# Victorian Energy Upgrades Stakeholder Forum 2024

## Outstanding questions following the annual Victorian Energy Upgrades (VEU) Stakeholder Forum on 21 November 2024

1. Question: The cost of assurance audits is currently significantly high. What steps are the ESC taking to ensure APs are not being forced to pay exorbitant high costs to auditors?

**Answer:** Auditors are independent, and the commission does not regulate the fees they charge for their services. Assurance audit requirements vary in consideration of the number of upgrades delivered and reflect the scale of the VEU business undertaken by the accredited persons.

To facilitate healthy market competition in the provision of auditing services to accredited persons, the commission continues to assess auditors and appoint new auditors to the list of independent auditors. This helps ensure that there are sufficient auditors to undertake the number of audits required and to provide competition.

Accredited persons should make their own assessment of an auditor’s suitability to conduct their audit and report any concerns about the quality of services provided by auditors on the list to us at veuaudits@esc.vic.gov.au.

More information can be found on our website here: <https://www.esc.vic.gov.au/victorian-energy-upgrades/veu-audit>.

1. Question: It's great to see improvements and streamlining in the accreditation process. Will the ESC commit to faster application times as a result? A three-month turnaround creates significant challenges for those of us working to contribute to the program’s goals effectively.

**Answer:** We have been working to streamline the accreditation application process in various ways. We have released improved application forms for renewals, new accreditations and variations to streamline the application and assessment process.

The new renewal form reduces the information and documents applicants need to provide for subsequent renewals. For example, for some questions we simply ask what has changed since your last application.

We will keep refining our tools and processes to balance the burden on accredited persons with our obligations to protect the integrity of the program. With this in mind, in 2025, we will be moving to online forms in the improved VEU Registry system. We believe that the improved application process will result in reduced average processing timeframes. However, there will continue to be some applications which require additional investigation (for example due to their compliance history in the VEU program or similar programs).

1. **Question:** Tell us about the rates of upgrades for renters and in regional and rural area?

**Answer:** As part of the preparatory work for the VEU 2026/2027 target regulatory impact statement released in late 2024, the Department of Energy, Environment and Climate Action (department) evaluated the program and found participation among rental households is proportionate to the number of rental households in Victoria. The uptake for regional and rural households is also proportionate to the number of Victorians that live in regional and rural Victoria.

The department is cognisant of the need to include renters in the scheme and is undertaking engagement activities to raise awareness of the program and opportunities for rental households as well. This includes engaging with strata managers, councils and rental providers and advocating for upgrades in those households.

The Essential Services Commission does not collect household tenure status data where upgrades occur, and this cannot be directly reported on.

1. Question: Telemarketing and door-knocking was effective in reaching disengaged audiences, who may be unaware of, resistant to, or unmotivated by the benefits of energy efficiency upgrades. With these tools no longer available, what strategies does the ESC envision to meaningfully connect with these individuals, ensuring equitable participation in achieving our climate objectives?

**Answer:** The department introduced the ‘cold-call’ telemarketing and doorknocking bans in response to consumer complaints about problematic telemarketing and doorknocking practices under the VEU program.

You can continue to advertise in a wide range of ways, provided you comply with relevant laws, including the Australian Consumer Law. This includes:

• digital and traditional media advertising, such as newspapers, magazines, radio, television, social media and search engine marketing

• your website and social media channels

• hard copy mail drops (unless there is a ‘no junk mail’ sign)

• emails and SMS messages (if compliant with spam laws, e.g. you must obtain consent before sending, it must be easy to unsubscribe, and the sender must be clearly named)

• shopping centres, billboards and sponsorships.

The commission will continue to check advertising and promotional activity within the program to find misleading and deceptive conduct and ensure compliance with the VEU code of conduct.

1. Question: What steps are being taken to improve and manage Victorian energy efficiency certificate (VEEC) supply, address high VEEC prices and help meet the 2025 target and beyond?

The VEEC spot price is set by the market and is a function of supply and demand of VEECs, as well as other factors such as liquidity.

The department is monitoring the market, VEEC prices and certificate creation levels closely and is taking the following steps to address VEEC price and supply challenges:

* Working with the Essential Services Commission to determine action that can be taken in the policy design and administration of the program activity and efficiency.
* Recent changes to activities to encourage uptake, including introducing the new induction cooktops activity and more incentives for commercial heating and cooling, cool rooms, and eligible heating and cooling products.
* Significant program of work and industry engagement, to identify additional supply chains to support the program and create consumer awareness. The department publishes its VEU workplan on the [Industry market update and work program](https://www.energy.vic.gov.au/victorian-energy-upgrades/installers/industry-market-update-work-program) page. This page identifies the planned additions and revisions to the program. You can sign up for updates at the bottom of [this page](https://www.energy.vic.gov.au/victorian-energy-upgrades/installers/industry-market-update-work-program).
* Removing the requirement for certificates to be created by 31 January for the previous calendar year, providing energy retailers more time to acquire certificates and reduce VEEC demand (see [here](https://www.premier.vic.gov.au/moving-extend-victorian-bill-saving-upgrades-2045) for more details of this plan).
* A strategic review of the VEU program to ensure continued alignment with key government objectives, including electrification, energy affordability, emissions reductions targets and reliability. Program activities, eligible products, the VEEC spot price and the underlying supply constraints impacting that price will be part of the review.

