes to activities and the transition would benefit everyone. Mechanisms such as 10 per cent borrowing would also provide relevant entities more flexibility to manage liability obligations.

Quotes from relevant entities

Certainty: 'CERTAINTY! No one has a clear understanding of their obligations. REs are told a decision will be made, but never told *when* a decision will be made.'

Regulatory relief: 'Transition in lighting should be slowed down until new activities are known and economics proven.'

Regulatory relief: 'The transition period must be smoothed out, the gap in supply and demands is hard to see and understand. There is no certainty on how to meet those targets. Mechanism such as a borrowing rolling over 10% can also help.'

Other questions

There were a few questions and comments in the accredited person session that were not related to the provided questions.

These questions centred around possible changes to activity 21 and 34 and the process for updating approved products.