

Review of the Victorian Energy Efficiency Target Guidelines

Final decision

16 May 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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Guidelines review and final decision

Purpose

The purpose of this decision is to amend to the Essential Services Commission's (commission's) Victorian Energy Efficiency Target Guidelines (Guidelines).

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 (Act). The purpose of the scheme is to reduce greenhouse gas emissions by encouraging efficient use of electricity and gas in both residential and non-residential sectors.

The 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.

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 have amended 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 VEET scheme compliance and enforcement policy
- provide additional advice to scheme participants on current commission processes.

Draft amendments to the Guidelines were published for public consultation on 7 March 2018. Consultation closed on 6 April 2018.

Summary of key changes to the Guidelines

The proposed draft Guidelines recommended a number of key amendments to the Guidelines. The key amendments are listed below. The commission has decided to implement all the key amendments without change.

- **Amendment to an existing clause – insurance** (clause 4.3). The amendment relates to Section 7 (Role of commission) 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. The commission has implemented this proposed amendment without change as there were no stakeholder submissions in relation to the change.

- **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. The commission has implemented this proposed amendment without change as there were no stakeholder submissions in relation to the change.
- **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. The commission has implemented this proposed amendment without change as there were no stakeholder submissions in relation to the change.
- **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. The commission has implemented this proposed amendment without change as there were no stakeholder submissions in relation to the change.
- **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 empower the commission to approve a person as a measurement and verification professional 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 in which we can remove a person from the register.

The commission has implemented this proposed amendment without change as there were no stakeholder submissions in relation to the change.

- **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 an 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.

The commission has implemented this proposed amendment without change as there were no stakeholder submissions in relation to the change.

- **Amendments to Chapter 13 – record keeping.** Chapter 13 has been amended to reflect the additional document retention requirements in relation to project-based activities. The commission has implemented this proposed amendment without change as there were no stakeholder submissions in relation to the change.
- **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’. An audit process timeline, as detailed in Figure 3, and audit process guidelines for undertaking a project-based activity audit of an accredited person have also been added. The commission has implemented this proposed amendment without change as there were no stakeholder submissions in relation to the change.
- **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. The commission has implemented this proposed amendment without change as there were no stakeholder submissions in relation to the change.

Submissions received

We received two submissions in total, one from the Department of Environment, Land, Water and Planning (DELWP) and one from the Lighting Council Australia (LCA).

The DELWP submission suggested that references to specific parts of a regulation be reworded to remove the specific reference. The suggestion was made to remove the need to amend the Guidelines if a regulation reference changes. For example, in guideline 5.3.1, the reference to ‘PBA regulation 17’ has been amended to state ‘PBA regulations’. We have amended the Guidelines by removing the references. Amendments were made to the following definitions:- approved measurement and verification professional, approved project plan, project impact report, project plan, register of approved measurement and verification professionals, register of approved project plans, register of products and scoping approval. Amendments were also made to sections 5.3.1, 6.4.1 and 15.3.2.

The LCA submission raised concern over potential safety and fit-for-purpose compliance risks for lighting upgrades undertaken under PBA, particularly the need for quality lighting products as well as emphasising the need for a strong audit, compliance and enforcement regime. The LCA believes that lighting installation carried out as a PBA should be subject to the same compliance requirements as lighting installations made under schedule 34 to ensure quality outcomes for consumers. The commission agrees that the scheme should provide a quality outcome for consumers. We have reviewed the LCA’s submission and their concerns against the schemes regulations and the proposed amendments to the Guidelines, particularly the amendments to the audit and compliance and enforcement chapters with the intention of ensuring the scheme provides quality outcomes for consumers. Upon review we are confident the amendments will provide quality outcomes for consumers. Specific compliance issues raised by the LCA in their submission are addressed in the Principal Regulations. Accordingly, there is no need to amend the Guidelines.

Final decision

The issues raised by DELWP have been addressed in the Guidelines. The issue raised by the LCA does not require the Guidelines to be amended. The final Guidelines (version 7) with the DELWP amendments are attached to this final decision paper (see Attachment A).

The commission approves the amended Guidelines (version 7) to commence on 1 June 2018.