On 2 December, the department opened a consultation on proposed targets for the VEU program for 2026 and 2027. Information and submissions were made available via the [[Engage Victoria consultation page](https://urldefense.com/v3/__https%3A/energyeffieincy-delwp.cmail19.com/t/d-l-sqlhtl-djdjiiphh-d/__;!!C5rN6bSF!GGVjTYTsI2LqXtR7LVhnkoSeJPBqM6cnRNCb6z3MPNBE7LDEmvZW00mP06gtWzo-a9d56RxOB7OoccBHe92ZSuCR27YD1bgYBdEQ-O2iBtJPqL0_$)](https://urldefense.com/v3/__https%3A/energyeffieincy-delwp.cmail19.com/t/d-l-sqlhtl-djdjiiphh-d/__;!!C5rN6bSF!GGVjTYTsI2LqXtR7LVhnkoSeJPBqM6cnRNCb6z3MPNBE7LDEmvZW00mP06gtWzo-a9d56RxOB7OoccBHe92ZSuCR27YD1bgYBdEQ-O2iBtJPqL0_$). The VEU team also notified accredited persons of this consultation process via email on the 2 December 2025. The consultation closed on the 16 January 2025. We thank all of you who made a submission. The response will be released and targets set by 31 May 2025.

1. Question: Several retailers have opted to pay fines for the current compliance year rather than purchasing and surrendering certificates. What steps are VEU and DEECA taking to prevent fine payments from becoming a default compliance option and to ensure that retailers meet their obligations through the purchase and surrender of certificates?

**Answer:** Twenty-eight energy retailers met their energy liability in 2023, which is 95 per cent of the total certificate surrenders required to meet the total liability across all retailers.

A $90 penalty rate per VEEC applies to energy retailers who do not meet their obligations to acquire and surrender VEECs each year to offset emissions generated by their energy sales. Even though the current VEEC spot price is above the penalty rate, paying the penalty is generally not a commercially better option, when tax and other considerations are taken into account.

For the 2025 compliance year, the commission has extended the date for submission of Annual Energy Acquisition Statements to 30 June 2025.

In October 2024, the Victorian Government announced its intention to change the program rules to give energy retailers more time to acquire certificates.

A Strategic Review of the VEU program is being undertaken by the department to ensure continued alignment with key government objectives, including electrification, energy affordability, emissions reductions targets and reliability. The VEEC spot price and the underlying supply constraints impacting that price will be part of that review.

1. Question: Given the ESC focus on compliance and quality assurance this coming year, can we expect to see penalties levied at APs who are consistently failing to meet standards? And if so, what kind of sanctions can we expect?

**Answer:** Accredited persons must meet their obligations under the VEU program and are responsible for all agents and installers that may act on their behalf.

The commission actively supports accredited persons to meet their obligations under the VEU program, monitors compliance and takes proportionate action against identified non-compliance.

Yes – you can expect to see increasing outcomes in the enforcement space. We have strong enforcement powers to deal with breaches, these include:

* refusing to register certificates or require surrender of certificates associated with misconduct
* imposing conditions on accreditation (including exclusion from certain prescribed activities)
* issuing penalty notices
* suspension from the program (including immediate suspension)
* pursuing enforceable undertakings
* civil litigation or criminal prosecution
* public and/or industry communications about the breach and enforcement response
* cancellation and disqualification from the program
1. Question: Some product applications have been pending with the VEU for months, limiting consumers' access to a wider range of products. This delay also places considerable strain on companies that have invested in product development to support the VEU initiative. What is causing these delays and how will this be improved in future?

**Answer:** The commission has strong standards and processes to approve products for installation under the VEU program to protect consumers, program integrity and ensure products deliver genuine energy and cost savings.

We may do additional checks on some product applications to ensure they meet the performance and other criteria set out in the VEU specifications. This may include engaging an independent advisor and/or asking for raw test data.

These additional checks take much longer than usual. Additional checks can also take our staff members away from processing typical product applications. Our team is constantly working to reduce processing timeframes whilst ensuring that our reviews are thorough.

