

Northmore Gordon goes 2 for 2 in Solar VEECs; Completing the first two projects ever in Victoria

Canonical: <https://northmoregordon.com/news/northmore-gordon-goes-two-for-two-in-solar-veecs/>

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 23, 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 has again registered VEECs for a Solar PV installation, completing the first 2 projects in as many weeks. This time for the Waverley Motor Group at their Mulgrave Showroom and Service Centre.

The 330kW of additional capacity installed at the site provided green energy to lighting, HVAC , and IT equipment in the dealership, as well as machinery used in the workshop. The VEU program can credit any projects that save electricity or gas from the grid, so this site with a high level of self-consumption is suited to capitalise on the value from the Project Based methodology.

While export of excess solar generation is allowed in the program, it can't be counted in the energy savings , meaning sites that have 6 or 7-day per week operations, have high daytime loads, or are able to shift loads into the solar generation curve - colds storage, retail, warehousing, and manufacturing - are able to maximise the value from participating in the VEU program over the traditional approach of claiming LGCs for the renewable generation. The added bonus of using the VEU program is that the Federal Government carbon account rules allow keeping the green power credentials of your project towards your corporate sustainability goals.

"Solar VEECs now cover well over 40% of the cost of a large-scale solar system; it's very compelling. Even businesses excluded on the VEU SAP list would benefit opting in. They'd reduce their power consumption (and hence their VEU liability) and gaining access to large reductions in the capital cost of the solar system. Add 30% back from full depreciation in the first financial year to > 40% covered and it's a no brainer. With the full capital expensing* likely to be extended to June 2023 companies should be doing this now to ensure systems are fully commissioned by then" Hamish McGovern - Northmore Gordon, Group Commercial Director

With the VEEC price continuing to hit all-time highs, the solar PBA approach can yield 3 times the value of LGCs in net present value, while also bringing forward the incentive cash flow in 12 to 15 months from the commissioning of the system. The announcement in last year's Federal Budget also allows businesses to fully deduct capital equipment purchases that are in operation by June 2022, further improving the project ROI. The additional benefit of using measurement and verification is that your saving are verified against an internationally recognised standard so you can be certain that the saving you have paid for have been achieve.

Talk to Northmore Gordon today to take advantage of the Victorian Energy Upgrades program - the leaders in PBA VEEC creation.

Sources: ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/JobMaker-Plan-temporary-full-expensing-to-support-investment-and-jobs/

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 are Victorian Energy Efficiency Certificates (VEECs) and how do they differ from other renewable energy certificates?

VEECs are certificates created by accredited providers for eligible activities under the Victorian Energy Upgrades scheme administered by the Victorian Government. Unlike Large-scale Generation Certificates (LGCs) which reward renewable electricity generation, VEECs recognize energy savings or efficiency improvements. The key distinction is that VEECs credit grid electricity avoided through efficiency or strategic self-consumption, whereas LGCs track physical renewable generation regardless of consumption timing. For solar projects with high daytime loads, the VEU Project Based methodology can yield significantly higher value than the traditional LGC approach, making it particularly attractive for sites able to consume solar output during generation hours.

Why is the VEU Project Based methodology particularly suited to commercial sites like dealerships?

The VEU Project Based approach works well for sites with consistent daytime electricity demand because it credits the grid energy avoided through on-site solar self-consumption rather than exported generation. Dealerships typically operate during business hours with substantial loads from lighting, HVAC, IT systems and workshop machinery—all aligned with peak solar generation. This high self-consumption rate maximizes the value of energy savings recognized under VEU. Sites with 6 or 7-day weekly operations, significant daytime loads, or ability to shift consumption into solar generation curves—including cold storage, retail, warehousing and manufacturing—are best positioned to capitalize on VEU value compared to claiming LGCs for exported generation.

What are the practical and financial implications of choosing VEU over LGCs for a solar installation?

According to Northmore Gordon analysis, solar Project Based Activities under VEU can yield three times the net present value compared to LGCs, while accelerating incentive cash flow to 12-15 months post-commissioning rather than longer payment cycles. VEECs currently cover well over 40% of large-scale solar system costs, and when combined with full capital equipment depreciation benefits, total covered costs can exceed 40%. This creates compelling project economics, particularly for businesses excluded from the VEU SAP list who can still opt in to reduce grid consumption and capital costs simultaneously. The methodology requires measurement and verification to internationally recognized standards, ensuring verified performance against an agreed baseline.

