

04 October 2024

By email only: [energy.upgrades@deeca.vic.gov.au](mailto:energy.upgrades@deeca.vic.gov.au)

Victorian Energy Upgrades

Department of Energy, Environment and Climate Action

Dear Victorian Energy Upgrades team,

## Strategic Review of the Victorian Energy Upgrades program

We welcome the opportunity to provide our feedback to the Victorian Energy Upgrades (VEU) strategic review.

Consumer Action supports the VEU program objectives of helping Victorians to make energy efficient upgrades to their home, and supporting the transition to renewable energy<sup>1</sup>. We also support the Government's ongoing commitment to ensuring consumer protections are prioritised as part of the program, as demonstrated in the VEU program's recent telemarketing and doorknocking ban<sup>2</sup>.

As Victorians are increasingly turning to renewable and sustainable energy sources, it is crucial that strong consumer protections are upheld in energy efficiency schemes, and that low income households are provided equitable access to participate in the clean energy transition.

### About Consumer Action

Consumer Action is an independent, not-for-profit consumer organisation with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets. We work for a just marketplace, where people have power and business plays fair. We make life easier for people experiencing vulnerability and disadvantage in Australia, through financial counselling, legal advice, legal representation, policy work and campaigns. Based in Melbourne, our direct services assist Victorians and our advocacy supports a just marketplace for all Australians.

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<sup>1</sup> [Victorian Energy Efficiency Target Act 2007 | legislation.vic.gov.au](https://legislation.vic.gov.au)

<sup>2</sup> Essential Services Commission, ['Cold-call' telemarketing and doorknocking bans under the Victorian Energy Upgrades program | Essential Services Commission](#), April 2024

## How do you think the VEU program has performed against each of its current stated objectives?

Consumer Action is strongly supportive of efforts to improve the energy efficiency of Victorian households, and submit that the VEU program can be an important part of meeting this objective. We highlight the importance of the program in providing accessible, safe and fair methods to Victorian consumers to this end.

## What do you think should be the future focus of the program?

We acknowledge the importance of all options provided in the survey being retained within the future focus of the program, and highlight the options below (equity, fairness and savings on energy bills) as integral to supporting and protecting Victorian consumers in the transition. We recommend they remain primary priorities for the future of the VEU program, and provide our reasons below.

### a. Ensuring equitable and fair participation of households in the program

#### **Equitable**

An equitable and just transition to renewables must ensure that low income households are supported to enact the modifications and improvements needed to make their home energy efficient. Without including low income households into the design of a renewable transition scheme, many will be left behind paying the costs of the legacy grid.

For example, one initiative that achieves this aim is the VEU rebate scheme that allows low income households to transition to an all electric home by providing upfront finance to replace gas appliances<sup>3</sup>.

To this end, we support the VEU program's enduring priority of ensuring that all Victorians have access to the VEU program, and affirm the importance of retaining this priority into the future.

We recommend the Victorian Government and VEU program further prioritise the increase and expansion of government-based no interest loans and rebate schemes for additional upgrades such as insulation, focused on low income households.

#### **Fair**

We support the continued prioritisation of fairness in the VEU program, as a core part of a strong consumer protection framework. Through our consumer legal practice we are receiving an increase in cases of Victorians facing issues related to new energy products, and are concerned that people may be being misled into purchasing new energy products through unsolicited sales outside of existing Victorian programs. In many cases recorded, these sales may be causing significant harm and loss, particularly to low income households and vulnerable consumers.

For these reasons we strongly support retaining the priority of fair participation of households in the VEU program, by continuing to provide a scheme that prioritises safe, compliant and accredited participants that provide products and services to consumers fairly.

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<sup>3</sup> Department of Energy, Environment and Climate Action Victoria, [Save with an all-electric home \(energy.vic.gov.au\)](https://energy.vic.gov.au)

b. Energy bill savings

Consumer Action has reported consistently through our *Energy Assistance Report* of the experiences of Victorians in energy hardship. We highlight that Victorians contacting the National Debt Helpline are in increasingly higher energy debt, and are increasingly unable to meet their ongoing usage costs<sup>4</sup>.

Consistent research has found that transitioning to an all-electric home could save an average household approximately \$4,500 per year, with highest cost savings of an average \$1,250 per year through the replacement of a gas heater with electric split system heating<sup>5</sup>.

While we support the role the VEU program plays in reducing energy bills, we reaffirm that the VEU program must continue to consider how the program interacts with energy pricing and potential costs to consumers, including in the Victorian Default Offer<sup>6</sup>. As we have outlined in previous submissions, the VEU program must continue to ensure that costs incorporated into the VDO are equitable, primarily by considering the role of energy retailers in these costs and where they should be held accountable for cost increases.

Given the increasing cost of energy, and the growing numbers of people unable to afford the costs of their energy usage, the VEU program has a significant role to play in making sure that low income households are able to access measures that will reduce their energy bills.

