

Media Release

The Hon Lily D'Ambrosio MP
Minister for Climate Action
Minister for Energy and Resources
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MOVING TO EXTEND VICTORIAN BILL SAVING UPGRADES TO 2045

The Allan Labor Government is strengthening its popular Victorian Energy Upgrades (VEU) program to ensure households and businesses can continue to drive down their energy bills with discounts on energy efficient electric appliances.

The Labor Government will introduce legislation to extend the VEU program to 2045 along with other reforms to support more Victorians to move to energy saving electric appliances and slash their energy bills.

The current VEU legislation ends in 2030 and the proposed extension will provide long-term certainty for industry investment and help households electrify as the state works towards net zero emissions by 2045.

The Government is undertaking a review of the VEU program to ensure it can better support Victorians to reduce their energy bills by switching to electric in the future – this review will be conducted over the next two years.

To give industry certainty while the review is being undertaken the Government will set interim energy savings targets for retailers for 2026 and 2027 instead of the usual five year period. The next long-term targets will be determined by recommendations from the review.

Under the proposed reforms, the Essential Services Commission (ESC) will have strengthened enforcement powers, expanding their oversight from accredited providers to include oversight of installers as well.

To lower the price of Victorian Energy Efficiency Certificates (VEECs), the requirement for certificates to be created by 31 January for the previous calendar year will be removed – this will give energy retailers more time to acquire certificates and reduce demand.

When a household or business gets a discount for the installation of an energy efficient appliance through the VEU program, the accredited providers create Victorian Energy Efficiency Certificates (VEECs), which are then sold to energy retailers to meet annual energy savings targets set in Victorian legislation.

Since the program went all electric in 2023, it has delivered rebates for 19,000 reverse cycle air conditioners, and 39,000 hot water systems, saving 28 million tonnes of emissions. By supporting energy efficiency, the VEU lowers demand for energy which reduces wholesale electricity costs for all Victorians and supports 2,200 jobs.

Households that replace a gas ducted heating system with an electric one can receive a discount of up to \$3,600 on the system and save around \$600 every year on their energy bills. An electric heat pump hot water system can save households \$250 per year compared with a gas unit.

The proposed reforms to the *Victorian Energy Efficiency Target Amendment (Energy Upgrades for the Future) Bill 2024* will be finalised in 2025.

Quotes attributable to Minister for Energy and Resources Lily D'Ambrosio

"Our Victorian Energy Upgrades program has helped millions of Victorian homes and businesses slash their energy bills and these changes will give industry certainty while we undertake our review of the program."

"These reforms to extend and strengthen the program will make sure the VEU can help more Victorian homes and businesses electrify and improve energy efficiency."

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