

Review of the Victorian Energy Efficiency Target Guidelines

Draft decision

7 March 2018



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The Department of Environment, Land, Water and Planning develops policy for the Victorian Energy Upgrades program. The program provides incentives for Victorian households and organisations to make energy efficiency improvements that save money on their energy bills and reduce Victoria's greenhouse gas emissions.

The Essential Services Commission administers the program as the 'Victorian Energy Efficiency Target scheme' under the *Victorian Energy Efficiency Target Act 2007*.

For more information, visit veet.vic.gov.au.

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Consultation on proposed amendments

Purpose

The purpose of this draft decision is to inform accredited persons, relevant entities and other interested parties of proposed amendments to the Essential Services Commission's (commission's) Victorian Energy Efficiency Target Guidelines (Guidelines) and seek feedback on those proposed amendments. The proposed draft guidelines are attached to this draft decision.

Background

The Victorian Energy Efficiency Target (VEET) scheme, publicly known as the Victorian Energy Upgrades program, is a Victorian Government initiative established by the Victorian Energy Efficiency Target Act 2007 (the Act). The purpose of the scheme is to reduce greenhouse gas emissions by encouraging efficient use of electricity and gas in the residential and business sectors.

The government introduced the Victorian Energy Efficiency Target (Project-Based Activities) Regulations 2017 (PBA Regulations) in June 2017. The PBA Regulations allow accredited persons to carry out site specific activities that will reduce greenhouse gas emissions at that site.

We are amending the Guidelines to:

- reflect the introduction of the PBA Regulations and provide advice to scheme participants on how to apply for and carry out project-based activities (PBA)
- reflect the introduction of the compliance and enforcement policy
- provide additional advice to scheme participants on current commission processes.

We have added comment boxes to the marked up guidelines which explain the basis of the proposed changes.

Summary of key changes to the Guidelines

There have been a number of amendments to the Guidelines. The major amendments to the guidelines are summarised below.

- **Amendment to an existing clause – insurance** (clause 4.3). The amendment relates to Section 7 (Role of ESC) of the Act. Currently, accredited persons require public liability insurance as part of their accreditation. This amendment allows the commission to waive insurance requirements in certain circumstances. For example, the PBA explanatory notes provide for an insurance waiver for PBA projects undertaken on a site owned by the accredited person.
- **Creation of a new clause – approval of activity process** (clause 4.4). The clause relates to Section 7 of the Act. Prior to carrying out an activity under the VEET scheme, accredited persons require approval to carry out that activity. The approval of activity process is necessary to ensure accredited persons have the skills to carry out that activity safely and competently. This clause outlines the approval process that accredited persons need to undertake under the VEET scheme. It is consistent with the existing processes that are set out in the relevant

explanatory notes. The clause is intended to provide transparency to accredited persons about the approval of activity process.