1. Question: Will there be potential for the next stakeholder forum to be held in person? This would allow for everyone to meet and have their questions heard.

**Answer:** We regularly seek industry feedback to inform our engagement and other activities. Based on recent feedback, there was not a strong demand for in-person forums.

We will review stakeholder feedback from this year's forum and take this feedback into consideration in our future forum planning. We will conduct further surveys leading up to future events to gauge interest in the forum format.

1. **Question:** Will accredited persons be allowed to offer consumers deferred finance arrangements to cover the upcoming minimum co-payment requirement?

**Answer:** The *Victorian Energy Efficiency Target Act 2007* and *Victorian Energy Efficiency Target Regulations 2018* do not prevent accredited persons from offering deferred payment arrangements to consumers under the co-payment requirement.

However, consumer-related financial products, such as deferred payment arrangements, fall under broader consumer protection laws. Accredited persons must ensure any finance offers comply with the Australian Consumer Law, the [National Credit Code](https://asic.gov.au/regulatory-resources/credit/credit-general-conduct-obligations/national-credit-code/) and all other relevant legislation.

If offering a deferred payment arrangement, you must still keep a record (such as a tax invoice or other form of proof of purchase) as evidence that the minimum co-payment has been made to the accredited person.

1. **Question:** When will we see the consultation paper on proposed VEU targets for 2026/27, which I believe must be locked in no later than May 2025?

**Answer:** On 2 December, the department opened a consultation on proposed targets for the VEU program for 2026 and 2027. Information and submissions were made available via the [Engage Victoria consultation page](https://urldefense.com/v3/__https%3A/energyeffieincy-delwp.cmail19.com/t/d-l-sqlhtl-djdjiiphh-d/__;!!C5rN6bSF!GGVjTYTsI2LqXtR7LVhnkoSeJPBqM6cnRNCb6z3MPNBE7LDEmvZW00mP06gtWzo-a9d56RxOB7OoccBHe92ZSuCR27YD1bgYBdEQ-O2iBtJPqL0_$). The VEU team also notified accredited persons of this consultation process via email on the 2 December 2024. The consultation closed on the 16 January 2025. We thank all of you who made a submission. The response will be released and targets will be set by 31 May 2025.

1. **Question:** Regarding Prescribed Activity 6, the current requirements mandate a one-to-one replacement, where a single baseline product is replaced by a single upgrade product (excluding no-decommissioning scenario).In certain scenarios, such as premises with ducted gas heating, it may be more practical, cost-effective, and energy-efficient for consumers to install multiple single split air conditioners rather than a ducted or multi-split system. However, the current framework restricts these premises from receiving an adequate incentive, as only one upgrade product can be claimed per baseline product. Have you considered allowing flexibility for these cases? Such an amendment could provide greater support for energy-efficient solutions to certain groups of consumers.

**Answer:** The department is planning a Water Heating and Space Heating/Cooling quality review as part of its 2025 workplan. You can sign up for updates on this workplan at the bottom of [this page](https://www.energy.vic.gov.au/victorian-energy-upgrades/installers/industry-market-update-work-program).

1. **Question:** Why was the cooktop activity restricted to brands exclusively carried by large retailers? This limitation was not outlined in the initial submissions and appears to create an unfair competitive advantage for large retailers over other market channels.

**Answer:**  The induction cooktop activity has been introduced as a pilot. The product list was developed by the department to ensure there was a large range of quality products available to consumers at the launch of the activity. The consultation paper noted that ‘*Products must be hard-wired induction cooktops that have at least three cooking zones and are currently available for retail sale in Australia’.*

In the absence of a product register containing performance data such as those for Greenhouse and Energy Minimum Standards (GEMS), the simplest way to develop the list was from products available for retail sale from major retailers which represents approximately 95% of all cooktop sales.

This was noted in the response to consultation: ‘*It is difficult to specify criteria that determine a product to be “reputable” or “quality”. By developing a comprehensive list of products that are currently available through traditional retail chains, the department contends it is likely a customer would be less exposed to risk should a product fail, given these products are backed by large retail stores, many with established relationships with manufacturers’.*

This can prevent potential issues associated with businesses importing low-cost products without the ability to verify quality, and not having the suitable stock, capital or administrative capabilities to deal with product issues should they arise. The activity is currently operating as a 12-month pilot and will be reviewed for suitability upon completion.

The department has now opened an induction cooktop product application process. This enables stakeholders to submit applications for the inclusion of new induction cooktops onto the eligible product list. The following webpage contains all related information on the new product approval process including mandatory documentation.

[VEU industry program documents](https://www.energy.vic.gov.au/victorian-energy-upgrades/installers/veu-industry-program-documents)

Please note that submission of a product does not mean it will receive automatic approval and inclusion on the product list. The department will review each product application and consider whether products should be added to the product list.

