

Victorian Government VEU Program Review and What It Means for Your Business in 2026

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About this update

This dated government-scheme update is preserved as a historical record and connected to current scheme guidance.

Publication date: February 20, 2026.

Status note: Rules, methods, product requirements, regulators and certificate markets can change after publication. The current legislation, regulator guidance and method documents prevail.

What this article reported

The Victorian Government has released a February update on its strategic review of the Victorian Energy Upgrades (VEU) program. The review proposes a series of reforms aimed at strengthening the scheme's long-term direction, improving flexibility, supporting electrification, and reducing administrative burden.

While further detail is still to come, the announcement provides policy certainty and signals a continued commitment to the VEU as a central mechanism for achieving Victoria's emissions reduction and energy affordability targets.

At this stage, it is largely business as usual, but stakeholders should monitor the upcoming 2028-2030 target-setting process closely.

What Has Been Announced

The Government is proposing to:

- Retain the greenhouse gas emissions metric, while adding new objectives to support:

- Equity

- Energy affordability

- Electrification

- Flexible demand

- Streamline the introduction of new activities as technologies evolve

- Increase flexibility for retailers in meeting targets

- Improve transparency of discounts for consumers

- Strengthen regulator oversight and clarify participant responsibilities

Reduce red tape through administrative efficiencies

Industry has welcomed the announcement, noting that it establishes a more strategic, long-term direction for the scheme.

Who Is Likely Affected

The review impacts multiple stakeholder groups:

1. Accredited Providers & Installers

May benefit from streamlined processes and reduced administrative burden.

Could see faster introduction of new eligible technologies (particularly electrification measures).

Should prepare for potential compliance refinements as regulator oversight is strengthened.

2. Energy Retailers (Obligated Parties)

Increased flexibility in meeting targets may improve cost management.

Greater clarity on responsibilities may reduce compliance risk over time.

3. Businesses & Commercial Property Owners

Potential expansion of electrification and energy efficiency activities.

Continued access to VEU discounts for upgrades.

Possible increased focus on energy affordability and flexible demand measures.

4. Residential Consumers

Improved transparency of discounts.

Continued support for energy upgrades.

How This May Affect Your Business

At this stage, the review provides policy certainty rather than immediate operational change.

Short-Term (Now-2027)

No immediate compliance changes have been announced.

Existing VEU activities and obligations remain in place.

Projects can proceed under current settings.

No changes to current targets

Medium-Term (2028-2030 Targets)

The upcoming target-setting process may:

Increase VEU targets

Businesses planning capital upgrades may benefit from aligning projects with anticipated electrification incentives.

Regulatory & Compliance Impact

Strengthened oversight could mean:

More defined participant obligations.

Clearer audit and compliance frameworks.

For compliant participants, this should reduce uncertainty rather than increase burden.

Should You Take Action? For most, it's business as usual. There is no immediate requirement to change compliance processes or project planning.

However, Business Should:

Continue planning energy efficiency and electrification projects

Monitor the 2028-2030 target setting process

Consider forward planning electrification projects that may align with future VEU incentives

Stay alert for consultation papers or draft regulations outlining implementation details

For accredited providers and retailers, early engagement in consultation processes may be beneficial.

Strategic Implications

This review signals that:

The VEU will remain a cornerstone of Victoria's decarbonisation strategy.

Electrification will become increasingly central.

The Government is aiming for a more stable, long-term policy framework.

Administrative simplification may reduce compliance friction over time. Importantly, this is not a contraction of the scheme - it appears to be a strengthening and modernisation.

Overall Position

The announcement is broadly positive for the energy savings industry and participants in the VEU program. It provides greater policy certainty and signals expanded opportunities, particularly in electrification and affordability. There is no immediate action required for most businesses. The key milestone to watch is the 2028-2030 target setting process which we will update as they roll out. If you want to discuss this further please get in touch below.

How to use this information now

Confirm the activity or method, effective dates, accreditation and product rules, baseline, evidence, audit and registration timing before procurement or implementation. Historical certificate values are not current quotes.

Separate source-reported facts from forecasts, targets and commentary. For a current project, retain the official source, version, effective date, assumptions and decision record in the evidence file.

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What is the Victorian Energy Upgrades (VEU) program and why is the Victorian Government reviewing it in February 2026?

The VEU is a scheme supporting eligible energy improvements through Victorian Energy Efficiency Certificates (VEECs) created by accredited providers. The February 2026 strategic review proposes reforms to strengthen long-term direction, improve flexibility, support electrification, and reduce administrative burden. The review signals that VEU remains central to Victoria's decarbonisation strategy while modernising how the scheme operates. Businesses should understand that the review is a strengthening rather than contraction, though implementation details await consultation papers and draft regulations.