- **Amendment to an existing clause – amendment to the register of products** (clause 5.1.5). The amendment relates to Section 7 of the Act and Regulation 9 of the Victorian Energy Efficiency Target Regulations 2008 (Principal Regulations). This clause has been amended to reflect the commission’s power to suspend or remove a potentially unsafe product from the register.
- **Creation of a new clause - register of approved project plans** (clause 5.2). The clause relates to Regulation 16 of the PBA Regulations. The PBA Regulations require the commission to maintain a register of approved project plans. This clause outlines the information to be contained in that register.
- **Creation of a new clause – register of approved measurement and verification professionals** (clause 5.3). The clause relates to Regulation 17 of the PBA Regulations. The PBA Regulations require a person to apply to the commission to become a measurement and verification professionals for project-based activities. The commission must also maintain and publish a register of approved measurement and verification professionals. This clause outlines:
 - the application process and requirements to become an approved measurement and verification professional
 - the information to be contained in the register
 - the circumstances where we can remove a person from the register.
- **Creation of new clauses – project-based activities** (clauses 6.4.1 to 6.4.7). The clause relates to Regulation 5 of the PBA Regulations These clauses have been added to outline the administrative requirements associated with a PBA project. They outline the administrative processes that need to be undertaken by accredited person that is carrying out a PBA project, including information related to scoping plans, project plans and project impact reports. In summary:
 - Scoping plan (clauses 6.4.1 and 6.4.2). The clause relates to Regulations 6 and 8 of the PBA Regulations. These clauses outline the application process for and our role in the approval and variation of scoping plans.
 - Project plan (clauses 6.4.3 to 6.4.6). The clause relates to Regulation 7, 8 and 9 of the PBA Regulations. These clauses outline the application processes for and our role in the approval, variation, relinquishment and cancellation of a project plan.
 - Project impact report (clause 6.4.7). The clause relates to Regulation 11 of the PBA Regulations. This clause outlines the application process for and our role in the approval of a project impact report.
- **Amendments to Chapter 13 – record keeping.** Chapter 13 has been amended to reflect the additional document retention requirements in relation to project-based activities.
- **Creation of a new clause – project-based activity audit** (clause 15.3 and Figure 3, Audit process guidelines). The clause relates to Section 7(2)(d) of the Act. Chapter 15 has been rewritten to outline separately the requirements of a project-based activity audit as the matters

to be audited during project-based activity audit are different to the matters audited in our current audits. This has been done by renaming current audits 'general audits' and adding 'PBA audits'. Audit process timeline, as detailed in Figure 3, audit process guidelines, for undertaking a project-based activity audit of an accredited person have also been added.

- **Amendments to chapter 16 – compliance and enforcement.** The amendment relates to Section 7(2)(e) of the Act. The commission approved a VEET scheme compliance and enforcement policy on 1 November 2017. This clause has been amended to reflect the introduction of that policy.

Stakeholder submissions

The consultation documentation consists of the following:

- This draft decision paper
- Attachment A: The proposed amendments to the Guidelines in a marked-up version (draft Guidelines)

Stakeholders are invited to comment on any issue relating to the content of the draft Guidelines. The consultation documentation is publicly available on the commission website at www.esc.vic.gov.au and on the VEET website at www.veet.vic.gov.au.

The consultation period will be open for four weeks. Submissions must be received no later than 5.00pm Friday **6 April 2018**, in electronic format if possible.

Electronic submission should be made via email to veet@esc.vic.gov.au and contain the following subject line: 'VEET Guidelines Submission'.

Submissions by mail should be addressed to:

Essential Services Commission
Victorian Energy Efficiency Target Scheme
Level 37
2 Lonsdale St
Melbourne VIC 3000

Our general approach is that submissions will be published on our website, except for any information that is commercially sensitive or confidential. Submissions should clearly identify which information is sensitive or confidential and be accompanied by a request that it not be made publically available.

Should you require further information, please contact VEET stakeholders on veet@esc.vic.gov.au or (03) 9032 1310. Please note that the commission is not seeking submissions on matters of policy as part of this consultation, or matters which have been addressed through previous consultations of the commission or the Department of Environment, Land, Water and Planning.

Timeline

We propose the following timeline for decision-making for this review of the Guidelines:

Publish proposed draft changes to the Guidelines for consultation	7 March 2018
Public submissions close	6 April 2018
Commission decision on changes	9 May 2018
Updated Guidelines gazetted in the Government Gazette	16 May 2018
Updated Guidelines published on the VEET website	16 May 2018

Regulatory amendments

The Essential Services Commission is responsible for the administration of the Act and Regulations. Section 74 of the Act authorises us to issue guidelines relating to any matter required or permitted by the Act to be provided for by the Guidelines.

Since its commencement, the VEET scheme, including the Act and Regulations, has undergone several phases of amendment and expansion. The Guidelines must be updated occasionally to reflect new or amendments made to the Regulations and provide for any new administrative requirements.