

Carbon Policy Briefing Note

Date: August 2008

Subject: Victorian Energy Efficiency Target

Overview

The Victorian Energy Efficiency Act of 2007 will come into effect on 1 January 2009 as the Victorian Energy Efficiency Target or VEET. The scheme will run until 2029 with a review in 2011.

The initial aim of the scheme is to reduce greenhouse gas emissions by encouraging more efficient use of electricity and gas for residential customers in Victoria.

Target and Liability

The 2009-11 target is to reduce greenhouse gas emissions by 2.7 million tonnes per year. A certain number of activities (see below) are prescribed to meet the target and will be measurable with certificates. A certificate will be issued for every tonne of CO₂ reduced.

The VEET target is in addition to the existing MRET (Mandatory Renewable Energy Target) and the upcoming CPRS (Carbon Pollution Reduction Scheme).

Electricity and gas retailers with customers in Victoria are required to meet the target by surrendering certificates to the ESC (Essential Services Commission) each year or face a penalty.

Penalty

The penalty is set at \$40, adjusted each year for the Victorian Consumer Price Index (CPI), for every certificate the retailer fails to surrender to the ESC.

Activities to Reduce GHG Emissions

Regulations have been made prescribing the activities, which can be undertaken to create certificates. Activities must reduce greenhouse emissions that would have occurred if the activity was not undertaken.

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Product	Estimated Amount of Certificates
Installing or replacing existing water heaters, including solar (pre) heaters	Estimated 18-43. Varies depending on product
Installing or replacing heating & cooling devices such as ducted heating, reverse air conditioners	Up to 180. Varies depending on product
House (ceiling and under floor) insulation, minimum of 20 square meters.	3-5 or larger depending on area
Minimising heat and cooling loss for windows (i.e. double glazed windows), window & door frames	From 1 or larger depending on area replaced
<ul style="list-style-type: none"> - Minimising heat or cooling loss via ventilation openings and chimneys. 	Varies depending on product
Installing energy efficient light bulbs	Varies depending on product
<ul style="list-style-type: none"> - Water saving shower rose. 	Varies depending on product
<ul style="list-style-type: none"> - Removing a freezer and/or refrigerator in working order manufactured before 1996. 	3-5. Varies depending on product
Installing a high efficient refrigerator	Varies depending on product

There are certain criteria that each activity must meet in order to be able to create certificates.