ESSENTIAL SERVICES COMMISSION

Victorian Energy Upgrades 2020 Forum

17 December 2020

Victorian Energy Upgrades

Victorian Energy Upgrades Forum – 17 December 2020

Welcome

Kate Symons

Chairperson

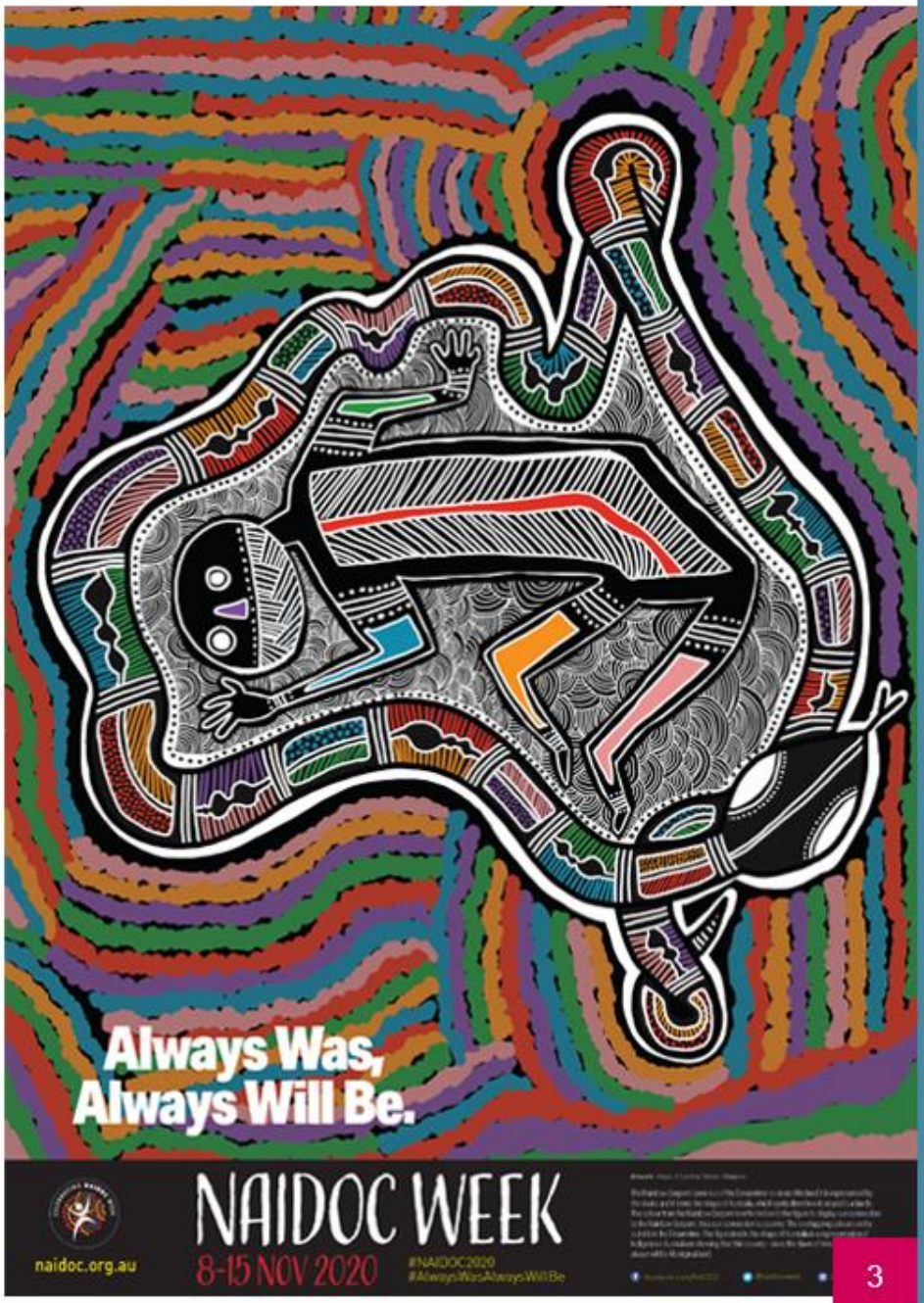
Essential Services Commission

Acknowledgement of country

To start, I'd like to acknowledge the Traditional Owners on all of the lands wherever you are today.

I pay my respects to Elders past, present and emerging who may be here today.

I would like to acknowledge the connection that Indigenous Australians hold to country and culture, particularly at this time of great uncertainty.



Victorian Energy Upgrades Forum – 17 December 2020

Plenary session (10:00 – 11:00am)

10:00 Welcome (Kate Symons, Chairperson ESC) (5 mins)

10:05 Session agenda (Jeff Cefai, Director ESC) (5 mins)

10:10 VEU program update (Jeff Cefai, Director ESC) (15 mins)

10:25 Update on policy and new VEU activities from DELWP (15 mins)

10:40 Q&A session (20 mins)

11:00 Session closes

Workshop: Switchable wattage lighting product (11:45 – 12:15pm)

Victorian Energy Upgrades Forum – 17 December 2020

How to:

1. Either open the web browser and go to www.sli.do or download the sli.do app.
2. Enter the event code #VEU to join the event ‘Victorian Energy Upgrades forum December 2020.
3. You will now be able to type in and submit your questions. To prioritise your own or other people’s questions, click the ‘like’ button that appears next to each question. Questions are sorted by their popularity, so the most popular ones appear on top.

