



MEDIA RELEASE

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## **Embracing high-efficiency gas could save the Victorian Energy Upgrade Program**

The rapid adoption of high-efficiency natural and renewable gas appliances into the Victorian Energy Upgrades (VEU) program will alleviate growing pressure on the struggling scheme and help prevent the potential of hundreds of millions of dollars of unnecessary charges being added to electricity bills.

The VEU program is at crisis point, with a major shortfall in the creation of Victorian Energy Efficiency Certificates (VEECs) leading to an illiquid market and a large spike in certificate prices – which are costs that are passed on to Victorian households and businesses.

Under the VEU scheme, accredited businesses can create VEECs, each representing one tonne of avoided carbon dioxide equivalent. These certificates are then sold on to electricity retailers who are required to buy them to meet mandatory CO2 reduction targets set by the state government.

“For a scheme designed to save consumers money and reduce greenhouse gas emissions, it appears to be going in reverse” said GAMAA president, Mr Ross Jamieson.

Since May 2023, certificate prices have risen by more than 57 per cent, from \$70 to \$110.

As of May 15, energy retailers with more than one per cent of the Victorian market will have to purchase 2.9 million more certificates to meet their obligations. At today’s spot prices, that’s a \$318 million hit. That’s on top of the costs already paid for the 4.2m certificates retailers already own, putting at risk any benefit from the \$300 Federal Government rebate.

“VEEC certificates break new highs almost every day and Victorians will have to pay that price.”

“This is a direct result of the government’s continual changes to the scheme’s eligibility restrictions which removed high efficiency gas appliances last year.”

Unless urgent changes are made, the rate of VEEC creation will continue to be well below required levels – forcing prices even higher, while fewer emissions are avoided.

“Victorians already pay the most for green schemes in Australia, more than double that of Queensland. This is an unnecessary kick in the wallet at a time when households can least afford it” said Mr Jamieson.

GAMAA and its members are calling on the Victorian Energy Minister to take action and sit down with the industry to urgently consider changes that can lower scheme costs and achieve cost-effective CO2 emission reductions.

“We know that the government has set aside money for a review of the VEU, but this will be too late to avoid a potential train wreck,” Mr Jamieson said.

“There are some immediate changes that can be made such as the reinstatement of high-efficiency gas appliances as eligible products in the program which is a cost-effective way for consumers to save money on their energy bills, achieve meaningful CO2 emission reduction and boost scheme liquidity.”

“If the goal is to lower energy bills for households and reduce CO2 emissions then it makes absolute sense to re-instate high efficiency gas appliances into the scheme. “

“Replacing an electric storage with a much cheaper high efficiency gas water heater would cut running costs by half, saving the average household around \$500 per year on their energy bill. This will achieve a 75% reduction in CO2 emissions. This protects Victorian jobs and our appliance manufacturing base.”

As appliances enter the market that can run on renewable gases such as biomethane and hydrogen, it would be prudent for the Government to include them in the scheme.

“The government needs to end its ideological attack on gas which is imposing higher costs and threatening Victorian jobs,” said Mr Jamieson.

“The Commonwealth Government’s Future Gas Strategy understands how gas is critical to the clean energy transition and recognises importance of providing consumer choice – however this point seems to be lost on the Victorian Energy Minister.”

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