How will the proposed expansion of VEU objectives from emissions to include equity, affordability, electrification, and flexible demand affect eligible activities?

The Government proposes retaining greenhouse gas emissions metrics while adding new objectives. This expansion suggests future activities may increasingly prioritize electrification measures and flexible demand technologies alongside traditional efficiency upgrades. The practical implication is that solar, heating, and cogeneration projects may see new pathways or prioritization. Businesses should consider forward planning electrification projects aligned with potential VEU incentives. We can assess which current opportunities align with these emerging priorities and help structure projects for future eligibility.

What does the proposed streamlining of new activities mean for businesses considering emerging technologies?

The VEU review proposes faster introduction of new eligible activities as technologies evolve. This means businesses should expect quicker pathways for innovative electrification and efficiency measures to become VEU-eligible. Rather than lengthy approval cycles, the scheme aims for more responsive integration of new technologies. This creates opportunity for early movers who have feasibility work in place. We can help businesses identify emerging technologies likely to become eligible and prepare measurement, baseline, and evidence frameworks ahead of formal approval.

Why does the VEU review emphasize reduced administrative burden, and what should businesses do differently?

The proposed reforms target streamlined processes and administrative efficiencies to reduce compliance friction for accredited providers, installers, and obligated energy retailers. This suggests fewer paperwork requirements and clearer guidance may be coming. Businesses should not change current compliance processes immediately—business as usual continues—but should monitor upcoming consultation papers for implementation details. We can help ensure your project file, evidence records, and nomination documentation are structured to align with emerging simplified standards, reducing rework once new requirements are finalized.

Should a business start an energy project now, or wait for the VEU reforms to be implemented?

No immediate changes require delay. Existing VEU activities and obligations remain in place; projects can proceed under current settings with no changes to current targets. The review is largely "business as usual" at this stage, with no immediate compliance changes announced. However, businesses planning electrification or efficiency upgrades should begin feasibility and measurement planning now, as the 2028–2030 target-setting process may increase VEU targets and create future opportunity. We can help assess whether starting now or phasing work aligns with your business decision and funding timeline.

How should a business prepare for the 2028–2030 VEU target-setting process mentioned in the review?

The review signals that upcoming target-setting may increase VEU targets, creating both urgency and opportunity. Businesses should monitor consultation papers and draft regulations closely; stay alert for implementation detail announcements; and build a forward-looking opportunity register identifying electrification, efficiency, and flexible demand measures across their operations. Start collecting baseline energy data and operating-condition documentation now, as measurement and verification planning is most effective when baseline data can be established while meaningful pre-project conditions exist. We can help prioritize opportunities, structure measurement approaches, and track evidence collection readiness.

What does 'increased flexibility for retailers in meeting targets' mean for businesses purchasing energy?

The review proposes greater flexibility for energy retailers (obligated parties) in meeting VEU targets. This may improve cost management and reduce compliance risk for retailers, which could benefit businesses through more stable or competitive tariff treatment and clearer retail participation in VEU discounts. Improved transparency of discounts—also proposed—should help businesses understand what VEU-supported upgrades actually cost them versus retail pricing. This creates a more predictable cost structure for energy-efficiency investment decisions.

How do the proposed VEU reforms align with broader electrification and decarbonisation trends?

The review explicitly proposes making electrification a central objective alongside traditional emissions reduction. This reflects broader decarbonisation strategy where gas reduction, heat pump deployment, and renewable electricity integration are priorities. The February 2026 announcement signals Government commitment to VEU as a long-term cornerstone of Victoria's decarbonisation path. For businesses, this means electrification projects are increasingly likely to receive VEU support. We can help assess your heat, cooling, and process requirements against emerging electrification pathways and eligible upgrade options.

What should a business know about VEU timing and evidence collection before the reforms take effect?

Timing matters significantly under VEU. The review does not change current project requirements, so existing evidence standards, measurement boundaries, and eligible activities remain in place. However, the NSW M&V Guide explains why early planning and complete operating cycles matter—measurement and verification is most effective when baseline data collection begins while representative pre-project conditions exist. Waiting until installation is imminent can make intended analysis difficult. Businesses should initiate energy audits, establish baseline metering, and document operating conditions now, ensuring evidence is solid regardless of future reform implementation timelines.

How can Northmore Gordon help a business navigate the VEU review period and prepare for future reforms?

We can help assess current energy performance and identify opportunities aligned with emerging VEU priorities (electrification, flexibility, affordability). We offer energy audits, feasibility studies, measurement and verification planning, and investment case development—all structured to remain valid as reforms are implemented. We maintain a knowledge library covering Victorian Energy Upgrades, measurement and verification, project timing, and investment case methodology. We can ensure your project file, baseline documentation, and evidence collection reflect current best practice, reducing rework when new regulations take effect.