ESSENTIAL SERVICES COMMISSION

Victorian Energy Upgrades 2020 in review

Jeff Cefai, Director

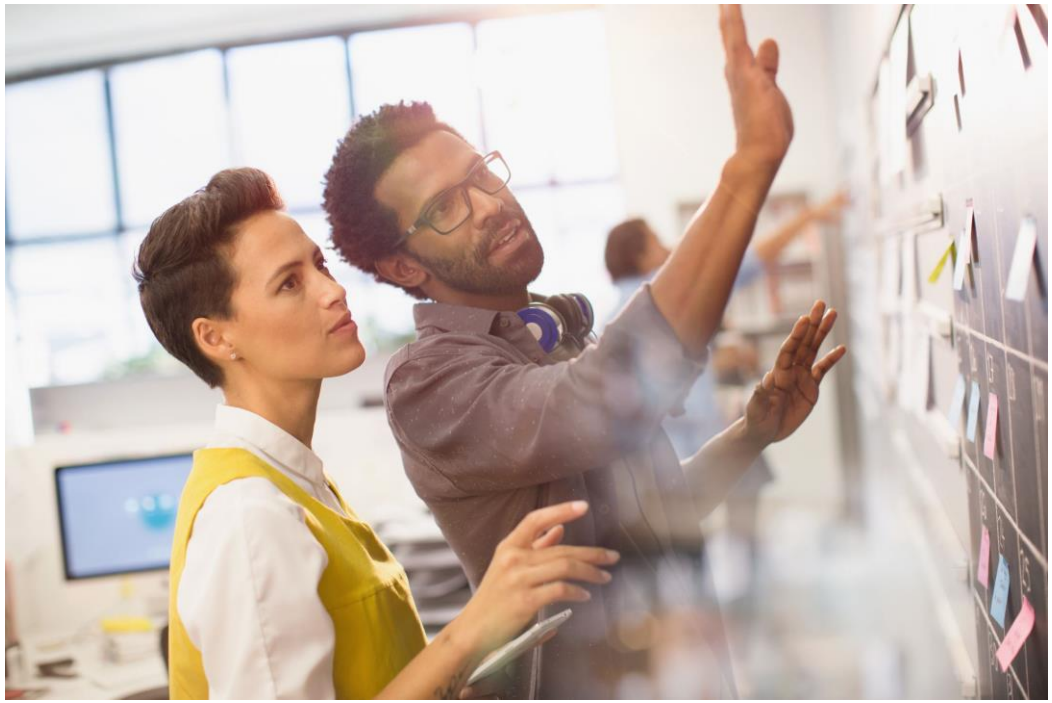
Essential Services Commission

17 December 2020

Introduction

2020 has been challenging

2021 presents opportunities



2020 performance

2021 Target: 6.5M certificates

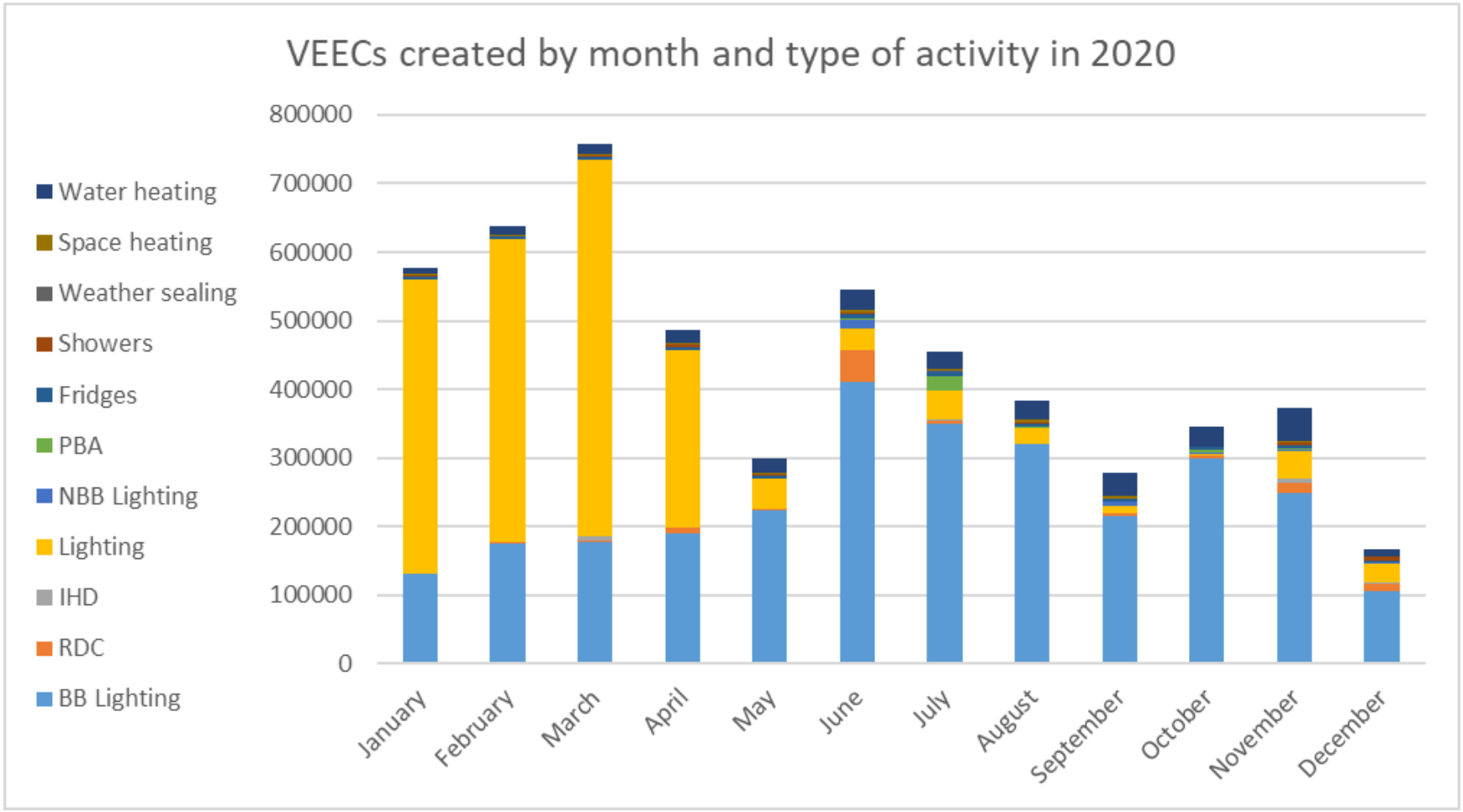
Available certificates created by 8 December 2020: 9.6M

