



# Victorian Energy Upgrades Program

Energy Management Information Systems

February 2025



# About the EEC

The EEC is the peak body for Australia's energy management sector.

We are a membership association for businesses, universities, governments and NGOs that have come together to ensure Australia harnesses the power of efficiency, electrification and demand management to deliver a prosperous, equitable, net zero Australia with:

- People living and working in healthy, comfortable buildings;
- Businesses thriving in a decarbonised global economy; and
- An energy system delivering affordable, reliable energy to everyone.

The EEC works on behalf of its members to drive world-leading government policy, support businesses to rapidly decarbonise, and to ensure we have the skilled professionals to drive Australia's energy transformation.

## Matters for consultation:

### 1. Are there any other benefits to EMIS products you would like to express?

The EEC understands the importance of leveraging energy data to unlock energy savings, performance improvements and drive strategic decision making.

The IEA estimates that digitalisation could reduce the global building sector's energy demand by 10 per cent by 2040 and increase demand response capacity from 40 GW today to 450 GW in 2040<sup>1</sup>. Enhanced digitisation will also be essential for the effective integration of energy supply and storage, including solar PV, batteries and hydrogen.

However, the EEC also notes the importance for businesses to be able to access (whether internally or externally) the expertise needed to interpret energy data and take appropriate action. An EMIS does not provide the supporting framework to manage energy with structured policies, processes, and action plans to implement energy saving opportunities – which is what is provided by a full-scale *energy management system*<sup>2</sup>.

An energy management system ensures organisational engagement, with buy-in from senior management and other stakeholders and facilitates the prioritisation of energy management practices throughout the business.

The EEC recommends that the EMIS activity is supported by requiring evidence of internal stakeholder support to analyse and action the data. This would support the business achieve actual energy savings in line with the intention of the VEU program.

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<sup>1</sup> International Energy Agency 2019, Energy Efficiency Market Report 2018, IEA, Paris

<sup>2</sup> An energy management system (EnMS) is a set of policies, processes and procedures that help instil a systematic approach to reducing energy use or improving energy performance or energy productivity across an organisation. There are many approaches to managing energy, which can take a variety of forms. In recent years, EnMS have become globally standardised, principally through the ISO 50000 family of standards, and organisations implementing a formal EnMS may choose to have their EnMS certified against that standard.

## **2. Are you aware of any issues with the supply chain required to implement an EMIS activity into the VEU program that the department should consider?**

The EEC is not aware of any supply chain issues that the department should consider.

## **3. Do you agree with the three-tier categorisation of EMIS products based on their capabilities?**

**a) Yes**

**b) If not, please detail why and suggest an alternative method of categorisation of EMIS products.**

The EEC notes the following:

- The capabilities of an Integrated EMIS can be provided even when there is no existing BMS on site, so an existing BMS does not need to be a requirement, the wording around this should be reconsidered.
- The requirement to integrate into an existing BMS to install the Advanced EMIS poses technical challenges. The EEC recommends that the department discusses potential barriers directly with our members with expertise in this area. Please let us know if you would like us to connect you.
- It is not clear whether the three EMIS Activities are additive. Could the same site claim certificates for installing an Integrated EMIS and then claim again if they upgrade to an Advanced EMIS?

The EEC recommends the following inclusions:

In all categories:

- To ensure that the data is being analysed and interpreted, require a funded position for monitoring the data to provide regular reporting to the business and the department. This reporting could then be used to evaluate the effectiveness of the activity and be a source of information to inform wider system planning.

- Ensure that any EMIS installed is designed to be easily upgraded to a higher category of EMIS. An interoperable interface should be installed so that consumers are not locked into one service provider.

In the Basic EMIS category:

- Require the EMIS to report not just energy data but also meaningful energy performance indicators such as energy/m<sup>2</sup>, energy/unit of production, energy/\$ of sales or turnover.
- For buildings, also correlate energy use with basic weather data.

#### **4. Do you agree that the Advanced tier products should be introduced at least six months after the Basic and Integrated products?**

**a) Yes. If yes, why?**

**b) If not, please detail why and suggest an alternative approach.**

The EEC understands that due to the control afforded to the Advanced EMIS classification the department wants to ensure that safeguards and suitable criteria are in place.

Should the department wish to consult with EEC members with expertise related to Advanced EMIS, please let us know.

#### **5. Do you foresee concerns or risks to consumers related to the capabilities presented in the Advanced EMIS classification?**

The consultation paper sets out key concerns arising from the introduction of AI and autonomous control. The EEC notes that data security and the parameters of autonomous control is a key issue for consumers and supports the department in further consultation with experts in this area. Should the department want to discuss this further with EEC members, please let us know.

**6. Do you agree with the proposed approach to develop a register of proven (demonstrated by at least two years of suitable data) products for the EMIS activity?**

**a) Yes**

**b) No, please explain why**

The EEC agrees with the approach to develop a register of proven products. However, to avoid preventing innovation, the register should be regularly updated as new products become available to the market.

**7. Do you agree with the proposed approach that facilities must have a minimum annual consumption of 500 MWh and facilities with energy consumption greater than 5,000 MWh per year should only be rewarded for installing an Integrated or Advanced EMIS?**

**a) Yes**

**b) No, please explain why**

The EEC questions why an annual consumption of 500 MWh has been proposed. A 'large market customer' approach would apply to consumers with a minimum annual consumption of 100 MWh or less depending on the state or territory.

The EEC suggests that a 200 MWh minimum annual consumption threshold could be more appropriate to ensure that consumers with a lower annual consumption are able to benefit from the incentive.

The EEC agrees that facilities with an energy consumption over 5000MWh should only be rewarded for installing an Integrated or Advanced EMIS.

