



# Refrigerated Cabinets Activity Investigation Report

**6 June 2023**

The Essential Services Commission is responsible for administering the Victorian Energy Upgrades (VEU) program. The function includes enforcing compliance with the *Victorian Energy Efficient Target Act 2007* (VEET Act) and Victorian Energy Efficient Target Regulations 2018 (VEET Regulations).

The Department of Energy, Environment and Climate Action is responsible for the policy and program design including developing the VEET Regulations which identify the activities that may be undertaken under the VEU program and the Victorian Energy Upgrade Specifications 2018 (VEU Specifications), which contain further requirements in relation to those activities.

The commission commenced an investigation into allegations of non-compliant refrigerated cabinet activity under the program rules in June 2022. This investigation report sets out the approach the commission took in relation to the investigation, its findings and the actions taken by the commission.

## Summary of findings

The investigation found evidence of non-compliance with installation, evidentiary and record keeping requirements.

The commission has rejected the registration of 18,238 Victorian energy efficiency certificates created by nine accredited businesses for 85 separate refrigerated cabinet upgrade activities which did not comply with the VEU program rules. This is less than one per cent of the approximately 2.4 million certificates created in respect of the refrigerated cabinets activity under the VEU program since October 2021, when the VEU Specifications were amended to expand the range of products eligible for installation under the activity.

## Refrigerated cabinets activity

The refrigerated cabinets activity was introduced into the program in 2012 and provides incentives for customers to install a new, efficient refrigerated cabinet, or replace inefficient refrigerated cabinets with efficient ones.

Refrigerated cabinets are designed to store and display chilled and/or frozen food items. They are typically used in retail stores such as supermarkets, petrol stations, liquor outlets and smaller food and beverage vendors. Their energy usage accounts for about four per cent of Australia's energy sector greenhouse gas emissions.

Since the activity was introduced in 2012, 56 accredited businesses have been approved by the commission to participate in the refrigerated cabinets activity and approximately 2.8 million certificates been created in relation to refrigerated cabinet installations.

The requirements of the VEET Regulations and VEU Specifications for the refrigerated cabinets activity have varied over time to increase the accessibility of the refrigerated cabinets under the VEU program. This has included removing requirements to replace older, less energy efficient fridges and expanding the range of refrigerated cabinets that were eligible under the VEU program.

## Issues and concerns

The changed requirements of the refrigerated cabinets activity led to a rapid uptake of the activity from October 2021 until June 2022, when the VEU program incentives were removed.

In early 2022, stakeholders raised concerns that refrigerated cabinets were being installed through the program at inappropriate business premises and in inappropriate numbers. The commission responded to these concerns by updating its appliance activity guide in April 2022, which created increased evidentiary obligations and set out fit-for-purpose requirements for the activity. The increased evidentiary obligations included a requirement that a geotagged photo was required for every refrigerated cabinet claimed to have been installed and sign-off by consumers to the effect that consumers assessed their need and accepted an appropriate appliance.

In June 2022, media reports indicated possible non-compliance with the program rules.

On 24 June 2022, the commission advised that it was [pausing the registration of certificates](#) created for multiple installations of refrigerated cabinets while it investigated these concerns.

On 29 June 2022, the Minister for Energy, the Hon Lily D'Ambrosio MP also released a declaration of a discount factor for refrigerated cabinets. The discount factor removed all VEU incentives for some of the refrigerated cabinet activities until a full review is undertaken.

## Compliance investigation

The commission initiated an investigation in line with [its compliance and enforcement policy](#) to probe these allegations. We applied a risk-based approach to the matter and focused on:

- certificates created by accredited businesses for refrigerated cabinet upgrade activities allegedly carried out at specific premises, including those identified in media reporting; and
- certificates created by accredited businesses for upgrades that involved six or more refrigerated cabinet installations at a single premises.

Since 2012, 76,717 refrigerated cabinets have been installed as part of 42,321 activities. This means that on average, fewer than two appliances were installed for each activity submitted under the VEU program.

Commission staff assessed 97,195 certificates in relation to 405 separate refrigerated cabinet upgrade activities submitted for, and pending, registration where six or more refrigerated cabinets had been installed at a single site. The assessments analysed photographic evidence to determine whether the refrigerated cabinets were installed according to the program rules and that the correct number of certificates had been created with respect to 405 activities.

### **Assessment results**

The assessments identified non-compliance with installation, evidentiary and record keeping requirements under the program rules where certificates have been created by accredited businesses for refrigerated cabinet activities delivered through the program.

Upgrade activities undertaken or facilitated by accredited businesses must comply with the program rules to be eligible for Victorian energy efficiency certificates. The investigation included site inspections, interviews with customers, supporting document assessments and other compulsory information gathering processes under the VEET Act. The investigation attended sites identifiable from the media reporting in late June 2022 and compared the allegations raised with the media reporting with the number of installations claimed under VEU program.