Available certificates registered by 8 December 2020: 9.0M

Products approved in 2020: 1,338 (Total program: 17,372)

Approved installers: 5,425

2020 performance



2020 Performance

5.8M VEECs registered

- **BB Lighting** 2,724.1K
- **Lighting (21)** 2,540.9K
- **Water heating** 285.9K
- **Refrigerated display cabinet** 103.3K
- **Refrigeration destruction** 53.3K
- **PB Activities** 42.4K
- **NBB Lighting upgrade** 23.8K
- **Space heating** 21.6K
- **Public lighting** 19.6K
- **Shower rose** 14.4K
- **In-home displays** 13.0K
- **Weather sealing** 2.0K

Overall performance since 2009

Total activities: 4,830,569

Residential: 4,647,907

Non-residential: 182,662

Total certificates created: 68,416,496

Total certificates registered: 62,914,210

2020 performance

Field audits

6

Desktop audits

366

VEECS surrendered from investigations and enforcement actions

30,189

Queries (total)

1383

AP queries

769

Consumer queries

355

Complaints resolved

43

July to December 2020 – PBA and products

- **Products**

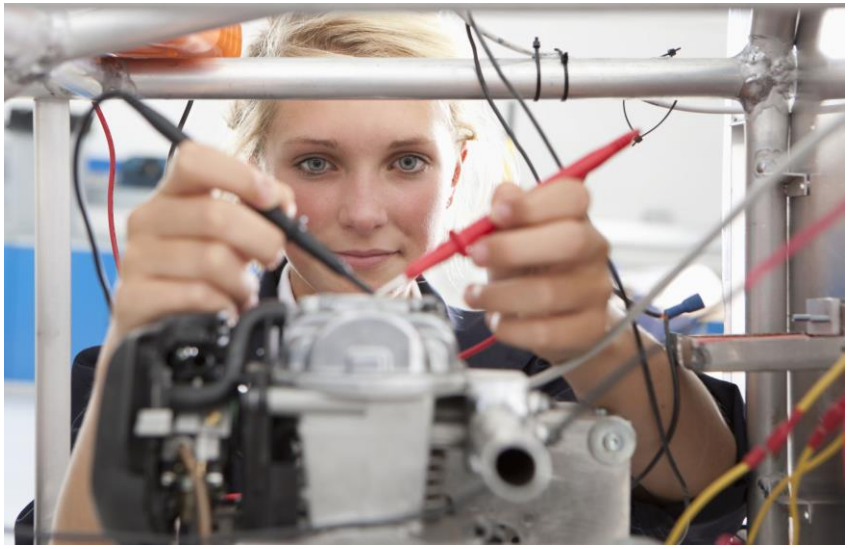
  Reclassified approx. 4,000 LED other lighting products

  Products approved in the second half of 2020 increased by 27% compared to last year*

