

ESIA Media Release

8 December 2020

Victoria's energy savings scheme ambitious 2022-25 targets announced at 6.5 to 7.3 million tonnes annually CO2 equivalent

The Victorian government today announced ambitious targets for the Victorian Energy Upgrades (VEU) program 2022-25 of 6.5 million to 7.3 million tonnes annually (mta) of carbon dioxide equivalent (CO₂-e). The VEU targets will reduce Victoria's energy consumption in 2025 by seven per cent according to the government and is one of the lowest cost measures available to deliver emissions reductions.

"We welcome the 'Ambitious Increasing Target' Option 4 largely adopted as published in the VEU Regulatory Impact Statement 2019. We strongly commend expansion under the VEU of a broad range of demand side management to households and businesses including reverse cycle air-conditioners and mid-scale rooftop solar systems," said president of the Energy Savings Industry Association (ESIA), Rod Woolley.

"Now the target has been released, industry can rapidly invest and expand their businesses in confidence and employ and upskill staff – a significant boon for the COVID-19 recovery.

"We welcome clarity provided around the shortfall penalty price and the emissions factor annual adjustments which will deliver significant carbon dioxide emission reductions. We look forward to seeing the new activities come online in coming months to support the targets, and the forum on 17 December with more detail to be provided."

The Victorian government estimates that the VEU is supporting more than 2,200 jobs a year and driving a further 41.3 billion of investment in energy efficiency between 2022 and 2025.

Victorian Interim Emissions Reduction Targets 2025-2030

"We are still waiting on the Victorian 2025-2030 Interim Emissions Reduction Targets announcement. The government continues to state that COVID-19 has impacted timelines, but that they will be ambitious and announced in coming weeks – not necessarily before Christmas. This will be more than a stocking filler when it finally comes and the VEU a major lever," concluded Mr Woolley.

... Ends

Media contact: Jessica Lynch, M 0417 539 377, comns@esia.asn.au

Further information:

1/ Government media release

<https://www.premier.vic.gov.au/victoria-sets-new-energy-targets-reduce-bills-and-emissions>

2/ VEU Target 2022-2025

<https://www.energy.vic.gov.au/energy-efficiency/victorian-energy-upgrades:>

- 6.5 million tonnes of CO2 equivalent in 2021
- 6.7 million tonnes of CO2 equivalent in 2022
- 6.9 million tonnes of CO2 equivalent in 2023
- 7.1 million tonnes of CO2 equivalent in 2024, and
- 7.3 million tonnes of CO2 equivalent in 2025.

Under this option the costs and benefits of requiring large energy users to undertake energy management are also explored.

3/ Shortfall penalty and electricity emissions factor

<https://www.energy.vic.gov.au/energy-efficiency/victorian-energy-upgrades:>

| Commencement date | Shortfall Penalty | Electricity emissions factor (in tonnes of carbon dioxide equivalent emissions per megawatt hour) |
|-------------------|-------------------------------|---|
| 31 June 2021 | \$70 | 0.9546 |
| 31 January 2022 | \$80 | 0.8142 |
| 31 January 2023 | \$90 | 0.6738 |
| 31 January 2024 | \$90 (subject to 2023 review) | 0.5334 |
| 31 January 2025 | \$90 (subject to 2023 review) | 0.393 |