**What do you think is important for the government to consider when setting future VEU program targets?**

We support the continued use of the greenhouse gas emissions reduction metric, as the overarching objective towards meeting Victoria's emissions targets and taking action to address the climate emergency.

In addition, Victorians on low incomes and/or experiencing vulnerability would benefit from Government imposing on itself additional sub-targets focused on improving energy affordability and ensuring equity and fairness in setting future VEU program metrics. Examples of such targets might include geographical and demographic based targets that measure the uptake of the scheme for low income cohorts, as well as uptake in regional and rural areas. We refer to recent initiatives such as the *Community Partnership Electrification Program* and *Energy Efficiency Improvement Scheme*<sup>7</sup> as encouraging examples of setting specific targets to deliver to priority cohorts, as part of prioritising access and equity to transition for low income households.

Furthermore, we recommend the increase and expansion of financial rebate schemes for low-income households to access the program to make sure that low income households are provided equitable access to energy efficient upgrades. Expansion and increase of these schemes should be accompanied for targets for uptake by low income households to ensure that people in these cohorts are accessing the program, and to promote further action to increase uptake where these targets are not being met.

Part of meeting the priority of an equitable transition would be to identify low income households and vulnerable cohorts, set targets of uptake to access the scheme, and expand rebate schemes to additional products as part of efficient upgrades. Additionally, increasing government rebates for higher-cost products would help prevent people from resorting to unregulated or high interest financial products in order to pay the upfront or excess cost of energy upgrades.

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<sup>4</sup> Consumer Action Law Centre, [Energy Assistance Report 4<sup>th</sup> Edition, 2024](#)

<sup>5</sup> Monash Climate Change Communication Research Hub (MCCCRH), Monash University, [Switching On: Benefits of Household Electrification in Australia](#), October 2023

<sup>6</sup> Consumer Action Law Centre, [Victorian Default Offer 2022 - Consumer Action Law Centre](#)

<sup>7</sup> Australian Capital Territory, Canberra, 2024 [Integrated Energy Plan 2024-2030 \(act.gov.au\)](#), pp.29 - 31

## How do you rate aspects of the current VEU program?

With respect to our rating of current aspects of the program, our comments focus on consumer protections and compliance. We consider that the VEU program has provided a positive example of prioritising consumer protections as part of an energy efficiency upgrade program, demonstrated in part through the recent ban on telemarketing and doorknocking sales<sup>8</sup>. The integration of monitoring and compliance with the Essential Services Commission including in the public VEU registry<sup>9</sup> is another positive measure that provides consumers with real-time and transparent information regarding licensed and registered companies. This model helps to ensure licensing, accreditation and qualification requirements within the program are prioritised by accredited providers, as a key element to a strong compliance framework that prioritises consumer protections..

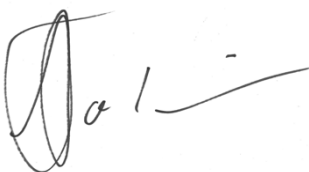
While the VEU program presents a positive example of ensuring consumers are protected and compliance is prioritised, an unfortunate consequence of the selective ban and registration scheme has been the growth in unsolicited sales emerging outside of the Victorian Government's VEU and Solar Victoria programs. Through our casework, we have noticed an increase in unsolicited sales of new energy products outside of government programs that have caused detriment to Victorian consumers. Without a state-wide ban on unsolicited sales, we are concerned that these practices will continue to increase. We submit that the Victorian Government, in partnership with Solar Victoria expand the unsolicited sales ban to cover all products sold in Victoria.

## What new energy upgrade activities do you believe should be included in the VEU program?

We strongly recommend the inclusion of ceiling insulation into the VEU program. We also support the VEU and the Solar Homes program continuing to monitor reforms and developments in the standards of residential housing<sup>10</sup> with the view to expanding program activities for Victorian consumers into the future where opportunities present.

Please contact Policy Officer **Eirene Tsolidis Noyce** at **Consumer Action Law Centre** on 03 9670 5088 or at [eirene@consumeraction.org.au](mailto:eirene@consumeraction.org.au) if you have any questions about this submission.

Yours Sincerely,



**Stephanie Tonkin** | Chief Executive Officer

**CONSUMER ACTION LAW CENTRE**

<sup>8</sup> Victorian Energy Efficiency Target Regulations (Vic) 2018, Section 9B [Victorian Energy Efficiency Target Regulations 2018 \(legislation.vic.gov.au\)](https://www.legislation.vic.gov.au/Victorian-Energy-Efficiency-Target-Regulations-2018)

<sup>9</sup> Essential Services Commission, [VEU Registry \(veu-registry.vic.gov.au\)](https://www.veu-registry.vic.gov.au)

<sup>10</sup> For example in the Minimum Standards for Rental Properties and Rooming Houses (Vic) [Minimum Standards for Rental Properties and Rooming Houses | Engage Victoria](https://www.engage.vic.gov.au/minimum-standards-for-rental-properties-and-rooming-houses)