

VIC Moving away from coal fired electricity

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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 27, 2016.

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

"Through burning brown coal Victoria has the highest carbon intensity of all the Australian states, with estimates of 1.34 tons of CO₂ emitted for each MWhr of electricity generated. With the reduction in demand through the VEET scheme and increased renewals, we're now seeing a shift away from a previously very high reliance on coal for Victoria's electricity generation; closing Hazelwood will definitely reduce Victoria's emissions. Interesting times ahead, we hope the increasing employment opportunities in the energy efficiency and renewals continues to increase and offset some of the jobs that will be lost at Hazelwood."

See <http://reneweconomy.com.au/2016/hazelwood-closure-open-path-solar-towers-storage-15812>

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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Why is Victoria's electricity grid characterized by high carbon intensity compared to other Australian states?

Victoria has the highest carbon intensity of all Australian states due to its historical reliance on brown coal for electricity generation, with estimates of 1.34 tonnes of CO₂ emitted per MWh of electricity produced. This coal-dependent generation profile creates a significantly higher emissions footprint than states with greater renewable energy penetration. Understanding this baseline is important for

organizations operating in Victoria when assessing their Scope 2 emissions under frameworks like NGER and when evaluating the emissions factors applied to purchased electricity in carbon accounting.

What mechanisms are driving Victoria's transition away from coal-fired electricity generation?

Victoria's shift away from coal reliance is being driven by demand reduction through the VEET (Victorian Energy Efficiency Target) scheme under the VEET Act 2007, combined with increased renewable energy deployment. The VEET scheme creates Victorian Energy Efficiency Certificates (VEECs) for eligible energy-saving activities, reducing overall electricity demand. This dual approach—simultaneously lowering demand through efficiency improvements and increasing supply from renewable sources—represents the practical policy framework shaping Victoria's energy transition and creating opportunities for organizations to participate in demand reduction.

How does the Victorian Energy Efficiency Target scheme contribute to emissions reductions?

The VEET scheme, established under the VEET Act 2007, reduces electricity demand across Victoria by creating financial incentives for energy efficiency improvements through Victorian Energy Efficiency Certificates. As electricity demand decreases, Victoria's coal-fired generation plants operate at lower capacity, directly reducing absolute emissions from the electricity sector. Organizations implementing eligible energy efficiency activities under VEU (Victorian Energy Upgrades) participate directly in this mechanism, creating certificates while reducing their own consumption and contributing to state-level decarbonization objectives.

What are the employment implications of Victoria's coal transition, and how are new opportunities emerging?

The closure of coal-fired facilities like Hazelwood will result in job losses in coal generation and related industries. However, the article expresses that increasing employment opportunities in energy efficiency and renewable energy sectors are expected to grow and offset some of these losses. For organizations in Victoria, this transition creates opportunities to engage with an expanding skilled workforce in renewable energy installation, energy auditing, measurement and verification, and system optimization—services that we provide as part of supporting Victoria's clean energy economy.

How do individual organizational actions on energy efficiency align with Victoria's broader decarbonization strategy?

Organizations implementing energy efficiency measures through programs like Victorian Energy Upgrades directly contribute to Victoria's state-level emissions reduction targets. By creating demand reduction through audits, upgrades and measurement and verification, businesses participate in the VEET mechanism that collectively lowers electricity demand and reduces coal-fired generation. We help organizations identify, assess and implement eligible activities, connecting individual project decisions to Victoria's transition pathway and enabling businesses to quantify their contribution to decarbonization while potentially accessing certificate revenue.

What practical steps should Victorian organizations take to participate in the electricity transition?

Victorian organizations should begin by conducting an energy audit to identify efficiency opportunities aligned with their operational requirements and VEET eligibility. Our energy audit services examine site-specific consumption patterns and prioritize interventions by technical feasibility and financial viability. Once opportunities are assessed, organizations can explore Victorian Energy Upgrades pathways—either through prescribed activities with standard requirements or project-based methods using measurement and verification—to implement improvements, create VEECs, and reduce their electricity demand contribution to Victoria's coal-dependent grid.

How does reducing electricity demand in Victoria specifically benefit the transition away from coal?

Reducing electricity demand in Victoria directly decreases the need for coal-fired generation by lowering the total electricity that must be supplied. As demand falls through efficiency improvements like those supported by VEET, coal plants operate at reduced capacity or closure becomes economically viable, as occurred with Hazelwood. This demand-side approach complements supply-side renewable deployment, creating a combined reduction in coal utilization. Organizations reducing consumption through energy optimization directly contribute to this mechanism, making demand reduction a practical and measurable decarbonization lever aligned with Victoria's policy objectives.

What role does Northmore Gordon play in supporting organizations navigating Victoria's energy transition?

We provide comprehensive support across Victoria's energy transition through energy audits that identify efficiency opportunities, feasibility assessment of renewable heat and electrification options, investment case development that weighs technical and financial factors, measurement and verification services that establish baseline and verify savings, and environmental certificate support for projects pursuing VEET eligibility. By connecting energy optimization decisions to decarbonization outcomes, we help Victorian organizations reduce emissions, create VEEC revenue, and participate meaningfully in the state's shift away from coal-dependent electricity generation.