- **PBAs**

  17 impact reports* received - mostly since July 2020

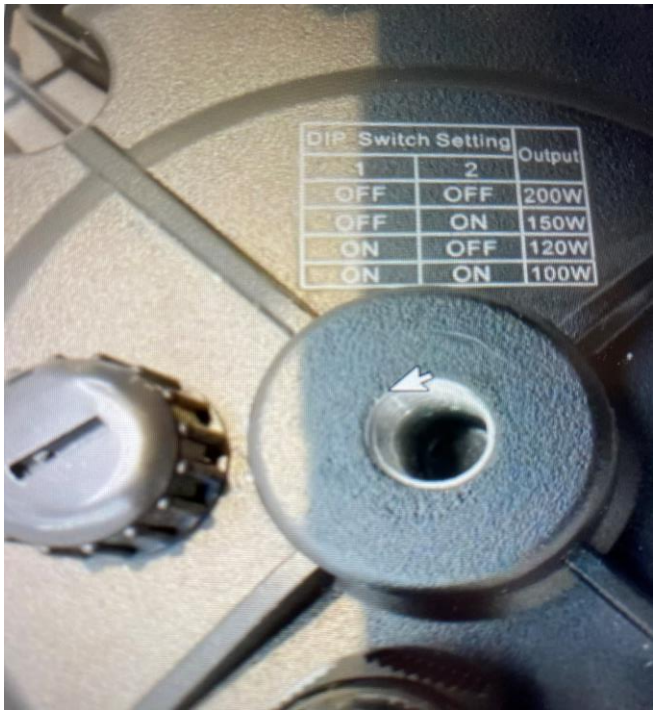
  Scope of PBA audits



* numbers as at 9 Dec 2020

Switchable, multi-wattage products

- Commission concerns
- Workshop today (11:45 am)



July to December 2020 – Compliance

- **Accredited Person**

  Conducted regional investigation into activity 34 installations with 442 desktops, phone audits, field audits.

  Investigation identified possible non-compliance for high-bay installations

- **Relevant Entity**

  Issued one shortfall statement to the relevant entity People Energy

Door knocking & telemarketing

- ACL and ACMA requirements
- Commission requirements for weekly information on lead generation

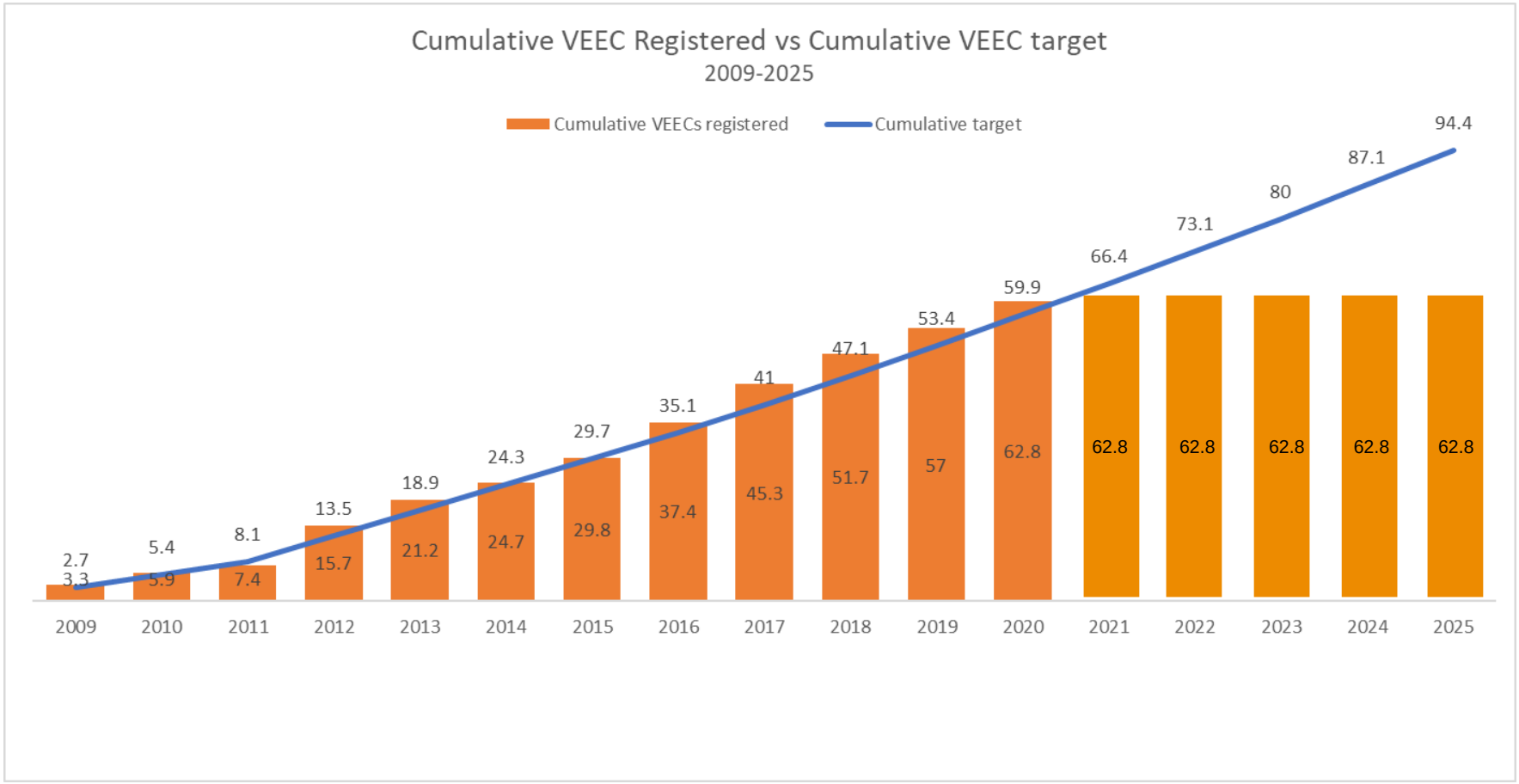
July to December 2020 – Registry

- 64% of batches processed ahead of target
- Covid safe plans checked
- High volume of accreditation & additional activity applications
- Limited staff from 24 December to 3 January

