

VEU Audits and Auditors

New Compliance and Assurance Audits

April 2024



Acknowledgement of country

We acknowledge the Traditional Owners on all of the lands wherever you are today.

We would also like to pay our respects to their Elders, past and present, and Aboriginal Elders of other communities who may be here today.

Barring Djinang artwork by Jade Kennedy.
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Housekeeping Notes

- **Camera is On, Audio is Off**
 - Participants will automatically be muted, however your Camera will be on. You may turn your camera off using the controls in the webinar window.
- **Submit Questions During the Webinar**
 - Use the Q&A function to submit questions as we go. Any questions not answered during the session will be addressed in writing and send out following the conclusion of the event.
- **Recording of Slides:**
 - This webinar will be recorded. By participating you give your consent to this occurring. The recording will be available upon request following the event.

The Victorian Energy Upgrades Program: Assurance and Compliance Audits





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Background



The Victorian Energy Upgrades (VEU) program was established under the *Victorian Energy Efficiency Target Act 2007 (VEET Act)* to help Victoria reduce its Green House Gas (GHG) emissions, reduce the use of electricity and gas and invest in industries that provide energy demand management technology and services.



The VEU program is a voluntary initiative that provides subsidies for residential and business consumers to reduce their energy use by upgrading appliances, processes or buildings.



Amendments were made to the VEET Act in 2023 adding additional audit functions to the Act.

How the program works



The VEU program works by creating financial incentives for households and businesses to undertake energy saving activities. When accredited businesses (known as accredited persons) undertake eligible energy efficiency activities in homes or businesses, they create Victorian Energy Efficiency Certificates (VEECs).



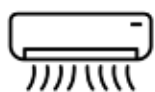
Each VEEC represents one tonne of GHG emissions saved over the lifetime of the activity or product installed. VEECs can then be sold to energy retailers who must meet an emission savings target each year based on their annual electricity and gas sales.



The VEU program includes energy saving activities for both households and businesses. Activities currently available for businesses in the program include water heating upgrades, space heating and cooling upgrades, and project-based activities which help businesses access incentives for large, custom energy efficiency upgrades.

What is in the program

The VEU program includes energy saving activities for both households and businesses. Activities currently available for businesses in the program include water heating upgrades, space heating and cooling upgrades, and project-based activities which help businesses access incentives for large, custom energy efficiency upgrades. Below are a few examples.



Activity 6 – Space heating and cooling –
Installing a high efficiency air conditioner



Activity 35 - Non-building based
lighting upgrades



Activity 15 Space conditioning - Weather
sealing



Activity 36 - Pre-rinse spray valve -
Installing efficient pre-rinse spray
valves



Activity 17 Shower rose - Installing a water
efficient shower rose and decommissioning
a water inefficient shower rose



Activity 44 – Commercial and
industrial heat pump water heater



Activity 30 In-home display unit - Installing
in-home display units



Activity 45 - Undertaking a home
energy rating assessment

Legislation

Victorian Energy Efficiency Target Act 2007 (VEET Act)

Victorian Energy Efficiency Target Regulations 2018 (VEET Regulations)

Victorian Energy Efficiency Target (Project-Based Activities) Regulations 2017

Victorian Energy Efficiency Target Guidelines Version 9 / Victorian Energy Efficiency Target Audit Guidelines Version 1

Recent changes

Assurance Audits

- Introduced into the VEET Act in 2023
- Requirement for the Essential Services Commission (ESC) to publish an Assurance Audit Schedule
- Requirement for the ESC to review the Assurance Audit Schedule at least every 12 months
- Requirement for accredited persons to undertake an assurance audit at least once every two (2) years

Compliance Audits

- Can be undertaken by either an Independent Auditor OR someone from VEU
- If VEU doing the audit they must prepare a report and provide that report to the accredited persons within 90 days after finalizing the report.

Other

- Requirement for the ESC to publish and maintain a list of independent auditors
- Auditor appointments

VEU Units and Functions



Accreditation



- The accreditation team is responsible for assessing both new applications and renewal applications.
- Both applications are required to be made on the specified forms and include the relevant documentation.
- Statutory deadline of 20 business days to make a decision*
- Ultimate decision maker is the delegate of the commission
- Decisions can be appealed, initially for internal review and potentially to VCAT

Registry



- The VEU registry team is responsible for assessing and approving the creation of Victorian Energy Efficiency Certificates (VEEC's or certificates)
- Ensure evidentiary requirements are adhered to.
- The registry team has the authority to request additional or missing information from accredited persons.

