

April Muirden
Principal Policy Officer – Energy Efficiency
Department of Water, Environment, Land and Planning
energysaver.incentive@ecodev.vic.gov.au

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Subject: VEET: Measurement and Verification

Dear Ms Muirden

The Energy Efficiency Council (EEC) welcomes the opportunity to provide input on the Proposed Victorian Energy Efficiency Target (VEET) Project Based Activity (PBA) method ‘Measurement and Verification’ (M&V).

The EEC strongly supports the VEET scheme and the introduction of the PBA M&V method. The M&V method will be critical to support energy efficiency retrofits to buildings and industrial site, particularly sites that integrate multiple technologies and optimisation. The approach also ensures that VEET to provide stronger incentives for installing energy efficiency measures in a way that delivers ‘above-average’ savings.

Differences from the NSW Energy Savings Scheme

The EEC generally advocates strong harmonisation between the VEET scheme and the NSW Energy Savings Scheme (ESS). Harmonisation significantly lowers the cost for both energy service providers and energy users, leading to deeper energy savings at lower costs.

Therefore, the EEC believes that there should be a strong justification for differences between the VEET and ESS. The Council supports differences between the VEET M&V method and the ESS Project Impact Assessment with Measurement and Verification (PIAM&V) method where those differences either a) provide additional non-mandatory options to energy service providers or b) address a substantive problem with ESS. The Council supports the following proposals:

- Baseline measurements may be taken after the project is implemented, provided the upgrade can be disabled satisfactorily
- Behind-the-meter energy savings from renewables and cogeneration may be credited

The EEC does not support the following proposals:

- Multi-site sampling and simulated baseline models are omitted and will be considered for inclusion at a later date
- Negative savings must be reported in order to continue annual creation of certificates.

Ineligible projects

The EEC believes that the VEET scheme should only drive ‘additional’ energy savings. Therefore, the EEC agrees that projects that are ‘business-as-usual’ should be ineligible, specifically:

- Upgrades required by legislation (e.g. where a project triggers Section J of the National Construction Code)
- Projects that have already been implemented at the time that the project plan is submitted

While the EEC understands the proposal to exclude new installations (e.g. greenfield projects), because a baseline cannot be measured, this proposal reduces the incentive for new projects to aim for best practice and distorts the market for energy efficiency services. The EEC recommends that the Victorian Government consider how greenfield sites could be provided with incentives to go beyond business-as-usual, but notes that this issue could be considered at a later date after the introduction of the M&V method.

The EEC recommends amending the proposal the projects should be ineligible from generating Victorian Energy Efficiency Certificates (VEECs) if they claim Renewable Energy Certificates (RECs). For example, a project that includes a small solar PV system that generates RECs may also include a very significant energy efficiency upgrade. Therefore, we propose that projects should still be able to generate VEECs if they generate RECs, but the amount of energy generated by systems that are eligible for RECs should be subtracted from the total amount of energy saved to determine VEEC creation.

The EEC does not support the proposal that projects should be ineligible for the M&V method if they are located across more than one premises.

Product requirements

The EEC understands the intent of the proposal that products installed under the M&V method should be listed on the project register if they are of a type and size applicable to another VEET activity. While this may be suitable for some types of lighting, where there is an extensive list of eligible products, it is not suitable for a number of categories where there are very few registered products.

Therefore, the EEC recommends that this requirement be either removed or limited to lighting and product categories where there are large numbers of registered products.

Reporting periods

The EEC strongly opposes the requirement for a minimum 12-month reporting period for forward creation of certificates. While this time period may be appropriate for some types of retrofit (e.g. a large commercial building upgrade where energy use is strongly impacted by weather) it is totally unsuitable for projects where energy savings can be accurately determined in much shorter periods of time (e.g. manufacturing cycles can be a month or less).

The proposal that certificates would only be generated 6 months after data is available (Regulation page 16 part C(2)) is also totally inappropriate, as this adds a substantial and unreasonable burden on industry

Third Party Assessors

The EEC supports the proposal that M&V projects can be assessed by third party technical specialists, and that their recommendations would inform decisions of the ESC. However, the details of the process will need to be carefully determined.

Public Register and Double-Counting

The EEC has some concerns about the proposal for a public register of VEET activities, and recommend further discussion with the Victorian Government on this topic.

Other issues

The NSW Government has recognised the importance of encouraging high-quality M&V, and therefore provides a subsidy of up to \$50,000 for the development M&V plans. The EEC recommends that the Victorian Government adopt this approach and also considers an incentive for sub-metering to support the M&V method.

Summary

We congratulate the Victorian Government for its efforts to enhance the operation of the VEET and harmonise the VEET with the NSW ESS.

Please contact me on rob.murray-leach@eec.org.au should you require further information on any of the issues raised in this submission.

Yours sincerely



Rob Murray-Leach
Head of Policy
Energy Efficiency Council