The results of the investigation identified that in some instances, refrigerated cabinets were installed at premises that may have had no prior need for the appliance, and in some instances that the appliances were merely delivered rather than being installed under the VEU program as required. The investigation also found that some accredited persons failed to meet the evidentiary requirements under the updated Appliance activity guide issued by the commission in April 2022.

The investigation identified that:

- 3,484 certificates in relation to 17 activities created by five accredited businesses did not meet the activity requirements as there were no installation of the refrigerated cabinets as required under the rules.
- 14,754 certificates in relation to 68 activities created by six accredited businesses failed to comply with the program record-keeping rules as photographic evidence was not kept and provided to the commission as required.

## Certificate refusals

The commission has considered the risks and impacts of these instances of non-compliance on the VEU program and the Victorian community. Installation, evidentiary and record-keeping requirements exist to enable the commission to substantiate that certificates generated through the program relate to upgrade activities that result in genuine emissions reductions. This is critical to protect the integrity of the program and its primary objective to reduce greenhouse gas emissions.

Based on the assessments, the commission considered that 18,238 certificates created by nine accredited businesses for 85 separate refrigerated cabinet upgrade activities do not comply with the program rules relating to installation, evidence and record keeping and are therefore ineligible to receive certificates.

The commission has decided to refuse to register the following certificates created under the program:

Accredited persons	Photo provided showing one or more refrigerated cabinets claimed in the activity was not unpacked or connected to a power point		Missing geo-tagged photo for one or more of the refrigerated cabinets claimed in the activity		Commission decision
	Non-compliant activities	Refused certificates	Non-compliant activities	Refused certificates	Total certificates refused registration
Green Solutions Australia Pty Ltd	7	1,161	52	10,132	11,293
B&G Green Trading Pty Ltd t/as Aussie Greenmarks	3	679	11	2,432	3,111
Home Green Pty Ltd T/A Shine On	2	629	0	0	629
RETA (WA) Pty Ltd T/A Renewable Energy Traders Australia	0	0	1	534	534
Energy Saver Plus Pty Ltd	0	0	2	1,274	1,274
Ecovantage Pty Ltd	2	585	0	0	585
Say Green Pty Ltd	3	430	0	0	430
Saving Earth Pty Ltd	0	0	1	222	222
Energy Makeovers Pty Ltd	0	0	1	160	160
<b>Total</b>	<b>17</b>	<b>3,484</b>	<b>68</b>	<b>14,754</b>	<b>18,238</b>

## **Enforcement actions**

In addition to its decision to refuse registration to certificates as set out above, the commission has exercised a number of enforcement options to address each matter proportionately and effectively and deter future non-compliance with the program rules.

The commission decided on the following enforcement actions.

### **Green Solutions Australia Pty Ltd**

In relation to Green Solutions Australia Pty Ltd:

- to suspend the accreditation of Green Solutions Australia Pty Ltd, until an independent audit has been conducted in relation to its compliance with the VEET Act and Regulations and any recommendations from the audit are addressed to the commission's satisfaction.
- to impose a restriction on Green Solutions Australia Pty Ltd's accreditation by removing the refrigerated cabinets activity from the scope of its accreditation.

### **B & G Green Trading Pty Ltd T/A Aussie Greenmarks**

In relation to B & G Green Trading Pty Ltd T/A Aussie Greenmarks:

- to impose a condition on the accreditation of B&G Green Trading Pty Ltd t/as Aussie Greenmarks requiring it to undertake an independent audit in relation to its compliance with the VEET Act and VEET Regulations and any recommendations from the audit are addressed to the commission's satisfaction.
- to impose a restriction on B&G Green Trading Pty Ltd T/A Aussie Greenmarks by removing the refrigerated cabinets activity from the scope of its accreditation.

## **Formal warnings**

The commission decided to issue formal warnings to the following accredited persons:

- Say Green Pty Ltd for repeatedly but unintentionally creating Victorian energy efficiency certificates (VEECs) that did not comply with the requirements of the VEET Act or the VEET Regulations.
- Home Green Pty Ltd T/A Shine On for repeatedly but unintentionally creating VEECs that did not comply with the requirements of the VEET Act or the VEET Regulations.
- RETA (WA) Pty Ltd T/A Renewable Energy Traders Australia for repeatedly but unintentionally creating VEECs that did not comply with the requirements of the VEET Act or the VEET Regulations.
- Energy Saver Plus Pty Ltd for repeatedly but unintentionally creating VEECs that did not comply with the requirements of the VEET Act or the VEET Regulations.

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- Ecovantage Pty Ltd for repeatedly but unintentionally creating VEECs that did not comply with the requirements of the VEET Act or the VEET Regulations.
- Saving Earth Pty Ltd for repeatedly but unintentionally creating VEECs that did not comply with the requirements of the VEET Act or the VEET Regulations.
- Energy Makeovers Pty Ltd for repeatedly but unintentionally creating VEECs that did not comply with the requirements of the VEET Act or the VEET Regulations.