Technical Services



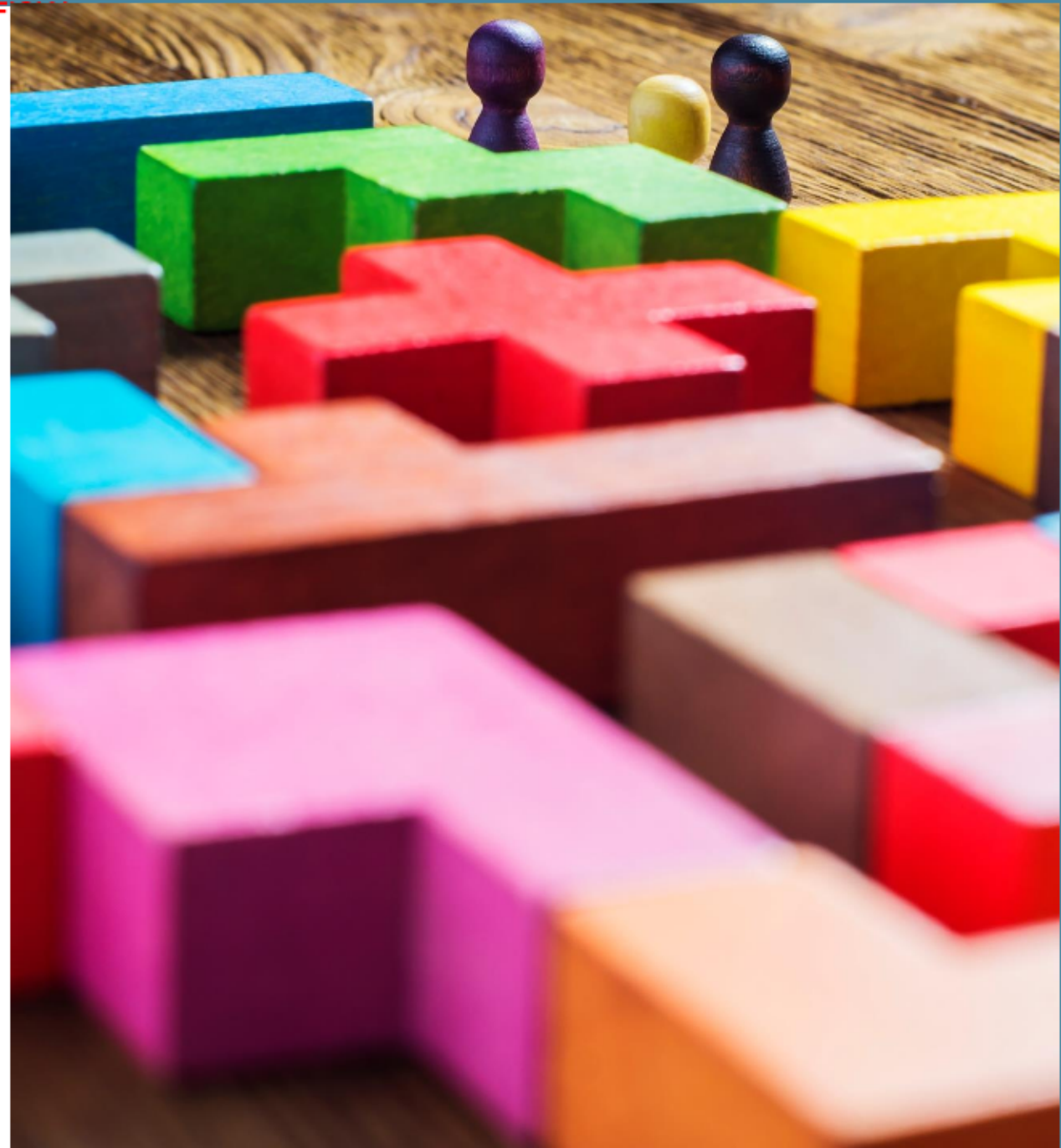
- The Technical Services Group (TSG) team is responsible for the approval of products applications for new products to be added to the approved list
- They are also responsible for reviewing project-based applications for the program. These are large scale upgrades or plant, process and or equipment that leads to the reduction in GHG emissions.

