

Northmore Gordon completes the first ever Solar VEECs Project in Victoria

Canonical: <https://northmoregordon.com/news/first-ever-solar-veecs-project-in-victoria/>

Details:

[Summary](#) | [Article](#) | [Current use](#) | [Related guidance](#)

About this update

This dated news record has been reorganised for clear reading and connected to current guidance.

Publication date: September 14, 2021.

Status note: Present-tense statements, market figures, deadlines and program details in the archived record belong to its publication date. Check current official sources before making a decision.

What this article reported

Northmore Gordon this week has registered the first ever VEECs for a Solar PV installation.

The successful project claimed VEECs for avoided carbon emissions from 581kW system installed on the roof of The Australian Glass Group's (AGG) head office and manufacturing site in Knoxfield. The building owners - APN Property Group - agreed to an addendum on the existing lease to allow AGG to save on energy costs with an agreed ROI, while greening their property portfolio.

The PV system has had the annual carbon savings measured and verified at 421 tonnes of CO₂ per annum. Using the VEU program has also enabled AGG to continue to use Green Power from the solar PV system on their roof. If the system had claimed LGCs and sold those LGCs they could no longer claim the site was reducing their emissions from electricity based on the federal carbon accounting rules.

Using the VEU Project Based Assessment (PBA) has given a return of more than 3x what would have been realised for the customer had they claimed LGCs. The time to cash was dramatically reduced to 15 months from project commissioning instead of claiming LGCs out to 2030. The high value of the VEECs combined with the 15-month time frame for realising the certificate value, reduced the upfront cost of the system, payback period, and increased the ROI of the project.

"Solar VEECs are really ramping up VIC. Today, 30-40% of the cost of a large-scale solar project can be covered through VEECs - it's a game changer. Whilst the VEU PBA method is complex, Northmore Gordon pioneered measurement & verifications under the VEU and we now have substantial experience across a wide range of sites and implementations. For our customers this means less risk and the best possible outcome." Hamish McGovern - Northmore Gordon, Group Commercial Director

Northmore Gordon is the leader in VEEC creation under the VEU PBA method, which was launched in 2017, with 64% of all VEECs created using the method to date, corresponding to 121,000 tonnes of CO₂-e abated from Victorian projects. The Victorian Energy Upgrades program is the state's flagship energy efficiency program that has driven a reduction of 74.9 million tonnes of CO₂-e in Victoria since 2009. Each VEEC is worth 1 tonne of CO₂-e not emitted.

Talk to Northmore Gordon today to take advantage of the Victorian Energy Upgrades program.

How to use this information now

For current use, confirm the applicable scheme rules, regulator notices, market date and reporting period. Keep historical prices or forecasts separate from present quotes and verified outcomes.

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 makes the Kalafatis solar project a significant milestone for Victorian Energy Efficiency Certificates?

We registered the first-ever VEECs (Victorian Energy Efficiency Certificates) for a Solar PV installation in Victoria. The 581kW solar system installed at The Australian Glass Group's site in Knoxfield achieved this milestone by using the Project Based Assessment method under the Victorian Energy Upgrades scheme. This pioneering approach demonstrated that solar installations could qualify for VEECs through measurement and verification rather than only through the small-scale renewable energy pathway, creating a new funding avenue for large commercial solar projects.

Why did The Australian Glass Group choose VEECs over LGCs for their solar system?

Choosing the VEU (Victorian Energy Upgrades) program enabled AGG to continue using Green Power from their rooftop solar system and claim site-based emissions reductions under federal carbon accounting rules. Had they claimed Large-scale Generation Certificates (LGCs) and sold them, they would lose the ability to make renewable electricity claims for their own consumption. The financial return from the Project Based Assessment method also exceeded LGC value by more than 3x, with cash returned within 15 months of commissioning rather than extending to 2030, making it the superior commercial choice.

What role did measurement and verification play in making this solar project eligible for VEECs?

Measurement and verification was essential to establishing the project's eligibility under the Victorian Energy Upgrades Project Based Assessment pathway. Rather than using prescribed activity standards, the M&V approach compared pre- and post-installation energy performance to quantify the actual savings achieved. The verified annual carbon savings of 421 tonnes of CO₂ provided the credible evidence base needed for VEEC creation. Our expertise in M&V methodology—including project-boundary selection, baseline modelling, and savings calculation—was critical to successfully navigating this complex pathway and achieving the first solar VEEC registration.