## **8. Do you agree that facilities with Basic EMIS should be limited to claim 125 VEECs annually and facilities with Integrated and Advanced EMIS should be limited to claim 1,000 VEECs annually?**

**a) Yes**

**b) No, please explain why?**

The EEC notes that the incentive cap is based on emissions reductions of 3 to 10 per cent (depending on the category of EMIS installed) and an operating life of two years.

The EEC suggests that an EMIS should target emissions reductions above 10 per cent and that the incentive could be too low and rewarding under achievement. However, as the energy savings under the deemed route will not be verified, the EEC agrees that the department should use a lower cap to ensure the integrity of the VEU program.

The department notes that if businesses anticipate energy savings beyond those awarded by the deemed EMIS activity they may consider installing an EMIS under the Project Based Activity (PBA) approach. As noted in the 2020 consultation, the PBA process “is a more accurate way of determining energy savings and VEECs but has the disadvantage that it is generally more time consuming, costly and administration-heavy than a deemed activity”.

The EEC believes that improvements could be made to the PBA process to streamline the approval process. The EEC is happy to discuss this further with the department. In the absence of these reforms, uptake of EMIS under the PBA method may be limited.

The EEC recommends that the department consider whether the deemed route could initially be followed by consumers but that the number of VEECs awarded could be ‘topped up’ should the installed EMIS drive greater energy savings than anticipated.

**9) Do you agree with including EMIS product eligibility requirements that will enable flexible demand?**

**a) If yes, please provide further detail, e.g. what capabilities do you think should be required and how should compliance be evidenced?**

**b) If no, please explain why you do not agree with the inclusion of flexible demand.**

Demand flexibility plays a crucial role in a successful transition to a net zero grid. The ability to shift or shed electricity demand to match an increasingly variable energy supply from renewables can enhance the reliability of the grid and reduce the need for building new supply and storage assets. AEMO's 2024 ISP notes that consumer energy resources are expected to grow to almost half of the NEM's capacity by 2050 and that well-coordinated consumer batteries could avoid \$4.1 billion of utility scale storage.

Organisations with a deeper understanding of their energy use can take advantage of incentives to support the grid such as changing the time of use to take advantage of low energy prices or benefit from flexible demand programs.

The EEC therefore encourages the department to make enabling flexible demand a minimum requirement for Advanced EMIS and to consider including this requirement for the Integrated EMIS classification. To differentiate the Advanced EMIS classification, additional requirements could include integration with network providers and retailers (with CSIP-Aus as a potential option).

**10) Do you agree with the proposed approach to include a provision in the Specifications requiring EMIS providers to adhere to the Australian Privacy Principles?**

**a) Yes,**

**b) No, please explain why**

Yes, the EEC is aware that privacy will be a key concern for consumers, particularly those installing an Advanced EMIS.

**11) Would you be interested in becoming accredited to provide this product through the VEU program?**

Not applicable to the EEC.

**12) Do you agree with the proposed minimum co-payments required for each classification?**

**a) Yes**

**b) If not, please suggest an alternative approach.**

Yes. A co-payment can ensure that recipients are more engaged. EMIS can be complex and for their full value to be realised, the department should require recipients to be fully engaged and informed about the product being installed at their site.

**13) Do you see any potential for the proposed EMIS activity to be misused? If yes, please detail possible solutions.**

**a) Yes, please provide further information.**

**b) No**

The proposed EMIS activity could be misused if EMIS are installed that are either not meeting consumers' requirements or are not fully understood/used by the consumer. This could result in no/little energy savings being achieved by some consumers.

As stated above, the EEC recommends that the EMIS activity is supported by requiring evidence of internal stakeholder support to analyse and action the data. This would support the business achieve actual energy savings in line with the intention of the VEU program.

**14) Do you agree with the proposed approach for consumers to provide proof of payment for two years in advance?**

**a) Yes**

**b) No, please provide an alternative approach**

The EEC agrees with this approach.

**15) Do you agree with the suggested timeframes for installation and commissioning of the EMIS product?**

**a) Yes**

**b) No, please provide an alternative approach**

The EEC has no comment.

**16) Do you have a suggestion for a more appropriate way to ensure the provided incentives are accurate for this activity?**

Using the PBA method would ensure that incentives are more accurate for this activity. However, as set out in the consultation paper, there are challenges with this method for some businesses (in particular the upfront cost and delayed subsidy).

As recommended above, the department should require a funded position for monitoring the data to provide regular reporting to the business and the department.

This reporting could then be used to evaluate the effectiveness of the activity and be a source of information to inform wider system planning.

**17) Do you agree with the proposed method for determining baseline energy consumption?**

**a) Yes**

**b) No, please provide an alternative approach.**

The EEC agrees with the proposed method as a simplified way of determining a baseline compared with the PBA method.

The EEC questions why sites that cannot provide evidence of annual gas consumption equalling at least 25 per cent of total annual electricity and gas use at the address are not eligible to install

activity 47C (Advanced EMIS). Some clarification from the department would be helpful in explaining why electrified sites are excluded from this category.

## **18) Do you agree with the proposed method for determining incentives for submetering?**

**a) Yes**

**b) No, please provide an alternative approach.**

The EEC agrees that sub metering should be encouraged due to the important role sub-metering plays in capturing accurate data.

The EEC encourages the department to raise the incentives received for existing and/or additional sub-meters installed.

The department should also ensure that it is requirement that all sub-meters are calibrated.

## **19) Do you have any information relating to the expected cost of EMIS products that may help inform the final design of the activity?**

**a) Yes**

**b) No, please provide an alternative approach.**

The EEC has no comment.