Audit



- The audit team is responsible for managing the audit processes, as well as undertaking compliance audits as required.
- Ensure standard of audits is satisfactory and in line with the audit scopes.
- Have the power to request additional or missing information from accredited persons.

VEU Training Session



Required Training Session

Welcome to the required VEU training.

Under section 55L(2)(b) the commission must not appoint an auditor to the list of independent auditors unless the ESC is satisfied that the auditor has:

- a) the relevant skills, competencies and qualifications to conduct assurance audits or compliance audits in accordance with this Part; and
- b) undertaken training or has sufficient knowledge or experience in relation to the VEET scheme.

Types of Audits



Annual Energy Acquisition Statement Audits



Compliance Audits (s.55A of VEET Act)



NEW



Assurance Audits (s.55G of VEET Act)



NEW

Assurance audits

- ✓ ESC must publish an Assurance Audit Schedule on its website
- 📅 ESC must review the Assurance Audit Schedule at least every 12 months
- ⚠️ When requiring an accredited person to undertake an assurance audit the commission must issue a notice requiring this to happen and by when
- 📅 Each accredited person must undertake an assurance audit at least every 2 years
- 🔍 Standardised audit scope for all accredited persons, but there will be scalability in the audit scope
- 👤 It is the responsibility of the accredited person to provide ESC with a copy of the audit.

Compliance audits



IF UNDERTAKEN BY ESC,
ESC MUST PREPARE AN AUDIT
REPORT AND WITHIN 90 DAYS OF
FINALISING THAT REPORT,
PROVIDE A COPY TO THE
ACCREDITED PERSON.



WHEN REQUIRING AN
ACCREDITED PERSON TO
UNDERTAKE A COMPLIANCE
AUDIT, ESC MUST ISSUE A
NOTICE REQUIRING THIS TO
HAPPEN AND BY WHEN



THE SCOPE OF THE AUDIT WILL
BE ISSUE DEPENDENT



VEU WILL LIMIT THE NUMBER OF
COMPLIANCE AUDITS AN
AUDITOR CAN UNDERTAKE ON AN
ACCREDITED PERSON TO THREE
(S55M(2)).

Independent Auditors

- Must comply with the VEET Act and VEET Regulations
- Must comply with the published ESC Audit Guidelines (s55E and s55I)
- Auditors must have the relevant skills, competencies and qualifications to conduct audits (s55L(2)(a)) AND have undertaken training or have sufficient knowledge or experience in relation to the VEET Scheme (s55L(2)(b))
- The commission may require an auditor on the list of independent auditors to undertake training (s55L(3))
- The commission may remove an auditor from the list of independent auditors (s55L(4)(a)or(b))

Accredited persons

- Must comply with the VEET Act and VEET Regulations
- Must comply with the conditions of the notice of compliance/assurance audit issued by ESC (s55F(1)(a) and s55J(1)(a)).
- Must cooperate with the independent auditor on both the compliance and assurance audits (s55F(1)(b) and s55J(1)(b)).
- Must provide ESC with a copy of the audit report by the date specified on the notice (s55F(3) and s55J(3)).
- Must not provide false or misleading information (s55N).
- Must not, without reasonable excuse, withhold information (s55O).
- Does, however, have the protection against self-incrimination in relation to s55N and s55O (s55P)

Requirements of audits



Expectation that audits will be more than just a desktop review

Expectations of a walkthrough of processes, stakeholder interviews as well as detailed analysis

Currently VEU is currently prioritising marketing and lead generation activities, which is why this is specifically highlighted in the audit scope

To make the audits scalable there is a list of minimum number of installations that need to be audited. We are open to receiving feedback on quantities.

Feedback

Length of initial independent auditor appointment length:
3 or 5 years?

The Assurance Audit scope, particularly the minimum number of installations to be audited?

We want your feedback on the following:



The VEET Auditor Guidelines – Easy to read? Useful? Missing something?

Rough estimate on what audits would cost?

Contact us

Additional Questions after the webinar?

Submit to VEU@esc.vic.gov.au

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