How did the building ownership structure affect the solar project's implementation and returns?

The building was owned by APN Property Group while AGG operated the manufacturing facility as tenant. APN Property Group agreed to an addendum to the existing lease, allowing AGG to install and benefit from the solar system's energy cost savings with an agreed return on investment. This arrangement enabled both parties to benefit: AGG reduced operating costs and improved carbon

performance, while APN Property Group enhanced the property's sustainability profile. We worked within these ownership and contractual arrangements to structure the project and ensure proper allocation of benefits and certificate entitlements.

What financial advantage did the VEU Project Based Assessment method provide over alternative pathways?

The VEU Project Based Assessment approach delivered returns more than 3 times greater than claiming LGCs, while significantly accelerating cash flow. The customer received funds within 15 months of project commissioning, compared to the extended timeline associated with LGCs extending to 2030. This superior financial outcome reflects the value of VEECs under current Victorian Energy Upgrades pricing, combined with the efficiency gains from measurement and verification rather than prescribed-activity assumptions. The faster return to cash improved project economics and reduced the payback period, making the investment more attractive to the property owner and tenant.

Why does Northmore Gordon's measurement and verification experience make them well-positioned for complex solar VEECs projects?

We pioneered measurement and verification under the Victorian Energy Upgrades scheme and have substantial experience across diverse sites and implementations. This expertise is critical because the Project Based Assessment method for solar is technically complex, requiring detailed baseline modelling, careful project-boundary definition, and rigorous savings calculation. For customers, this experience translates to reduced project risk and optimised outcomes. As the VEU solar VEEC pathway gains traction—with 30–40% of large-scale solar project costs now coverable through VEECs—established M&V; capability becomes a key differentiator in delivering maximum value from these increasingly important funding mechanisms.

What is the broader context of the Victorian Energy Upgrades program's impact on emissions reduction?

The Victorian Energy Upgrades program is Victoria's flagship energy efficiency initiative, having driven a reduction of 74.9 million tonnes of CO₂-e since 2009. Each VEEC represents 1 tonne of CO₂-e not emitted, directly linking certificate creation to measurable environmental outcomes. The Kalafatis solar project contributes to this trajectory, with its 421 tonnes of annual CO₂ savings translating to certificate value. As the program expands to include innovative pathways like solar PV projects, it continues to incentivise both energy efficiency improvements and renewable energy integration, supporting Victoria's transition toward decarbonisation while providing commercial returns to participating organisations.

How does the Victorian Energy Upgrades Project Based Assessment differ from prescribed activities?

Prescribed activities under Victorian Energy Upgrades use standardised equipment requirements and defined methods, offering simpler pathways with lower evidence costs. Project Based Assessment is available for more complex sites where investigation beyond prescribed standards is warranted. The PBA method uses either measurement and verification (comparing pre- and post-upgrade energy use) or benchmark rating (using NABERS ratings). For the Kalafatis solar project, the PBA with M&V; approach allowed customised assessment of the site's specific baseline and operating conditions, resulting in verified savings that supported VEEC creation. This flexibility enables larger or more sophisticated projects to access certificate funding where prescribed activities alone would be insufficient.

What evidence supports the 421 tonnes of annual CO₂ savings claimed for the solar installation?

The 421 tonnes of CO₂-e annual carbon savings were measured and verified under the Victorian Energy Upgrades Project Based Assessment methodology. This means the savings were established

through systematic data collection and analysis comparing actual post-installation energy performance against a defined baseline representing pre-project conditions. Measurement and verification provides credible, third-party-validated evidence of what changed as a result of the solar installation, distinguishing verified outcomes from engineering estimates. This verified result formed the foundation for VEEC creation, as the scheme requires documented evidence of actual performance rather than modelled expectations alone.

What lessons does this first solar VEEC project offer for other large commercial solar installations in Victoria?

The Kalafatis project demonstrates that large commercial solar systems can qualify for VEECs through Project Based Assessment with measurement and verification, opening a significant new funding pathway beyond traditional LGC or STC options. The superior financial return (3x LGC value) and accelerated cash flow (15 months versus 2030) show that this approach is commercially compelling. However, the complexity of the PBA method requires specialist expertise in baseline definition, M&V; design, and scheme requirements. Organisations considering similar projects should engage experienced practitioners early—ideally during project scoping—to ensure measurement plans are in place before equipment installation, preserving the evidence needed for VEEC eligibility and maximising certificate value.