July to December 2020 – Commission Projects

- Release of a number of bulletins and program updates
- Publication of VEU 2019 Performance Report
- Reaccreditation of VRQA course: Retrofitting for energy and water efficiency
- IT systems upgrade
- Preparing for program expansion/Act review
- Stakeholder engagement plan – 2020/21
- Fridge destruction – activity 19
- Move to new ESC office – 570 Bourke Street

2009 – 2025 performance v's target



ESC Forum – 17 December 2020
Update on policy and new activities

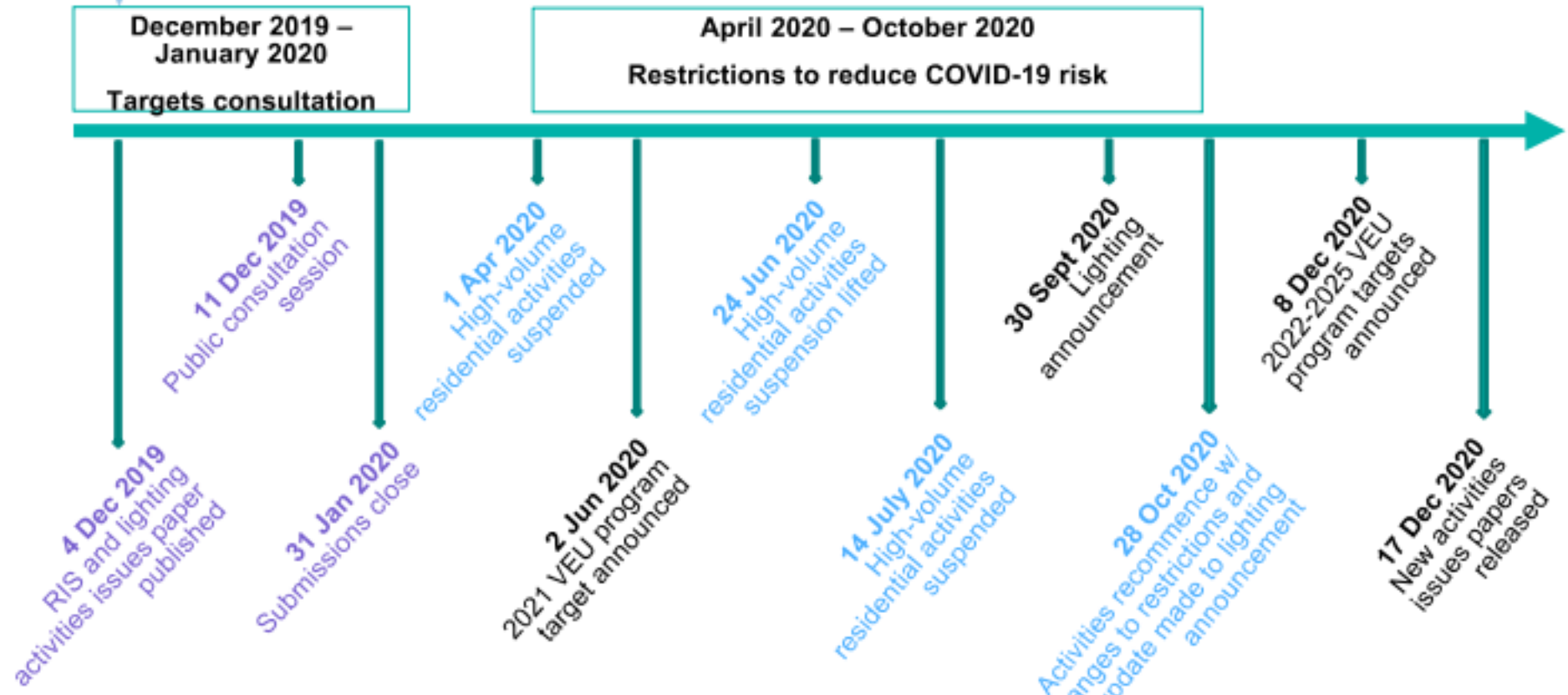
Helen Sofele, Verena Pichler and Jack Brown
Energy Demand & Efficiency Policy, Energy Group, DELWP

VICTORIA State Government | Environment, Land, Water and Planning

Presentation summary

- 2020 overview
- New and revised activities
  - Measurement & Verification (M&V)
  - Smart thermostats and Building EMIS
  - Hot pipe lagging and Cold rooms
  - Revision of existing activities and Specifications
- Recent announcements
- Next steps

2020 overview



Measurement and Verification (M&V)

M&V export limit changes - released today (17 December 2020)

- Most requested change by M&V stakeholders
- Allows export of renewable energy
- VEECs created for reduced grid demand
- Exported energy does not create VEECs
- No limit on export volume imposed by the VEU program
  - export limits may be imposed by a site's DNSP
- Existing projects may apply for a variation to allow export

Non-routine adjustments for COVID-19

- COVID-19 has affected many sites with current or future M&V projects
- Many of these sites would be ineligible to create VEECs under the current M&V Specifications
- In collaboration with industry experts, DELWP has created a series of non-routine adjustment (NRAs) for eligible M&V projects
- Sites must prove that they have been affected by the impacts of COVID-19
- Using the NRAs will enable VEEC creation at a reduced incentive level
- Some projects may choose to delay VEEC creation until the site has recovered from the impacts of COVID-19
- Guidance to be released in early 2021

