

Dr Sharn Enzinger
Proposed VEET Activity Regulation Changes October 2015
Energy Policy and Programs
Department of Economic Development, Jobs, Transport and Resources
energysaver.incentive@ecodev.vic.gov.au

11 November 2015

Re: Proposed VEET Activity Regulation Changes October 2015

Dear Dr Enzinger

The Energy Efficiency Council welcomes the opportunity to provide input on the Proposed Victorian Energy Efficiency Target (VEET) Activity Regulation Changes October 2015

The Council strongly supports the Department undertaking periodic, well thought-through updates to the details of the VEET program. The Council agrees that it is essential to regularly update the VEET activity regulations in response to changes in technology and markets and maximise the benefits of the VEET to the community. In the future it would be valuable to have longer for consultation on changes, particularly if changes have the potential to be contentious.

Greenhouse Abatement Coefficients

The Council does not have significant concerns with changes being made in 2016 to greenhouse abatement coefficients as proposed in the consultation documents. However, for future revisions we encourage the Department to consider:

- Harmonisation with the NSW Energy Savings Scheme (ESS) regarding abatement coefficients and regional transmission and distribution loss factors; and
- Allowing larger projects (e.g. upgrades to regional manufacturing facilities) to use the Distribution Loss Factors and Transmission Loss Factors specific to that site

Space heating (schedules 7, 8, 9 and 10)

The Council supports the Department putting emphasis on enhancing methodologies for space heating, as these have the potential to deliver significant energy savings for households, small-to-medium enterprises (SMEs) and commercial buildings. The Council has no comments on the proposed changes to Schedules 7,8, 9 and 10

Lighting (schedule 21)

The Council believes that there should be a greater difference between the abatement factors for 21C and 21D. While the installation of low energy lamps under 21C can deliver significant savings, savings from 21D would, on average, be greater as the transformer is also removed. The model of transformer may not be identified under a 21C retrofit, and some transformers use significant energy and may reduce the life expectancy of low energy lamps.

The Council also notes that the abatement factors for schedule 21C and 21D in VEET are higher than equivalents in the NSW ESS and SA Residential Energy Efficiency Schemes (REES). The reason for this difference appears to be that the VEET assumes a higher asset lifetime than the ESS or REES assumes. We do not have a position at this time on the correct level of abatement factors for 21C and 21D, but recommend there should be a transparent debate to support robust outcomes and harmonization between schemes.

We also recommend that the department:

- Consider updating schedules 21D and 21E to allow for the replacement of GU10 halogens with LED MR16s (lamp and driver); and
- Bring forward the introduction of the new schedule 21E (GU10 replacements) from March 2016 to January 2016

Motors (schedule 32)

The Council believes that the baseline for motors under Schedule 32 is still too low. The baseline is currently set based on current Minimum Energy Performance Standards (MEPS) but the population of motors performs significantly below MEPS. As a result, certificate generation from motor replacements does not reflect the level of energy savings. We recommend that the baseline is reviewed.

Refrigeration fan (schedule 33)

The current Regulations require both the fan motor and impeller to be replaced substantially and unnecessarily reduces the economics of fan upgrades, with the result that Schedule 33 has very low uptake. The Council recommends that VEET regulations be amended so that:

- Installation of a fan motor does not require replacement of the impeller to generate certificates; and
- APs capture information regarding existing fans (such as pitch angles and sizes).

Commercial lighting (schedule 34) – T8 LED retrofits

Some of the Council's members support the use of T8 LED tubes to retrofit T8 florescent light fittings as an affordable solution to reduce energy use. Other members believe that additional safeguards are required if they are included in VEET. We recommend that the department hold informal discussions on this with the EEC and its members as soon as possible.

Commercial lighting (schedule 34) – Operating hours

The Council supports the inclusion of variable operating hours to provide a stronger incentive for lighting upgrades in areas with long lighting operating hours. We believe that whatever system is used to estimate operating hours, it should provide for fair values that appropriately represent energy savings at a site, whilst minimizing the risk of roting and compliance cost. In addition, the system used should foster harmonisation with NSW ESS, either through adoption of ESS rules or by encouraging the ESS to adopt VEET rules.

The building classification approach has the benefit that it has low administration costs and it is the same system as used in NSW. However, there will be cases where it is challenging to determine the classification of a building space, and there can be substantial differences in the operating hours of similar building types..

For example, the Draft Amendment Regulations (Table 4 on page 21) splits class 8 buildings into two categories based on ANZSIC classification; manufacturing and non-manufacturing, with the former assumed to operate for 5,000 hours per year and the latter for 3,000 hours per year. However, there are many industries that run extended manufacturing hours (typically two shifts) but are not classified as manufacturing under ANZSIC, such as recycling and car import and distribution.

Therefore, we recommend that the proposed building classification approach be complemented by:

- The Essential Services Commission (ESC) issue guidelines on how building spaces should be classified, with particular focus on areas where classification is unclear.
- Consideration be given to allow Accredited Parties to submit additional evidence where they know a building is operating substantially more hours than the standard hours specified for that building type.
- The ESC be given discretion to get independent assessments of site where they believe that the building type and operating hours may substantially differ from what has been specified; and
- Ongoing engagement with other jurisdictions to ensure harmonization.

Summary

We congratulate the Victorian Government for its efforts to enhance the operation of the VEET and emphasise that harmonisation with the NSW ESS will deliver significant benefits to both energy service providers and consumers.

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
Executive, Policy and Advocacy