

Engage Victoria

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**Re: The Victorian Energy Jobs Plan Consultation Paper**

The Energy Efficiency Council (EEC) welcomes the opportunity to comment on the *Victorian Energy Jobs Plan Consultation Paper*. The EEC is Australia’s peak body for energy management, electrification, and decarbonisation with a membership of businesses, universities and governments working to guide Australia on the path to an efficient, prosperous net zero economy.

The EEC commends the Victorian Government’s proactive approach to developing a jobs plan to help address the pool of skilled workers needed to support the state’s energy transformation. We also note the connected role of skilled workers in ensuring Victoria’s built environment is net zero compatible (and climate resilient) by 2050. To that end, the EEC has made some high-level comments on the paper below.

**A strong, workforce on both the supply side and demand side of the energy system**

While the consultation paper considers supply side issues in detail – demand side measures such as energy efficiency are not sufficiently addressed, which could represent a missed opportunity for Victoria.

The significance of demand side interventions in emissions reduction and energy transition should not be understated.

The International Renewable Energy Agency estimates that energy efficiency will deliver a full quarter of the entire world’s emissions reductions to 2050.<sup>1</sup> That’s the same proportion that is expected to come from renewable energy.<sup>2</sup> On top of this, electrification is anticipated to deliver a further 20 per cent.<sup>3</sup> In a local context - energy efficiency and electrification can deliver 14 per cent and 26 per cent of Australia’s emissions reductions, respectively, at low cost.<sup>4</sup>

Victoria is the largest user of fossil gas in Australia, with two million households and businesses connected to the reticulated gas network. The technology already exists to get all homes and many businesses off fossil gas – however a large skilled workforce will be needed to deliver energy performance upgrades at this scale. Adding to the challenge, this will need to occur alongside the build out of the renewable energy system, and the other retrofits needed to transition Victoria to a zero-carbon ready built environment.

**Recommendation:** The jobs that support the transition through demand side measures, like energy efficiency and electrification, are energy jobs, and require further consideration in the plan.

<sup>1</sup> International Renewable Energy Agency (IRENA) 2022, [World Energy Transition Outlook 2022](#).

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Northmore Gordon 2023, [Energy efficiency scenario modelling](#).

**There is a large, unaddressed skills gap in Victoria’s existing built environment.**

Victoria’s introduction of the Gas Substitution Roadmap establishes the state as a national leader when it comes to decarbonisation – however the success of its ambition is heavily reliant on a skilled workforce able to deliver the supporting efficient electrification measures required to achieve the vision.

Retrofitting at the scale required to transition Victoria to a zero-carbon ready built environment will involve a wide range of stakeholders with diverse skill sets. This will include government, businesses, trades and professions, training organisations, finance institutions and more.

In addition to attracting more people to existing roles (such as plumbers and electricians), the dynamic and complex nature of the retrofit environment means the industry has a growing need for more diverse skillsets (cross-skilling).

Plumbers may need to learn more about electricity, electricians may need to learn more about plumbing, insulation installers may need to learn more about draughtproofing and blower door testing, and a host of professionals from blue collar to banking will need to learn more about the fundamentals of energy efficiency.

One of the best levers available to government to do this is that of CPD (continued professional development). For example, as it stands, once a plumber or electrician is licensed in Victoria, they are under no further obligation to expand their knowledge or learn about new technologies available to support the transition. As a result, many plumbers have never touched a heat pump hot water system, despite projections indicating that this will be the dominant technology in water heating within a decade or two.

Licensing requirements that incorporate CPD are a powerful way to ensure that we maintain a dynamic, innovative workforce that are across developments in technology and approach.

Where licensing isn’t applicable, government programs and regulation can set standards for training and/or certification to stimulate better training outcomes. This was well demonstrated in the ACT, where the implementation of minimum rental standards and several programs for insulation which required the used of Certified Insulation Installers resulted in a drastic increase in trained and certified individuals delivering services within a relatively short period of time.

**Recommendation:** The jobs plan should be expanded to consider how best to cross/upskill the existing workforce, including the implementation of CPD requirements through licencing and programs, as well as the removal of barriers to training.