Smart thermostats and Building EMIS

Smart Thermostats

- Focused on improving energy efficiency of home heating and cooling systems
- Have communications capability (typically via Wi-Fi)
- Additional benefits (increased convenience, comfort and control)
- Potential pathway to alleviate peak demand where consumers participate in demand response programs

Building Energy Management Information Systems (EMIS)

- Focused on improving the efficiency of energy using systems in commercial buildings
- Building EMIS consist of systems and platforms that monitor and manage energy using systems (e.g. HVAC) throughout buildings and facilities
- Hybrid deemed and measurement approach tested

Hot pipe lagging and Cold rooms

Hot pipe lagging

- Focused on improving heated pipework efficiency in commercial and industrial facilities
- Installing insulation (lagging) to reduce heat loss
- This often accounts for 10-12 per cent of a system's fuel consumption
- Key questions on the use of standards and product features

Cold rooms (Regulations and Specifications)

- Initial consultation August 2019
- Supportive of new cold room upgrade activities
- Consulting on draft regulations and specifications
- Three types of new refrigeration upgrades being considered
- Stakeholder feedback will assist in developing this activity before it enters the legal drafting process

Consultation papers will be released today (17 December 2020) and be open for comments until ***5 February 2021***

Revision of existing activities

- Existing VEU activities are continuously being considered for review
- Range of factors considered when deciding to review an activity, including activity additionality,
  how fit for purpose the activity is, policy priorities, internal resources, and changes in standards

Existing VEU activities to be reviewed in 2021 (but not limited to)

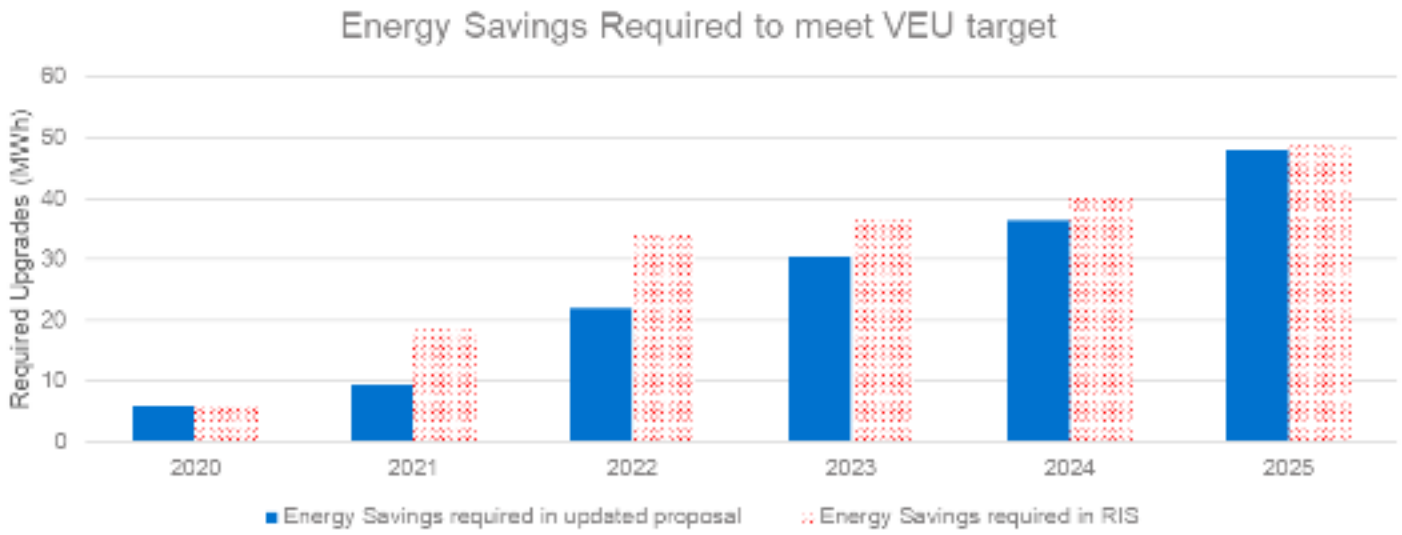
- Gas boiler and water heater activities: review of requirements
- Refrigerated display cabinets: GEMS determination commences 1 May 2021
- Swimming pool pumps: new MEPS and labelling regulations in 2021
- Water heaters: updated AS/NZS 4234, due mid 2021

Specifications updates

- The Specifications (e.g. removal of Part 19 refrigerator destruction activity which ended on
  9 December 2020) will be changing in 2021 and released in due course.
- Stakeholders will be notified via emails and web updates

Targets and Emissions Factors

Year	Targets	Emissions Factors
2021	6.5 million certificates	0.9546 from 31 July
2022	6.7 million certificates	0.8142 from 31 Jan
2023	6.9 million certificates	0.6738 from 31 Jan
2024	7.1 million certificates	0.5334 from 31 Jan
2025	7.3 million certificates	0.393 from 31 Jan



Other announcements

- Shortfall Penalties
  - $70 in 2021, $80 in 2022 and $90 for 2023, 2024* & 2025*
  - Some increase necessary since certificate prices are expected to increase but compared to RIS the announced shortfall penalties are lower
  - Shortfall penalties are a **price ceiling but not a good representation of likely certificate prices** – should be high so that they do not impede natural market dynamics
- PBA Emissions Factors
  - Forward creation to use 10-year average emissions factors (set at implementation start date)
  - Annual creation to use National Greenhouse Accounts emissions factors as released
- Continue to be technologically neutral
- Electrification, gas efficiency, larger biomass & hydrogen solutions etc.
- Other matters to be taken up as part of review of Act; more information to follow.