How does measurement and verification protect the value of solar VEEC projects?

Measurement and verification establishes a formal process comparing pre-project baseline energy consumption against post-commissioning performance under agreed conditions and boundaries. For solar VEEC projects, M&V ensures energy savings are verified against internationally recognized standards, providing certainty that the avoided grid consumption claimed actually reflects real operational outcomes. This verification protects both the project economics and the certificate eligibility under the Victorian Energy Upgrades scheme. We provide M&V services including project-boundary selection, baseline modelling, savings calculation and reporting, which are essential to demonstrate that the energy benefits supporting VEEC creation have genuinely been achieved.

What are the limitations on solar export under the VEU program and how do they affect project design?

While excess solar generation can be exported to the grid under the VEU program, that exported energy cannot be counted toward energy savings used to generate VEECs. This limitation directly shapes project value and design strategy. It means projects are credited only for grid electricity avoided through on-site consumption, not for renewable generation sold back to the network. Consequently, sites seeking maximum VEEC value should prioritize sizing systems to match daytime loads and consider load-shifting strategies to align consumption with solar generation peaks. Understanding this boundary is critical when comparing VEU pathway viability against alternative funding routes like the small-scale renewable energy scheme.

How does the VEU program align with corporate sustainability reporting and carbon accounting requirements?

The VEU program allows businesses to retain the green power credentials of their solar project toward corporate sustainability goals, consistent with Federal Government carbon accounting rules. This dual benefit distinguishes VEU from purely financial incentive schemes. Businesses can claim both the energy savings value under VEU certificates and the renewable electricity attributes for Scope 2 emissions accounting, provided they apply the correct accounting treatment. This alignment with sustainability reporting frameworks makes VEU particularly attractive for organizations with published renewable energy targets or net-zero commitments. Our carbon advisory services can assist in structuring projects to maximize both certificate value and reporting integrity.

What evidence and preparation are necessary before pursuing VEEC registration for a solar project?

Successful VEEC projects require establishing project eligibility, measurement boundaries, baseline energy conditions, and implementation evidence before or during design phase. Essential documentation includes site location and premises classification, existing and proposed equipment specifications, project timeline with specific commissioning dates, available energy data covering representative pre-project periods, and any prior incentive arrangements affecting certificate ownership. The VEU scheme requires accredited providers to match proposed activities to current program specifications and Essential Services Commission approval scope. We recommend submitting a project brief identifying the decision, site, equipment, available evidence and intended outcome to enable proportionate initial assessment of feasibility before detailed engineering or procurement.

How can businesses outside the VEU SAP list still benefit from solar VEEC opportunities?

Businesses excluded from the VEU Solar Access Program (SAP) list can opt into the VEU program to participate in VEEC projects, gaining access to significant capital cost reductions for solar systems while simultaneously reducing their grid consumption and VEU liability. By electing to participate, these organizations can capture the compelling economics of solar VEECs—covering over 40% of system costs through certificate proceeds—while maintaining control of their renewable energy credentials for sustainability reporting. This optional pathway provides flexibility for organizations previously unable to access VEU benefits. The commercial case should be assessed with and without VEEC proceeds to ensure project viability regardless of certificate outcomes, as recommended by our investment case guidance.

What role does Northmore Gordon play in delivering Solar VEEC projects from initial assessment through certificate registration?

We deliver services across the complete VEEC project cycle: energy audits and feasibility assessment to identify opportunities; investment case development showing certificate value alongside operating savings; project management and measurement planning to establish baselines and boundaries; measurement and verification post-commissioning to document achieved savings; and environmental certificate support including registration, evidence gathering and nomination. Our six-stage delivery approach connects technical assessment, commercial decisions and ongoing performance verification. For solar projects, we assess eligibility, calculates certificate quantity, identifies evidence requirements, and supports the formal registration process with accredited providers to ensure compliance with Victorian Energy Upgrades specifications and measurement requirements.