



Victoria Government Gazette

No. S 322 Monday 25 September 2017
By Authority of Victorian Government Printer

Victorian Energy Efficiency Target Act 2007

NOTICE OF INTENTION TO DECLARE A DISCOUNT FACTOR

I, Lily D'Ambrosio, Minister for Energy Environment and Climate Change and Minister responsible for the administration of the **Victorian Energy Efficiency Target Act 2007** ('the Act'), intend to declare discount factors under section 19 of the Act, to be used to calculate the carbon dioxide equivalent of greenhouse gas emissions to be reduced for the following activities prescribed under regulation 6(2)(d) and 6(3)(d) of the Victorian Energy Efficiency Target Regulations 2008 ('the Regulations'):

'Undertaking a lighting upgrade in certain buildings, structures or areas by installing equipment referred to in Part A of Schedule 34 and decommissioning any replaced lighting equipment, or doing certain things to a multiple lamp fitting.'

I propose to declare a discount factor for activities where:

- 1) the *baseline energy consumption* is calculated using Equation 3 of Schedule 34 Part B of the Regulations; and
- 2) either
 - (a) the incumbent lamp is of a kind specified at items 1 to 9 of Table 1 of Schedule 34 Part B of the Regulations; or
 - (b) the incumbent lamp is of a kind specified at items 27 to 31 of Table 1 of Schedule 34 Part B of the Regulations and the *Annual Operating Hours* under Equation 3 of Schedule 34 Part B of the Regulations is determined by reference to subclauses (c) or (d) of the term as defined for Equation 3 of Schedule 34 Part B of the Regulations.

For the period 1 January 2018–31 March 2018 the discount factor for the items specified in Column 1 of the table, as described in Column 2, is specified in Column 3.

For the period 1 April 2018 onwards the discount factor for the items specified in Column 1 of the table, as described in Column 2, is specified in Column 4.

Column 1	Column 2	Column 3	Column 4
Item Number	Type of incumbent lamp or upgrade lamp	Discount factor applicable from 1 January 2018–31 March 2018	Discount factor applicable from 1 April 2018 onwards
Items 1–9	T8 or T12 linear fluorescent	0.9	0.8
Items 27–29	Metal halide*	0.85	0.7
Item 30	Mercury vapour*	0.85	0.7
Item 31	High pressure sodium*	0.85	0.7

* Where the *Annual Operating Hours* under Equation 3 of Schedule 34 Part B of the Regulations is determined by reference to subclauses (c) or (d) of the term as defined for Equation 3 of Schedule 34 Part B of the Regulations.

Under section 19(2) of the Act, discount factors are to take into account any uncertainty associated with the reduction of greenhouse gas emissions that would eventuate from a specified prescribed activity or specified class of prescribed activities but for the existence of the VEET scheme.

SPECIAL

A review of the prescribed activity by the Department of Environment, Land, Water and Planning has indicated that light-emitting diode (LED) lighting equipment have rapidly reduced in price and their installation is increasingly standard practice when certain types of lighting reach the end of their life, including:

- T8 and T12 linear or circular fluorescent lamps (items 1 to 9 of Table 1 of Schedule 34 Part B of the Regulations)
- Metal halide lamps (items 27 to 29 of Table 1 of Schedule 34 Part B of the Regulations)
- Mercury vapour lamps (item 30 in Table 1 of Schedule 34 Part B of the Regulations)
- High pressure sodium lamps (item 31 of Table 1 of Schedule 34 Part B of the Regulations).

This creates uncertainty that the reduction in greenhouse gas emissions from the replacement of inefficient products reaching the end of their life with LEDs would happen without the scheme.

To account for this uncertainty, it is proposed to apply a discount factor to these products.

The discount factors for items 27–31 of Table 1 of Schedule 34 Part B of the Regulations are not proposed to be declared where the *Annual Operating Hours* is determined by reference to subclauses (a), (b) or (e) of the term as defined for Equation 3 of Schedule 34 Part B of the Regulations). Where these types of lamps are installed, primarily for the purposes of outdoor lighting, both the lighting equipment and the installation are more expensive. For these circumstances the incentives create additional levels of upgrades, therefore it is not proposed that the discount factor be applicable to these items.

It is the Victorian Government's intention that the declaration of these discount factors will enable the Department time to address this uncertainty as part of the re-making of the VEET Regulations before they sunset in December 2018.

Public comment is invited on this proposal to declare a discount factor. All comments must be in writing and sent to Victorian Energy Upgrades, Energy Policy and Programs, Department of Environment, Land, Water and Planning, GPO Box 500, Melbourne, Victoria 3001, or via email to energy.upgrades@delwp.vic.gov.au by 5.00 pm 1 November 2017. Email submissions are preferred.

All submissions will be considered and stakeholders will be informed of my determination. The Essential Services Commission will also inform accredited persons and relevant entities who are liable under the Act of my determination.

Dated 21 September 2017

LILY D'AMBROSIO MP
Minster for Energy, Environment and Climate Change

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