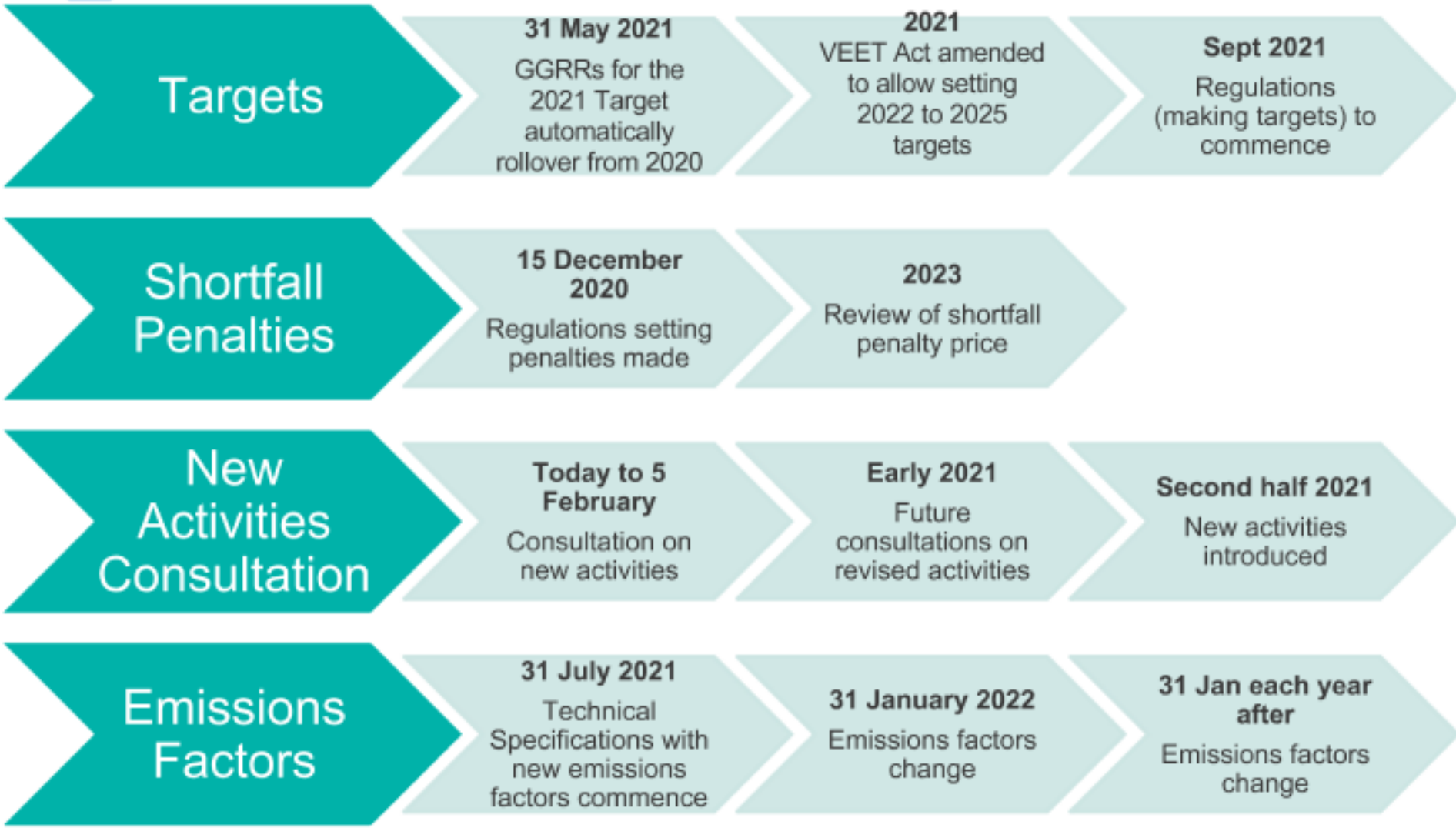
Update on VEU exemption framework review

- Thank you for engagement to date in the review of the definition and treatment of large energy users
- Given COVID-19 impacts on energy use, the Department will undertake further consultation and analysis in the first half of 2021
- To be involved, email gabrielle.breen@delwp.vic.gov.au
- Announcement to be made later in 2021, with suitable transition period before new VEU exemption framework takes effect

Business Recovery Energy Efficiency Fund (BREEF)

- $31m in grants for energy efficiency, demand response & energy management
- See https://www.victorianenergysaver.vic.gov.au/energy-advice-for-business/business-recovery-energy-efficiency-fund

Next Steps



Thank You

If you have further questions or comments, please contact:
energy.upgrades@delwp.vic.gov.au

