

VEET Scheme Update (May 2014)

Canonical: <https://northmoregordon.com/news/veet-scheme-update-may-2014/>

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: May 27, 2014.

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

After long delays in releasing the outcome of the VEET review, the Victorian Government announced last week that the VEET scheme will continue in 2015 with a reduced quota and finish at the end of the 2015 compliance year. The market reacted to some final certainty by an increase in the VEEC price. The VEEC creation rate has been low, and in fact the scheme administrator has made downlight globe replacement stricter.

In more detail

The scheme will have a reduced target of 2M VEECs in 2015 (down from 5.5M over the last three years) - this is better than the worst case scenario - there was a real possibility it would go to zero at the end of this year.

The current weekly creation rate is higher than needed to meet the 2M quote in 2015, which suggests the price could drop back. Thankfully the ESC (who administer the VEET scheme) recently announced that electricians would be required to do any 21C (down light lamp only) upgrades - this protects the scheme against the situation that occurred with the Standby Power Controllers where free products flooded the market and smashed the wholesale VEEC price down to \$11.

We expect the wholesale price to remain fairly steady until the election in November. There is the opportunity for the Labour government, if elected, to reinstate the current quota and continue the scheme for 2015-18 period.

Wattly will continue to work with contractors and manufacturers and energy consumers over next 18 months to do commercial and industrial lighting upgrades. The current price results in a reasonable rebate of 10-30% of the project costs for commercial and higher for residential lighting upgrades.

Here is some of the press.

Announcement - <http://www.energyandresources.vic.gov.au/energy/about/legislation-and-regulation/energy-saver-incentive-scheme-management/esi-review>

Governments Claims Reducing Bills - <http://www.premier.vic.gov.au/media-centre/media-releases/9996-coalition-to-reduce-power-bills.html>

Counter View - <http://www.businessspectator.com.au/article/2014/5/21/smart-energy/vic-govt-axes-energy-efficiency-scheme>

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.

Related guidance

Environmental certificates

Government schemes

Energy audits

Current articles and guidance

Contact Northmore Gordon

What was the significance of the Victorian Government's May 2014 VEET scheme announcement?

The Victorian Government announced that the VEET scheme would continue into 2015 with a reduced quota of 2 million VEECs, down from 5.5 million over the previous three years, before finishing at the end of 2015. This announcement provided market certainty after long delays in releasing the review outcome. The market responded positively to this clarity, with wholesale VEEC prices increasing. While the reduced target represented a worst-case scenario avoidance—since there had been real possibility the quota would drop to zero—it still signalled a significant wind-down of the scheme's activity level.

Why did the Essential Services Commission require electricians for downlight globe replacement activities?

The ESC introduced the electrician requirement for 21C downlight lamp activities to protect the VEET scheme from market flooding. This decision was driven by the Standby Power Controller experience, where free products flooded the market and collapsed the wholesale VEEC price to \$11. By restricting downlight upgrades to licensed electricians, the ESC aimed to maintain market discipline and prevent certificate oversupply that would erode pricing and project viability. This requirement demonstrates how scheme rules can be tightened mid-program to protect certificate value and ensure genuine energy efficiency investment.

What commercial impact did the May 2014 announcement have on lighting upgrade projects?

Under the post-announcement VEEC pricing, commercial lighting upgrades could access certificate rebates worth roughly 10-30% of project costs, with residential lighting upgrades receiving higher rebate proportions. This certificate contribution improved project economics for both commercial and residential applications. However, the weekly VEEC creation rate at the time of the announcement was higher than required to meet the 2 million 2015 quota, suggesting downward price pressure was likely. Contractors and energy consumers needed to factor in potential price volatility over the final 18 months of the scheme when evaluating project timing and financial returns.

How did the VEET scheme wind-down timeline affect project planning and funding strategies?

The confirmed end-of-2015 finish date created a defined window for certificate-eligible projects, requiring stakeholders to accelerate investment decisions or risk losing access to VEEC revenue entirely. With 18 months of scheme operation remaining, projects needed to balance completion deadlines against realistic implementation timelines. The announcement also introduced election-related uncertainty: a Labour government victory in November 2014 could potentially reinstate higher quotas and extend the scheme into 2015-18, which would affect long-term project viability assumptions. Organisations needed to develop contingency cases reflecting both continuation and termination scenarios for financial planning.

What does the Standby Power Controller experience teach about VEET scheme activity design?

The Standby Power Controller activity demonstrated how inadequately controlled prescribed activities can undermine scheme integrity. When free or near-free products flooded the market for this activity, wholesale VEEC prices collapsed to \$11, destroying investment returns for legitimate energy efficiency projects and potentially damaging the scheme's credibility. This experience informed the ESC's decision to tighten controls on downlight activities by requiring licensed electrician involvement. The lesson illustrates why scheme administrators must monitor market dynamics, set appropriate eligibility barriers, and adjust activity requirements mid-program to prevent certificate oversupply and maintain pricing discipline that supports genuine energy efficiency investment.

How should organisations have assessed VEET eligibility and timing as of May 2014?

As of May 2014, organisations evaluating VEET projects needed to establish: the specific activity eligibility under revised ESC requirements, actual implementation and commissioning dates before end-2015, required evidence documentation aligned with tightened controls, and realistic certificate pricing reflecting the higher weekly creation rate relative to quota targets. The reduced 2 million annual target suggested wholesale prices could decline, so early-stage projects risked lower certificate values than those locked in immediately. Organisations should have prepared investment cases with and without certificate contributions, treated the election outcome as a separate uncertainty variable, and coordinated project timing with scheme administration requirements to preserve certificate entitlement. Our investment case and project-timing frameworks support this structured assessment approach.