Your submissions will help ensure that the VEU induction cooktop activity remains up-to-date, and provides households with a greater range of options to improve their energy efficiency and reduce their emissions.

14. **Question:** Can DECCA explain the modelling they used in 2020 when the 5 year targets were set, in particular the number of VEECs they anticipated to achieve in the following activities?

1. Smart Thermostats

2. ⁠Hot Pipe Lagging

3. ⁠Energy Management information Systems.

I recall DECCA had used these activities and other on going activities in formulating the targets they set, what happened to these activities?

**Answer:** Historic target consultation documents are available on Engage Victoria [here](https://engage.vic.gov.au/victorian-energy-upgrades-targets-2019). You can find further information about these activities on the following Engage Victoria consultation pages:

* [Smart thermostats consultation](https://engage.vic.gov.au/project/victorian-energy-upgrades-new-activities-consultation/page/victorian-energy-upgrades-smart-thermostats).
* [Hot pipe lagging consultation](https://engage.vic.gov.au/project/victorian-energy-upgrades-new-activities-consultation/page/victorian-energy-upgrades-hot-pipe-lagging).
* [Building Energy Management Information Systems consultation](https://engage.vic.gov.au/project/victorian-energy-upgrades-new-activities-consultation/page/victorian-energy-upgrades-building-energy-management-information-systems).

15. **Question:** Do you expect weather sealing, In home displays and Shower rose activity to continue into 2025 and 2026?

**Answer:** The [[[2026-27 target setting Regulatory Impact Statement](https://engage.vic.gov.au/victorian-energy-upgrades-program-targets)](https://engage.vic.gov.au/victorian-energy-upgrades-program-targets)](https://engage.vic.gov.au/victorian-energy-upgrades-program-targets), published by the Department of Energy, Environment and Climate Action, notes the following:

***Activities approaching market saturation***

*Several low-cost (often free to the customer after rebates are applied) residential activities, including shower roses, weather sealing and in-home displays, are projected to reach saturation in the coming years, with very low uptake expected beyond 2026 for the following activities:*

* *Strip weather sealing.*
* *Low flow shower roses.*
* *In-home display units.*

16. **Question:** Older homes often feature poorly insulated single-glazed windows, leading to significant heating and cooling losses. While Prescribed Activity 13 offers incentives for upgrading to double-glazed windows, these incentives are minimal compared to the substantial retail and installation costs of window replacements. Is the commission considering any revisions to this activity to enhance accessibility and affordability for consumers seeking incentivised window upgrades?

**Answer:** Being a market-based program underpinned by greenhouse gas emissions savings, some activities including double glazing do not create a large incentive relative to the installation cost. There has been a small but noticeable increase in certificate creation from double glazing in the last 12 months. The department encourages the supply chain and accredited providers to continue delivering double glazing upgrades.

The certificate framework is currently being considered in the strategic review of the Victorian Energy Upgrades Program. We encourage those with insights into how the present GHG reduction calculations might be improved for double-glazed windows to provide feedback under the review. For more information or to provide feedback, please visit the [Engage Victoria website.](https://engage.vic.gov.au/victorian-energy-upgrades-program-strategic-review) Feedback closes on 10 March 2025.

17. **Question:** With the VEEC price trading around $110, does the department expect the interim targets will impact that high VEEC price?

**Answer:** TheVEU program is a dynamic market-based program with many variables. The department is monitoring the market and certificate creation levels closely, and notes space heating and cooling is still growing strongly.

On 2 December, the department opened a consultation on proposed targets for the VEU program for 2026 and 2027. Information and submissions were made available via the [Engage Victoria consultation page](https://urldefense.com/v3/__https%3A/energyeffieincy-delwp.cmail19.com/t/d-l-sqlhtl-djdjiiphh-d/__;!!C5rN6bSF!GGVjTYTsI2LqXtR7LVhnkoSeJPBqM6cnRNCb6z3MPNBE7LDEmvZW00mP06gtWzo-a9d56RxOB7OoccBHe92ZSuCR27YD1bgYBdEQ-O2iBtJPqL0_$). The VEU team also notified accredited persons of this consultation process via email on 2 December 2024. The consultation closed on 16 January 2025. The department is grateful for all submissions received. The response will be released in March 2025 and targets will be set by 31 May 2025.

1. Question: Will APIs be available for the new registry system, so our software can interface directly to the new portal?

**Answer:**  The improved VEU Registry system will offer API (Application Programming Interface) integration. The first iteration of the API will be a Bulk Activity Upload API and will be launched as the system goes live. In preparation for this, the project team is liaising with entities and APs who currently use bulk upload capabilities so that they may prepare for the change.