Q&A session

Post your questions/comments via sli.do

www.sli.do /Event code: VEU

Victorian Energy Upgrades Forum – Switchable Wattage Workshop

Andy Sharp

Technical Services Group Manager

Essential Services Commission

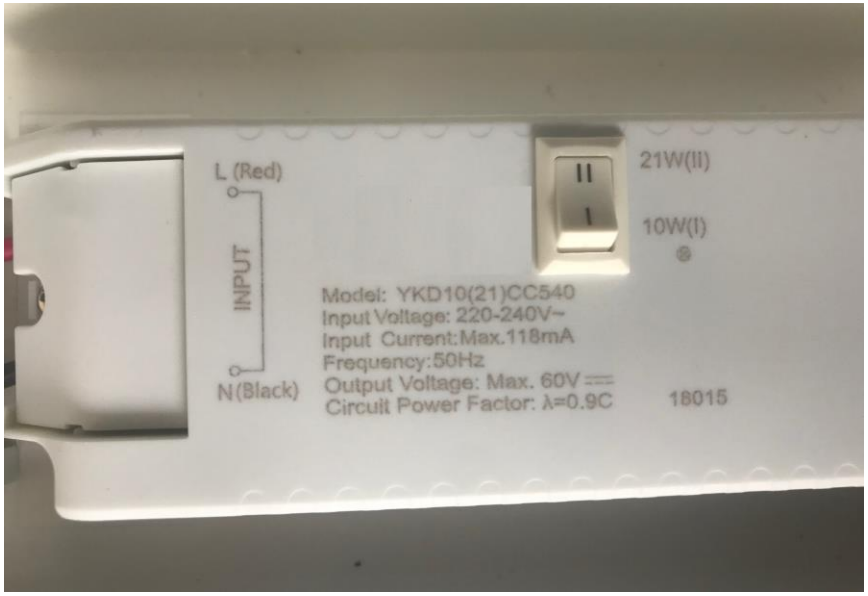
17 December 2020

Agenda

- Background
- Why are we here today
- Results of consultation
- Proposed transition period
- We have 3 questions
  - Give us feedback on our proposed transition
  - What's switchable & what's "Not switchable"
  - What evidence should we look for to confirm what's "not switchable"
- Wrap up

Background

- Historically - small handful of switchable wattage products in the program
- Our understanding = these were not easily switchable
- Recently = higher volume of these products, many of which are easy to switch
- For example:



Why are we here

- The ESC's role is to administer the VEU program
- A major part of this is to protect the integrity of the program
- Some switchable products create unacceptable risks to program integrity
- The most sensible and cost-effective option is to administer this at product approval stage
- This means only allowing new products to be registered at their highest wattage setting (most conservative).

Our consultation

- Given this, we made the decision to clarify that we do not accept switchable products at anything other than their highest wattage setting.

- Consultation asked how long the transition should be for products currently on the Register of products, but are found to be listed at other than their maximum wattage.

- Clarification – We have not actually changed anything yet!

Results of our consultation

- 10 responses received
- These can be categorised into:
  - Comments on our decision to clarify our position on switchable products
  - Comments on the transition period
- Responses on these ranged dramatically
  - From complete agreement with our decision, to complete disagreement
  - From not wanting a transition period at all, to wanting 12 months to transition.

Proposed transition period

- We propose a transition period – end of 31 March 2021.

From 1 April, we will identify “switchable” products that are not at their highest wattage. These will be end-dated (leaving the product at max wattage on the register)

This reflects the middle ground in the collective responses received

This seems to be reasonable, given that this is approx. 6 months (from early October) - a reasonable amount of time to shift stock, complete jobs.

3 Questions

- This workshop is designed to present 3 questions to stakeholders

  - There is opportunity to discuss during this workshop (using Sli.do)

  - There is opportunity to contact us with your feedback on these questions after the workshop.

Question 1

Give us feedback on our proposed transition

- (approx. 6 months from early October to end March)

- I'll now pause for questions/comments on Sli.do

Question 2

What's switchable & what's "Not switchable"?

- Some responses to the consultation indicated that the decision was not fair on products that were manufactured as switchable (more efficient manufacturing process) but were not switchable "in the field"
- We agree with this – the intention was not to exclude these products

Question 2 – Continued…

What's switchable & what's "Not switchable"?

- Our current thinking is that 'Switchable but not switchable' relate to products that are manufactured as switchable, are set in the factory, but that ***cannot*** be switched outside of the factory.
  - For example: Jumper settings or DIP switches set on an electronics board sealed inside a housing that:
    - Cannot be opened (without destroying product)
    - Opening would void the warranty (where the product has appropriate tamper evident labels).
- I'll pause for questions/comment on Sli.do

Question 3

What evidence should we look for to confirm what's "not switchable"

- If we are to accept these products as "Not switchable", what evidence should we ask for during the product approval process?
- Is there additional evidence installers should provide when installing?
- For example: A statement from testing laboratory that indicates switches are behind sealed housing, along with evidence of tamper evident labels.

- I'll now pause for questions/comment on Sli.do

Wrap up

- You are free to contact us with further thoughts/feedback after this forum
  - Contact veu@esc.vic.gov.au

- Please respond by 31 January 2021

- We will aim to communicate back and adjust our guidance accordingly shortly after this date (approx. end Feb).

Contact us

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