**Addressing the existing built environment will reduce the cost of Victoria’s energy transition.**

Victoria must focus heavily on improving the thermal performance of buildings, as well as encouraging the installation of efficient electric appliances in support of the energy transition.

Buildings with high thermal performance place the lowest demands on the grid by reducing the volume of energy required to maintain comfortable internal temperatures, as they are better able to resist weather extremes.

This means that improving the thermal performance of residential buildings will make a significant contribution to overall grid stability, by reducing demand at times of significant grid stress.

Similarly, high-performing buildings use less energy, meaning they can devote a greater proportion of any solar PV generation to the grid, and make more effective use of household battery energy storage.

Homes that use less energy can use renewable energy infrastructure to contribute to system security more actively through initiatives such as virtual power plants if they wish to.

As efficient buildings and industrial energy management practices reduce the amount of energy our networks need to supply, the size – and cost – of the entire system can be lowered.<sup>5</sup> Every unit of energy Victoria saves, is a unit of energy it does not need to generate.

**Recommendation:** The jobs plan should clearly acknowledge the role of demand side measures in delivering an affordable, efficient energy transition. The associated jobs should be considered in tandem with jobs on the supply side of the transition.

### **Addressing Victoria’s built environment is a regional development opportunity.**

It is essential to ensure that Australia’s new buildings are as efficient and innovative as possible, and this is a worthwhile focus in the jobs plan. However, our regional cities and towns are unlikely to benefit from the kinds of new build opportunities available in our major cities (due to their lack of size, scale, and in some cases – economic prosperity).

However, based on the Australian Housing Dataset, we estimate that around 65 per cent of existing dwellings would score less than two stars on the NatHERS scale.<sup>6</sup> This is an unacceptable level of energy performance that puts occupants at risk of preventable disease and energy insecurity, and creates unnecessary burden on the energy system, particularly at peak times. This will also act as a barrier to the net zero compatibility of homes and buildings in these areas.

Working to remedy this will not only deliver health, comfort, bill savings and energy system benefits to these communities – it will also stimulate jobs and career development opportunities if local people are incentivised and encouraged to deliver upgrades within their own communities.

**Recommendation:** The jobs plan should clearly acknowledge the regional development benefits associated with net zero compatibility building upgrades and outline a pathway to activate communities in the regions to skill up to undertake this work.

### **Market confidence is essential.**

Program longevity and sustainability are important considerations for businesses and workers alike.

Firstly, programs should scale up slowly and sustainably, to ensure that effective quality and safety controls are in place, and a skilled workforce can be created with sufficient training and expertise to carry out energy performance upgrades in a way that builds confidence.

Secondly, program longevity helps build a critical mass of skills and expertise, as well as helps create a pool of advocates in the community who can recommend programs to their peers. Ad-hoc or stop-

<sup>5</sup> EEC and ANZ, [Putting energy efficiency to work](#), 2023.

<sup>6</sup> This finding is based on data from CSIRO’s Australian Housing Data collection of NatHERS certificates for existing houses. At present, more than 96 per cent of all NatHERS certificates issued for existing homes are for Victorian class 1 dwellings, meaning that the data very heavily reflects the Victorian, rather than national housing stock.

start programs fail to build confidence among practitioners and the community, and present risks to safety and quality that should be avoided at all costs.

Examples of durable demand side programs or policy interventions that can create a steady stream of work over a sustained period include:

- Minimum rental standards for energy efficiency;
- Mandatory disclosure of energy efficiency ratings at point of sale;
- Long running schemes, such as the VEU; and
- High quality and assessment regimes to underpin the above.

**Recommendation:** The jobs plan should be supported by clear signals to industry about the Governments priorities for the future workforce. This will encourage businesses to invest in the expansion and upskilling of the workforce and help to attract more individuals to the sector with the promise of stable work and career opportunities.

The EEC would welcome the opportunity to discuss these matters in more detail. Should you wish to speak further, please contact Karla Paeglis on [redacted] or at [karla.paeglis@eec.org.au](mailto:karla.paeglis@eec.org.au).

Sincerely,

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