Energy Savings Big Win - Federal Tax Cuts + Energy Efficiency Programs - Northmore Gordon

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Environmental Manager Leverage our teams wide experience Certificates Close Certificates Open Certificates Certificates Our Environmental Attribute Certificate services help businesses accelerate technology adoption, improve project ROI, and manage claims of renewable energy, energy efficiency and carbon offset 1 carbon offset = 1 tonne of CO2-e avoided or removed from the atmosphere. Avoided emissions covers activities that alter behaviour that would have otherwise caused emissions such as energy efficiency improvements or avoided deforestation. Removal covers activities that permanently remove CO2 from the atmosphere such as new forestry plantations, soil carbon improvement or carbon capture and storage. certificates Live Certificate Prices The value of certificates change day-to-day, check todays prices Solar VEECs (VEU PBA) VEU PBA for Large-scale Solar Measurement & Verification (VEU & ESS) M&V; for Large C&I; Efficiency Projects (VEU PBA & ESS PIAM&V;) BESS Calculator Estimate the Peak Reduction Certificate revenue available to your NSW battery project in minutes ERF & Carbon Credit Registration ACCUs for Emission Reduction Projects Boiler Upgrades (VEU & ESS) NSW & VIC Boiler Rebates REC Registration (I-RECs & LGCs) Register renewable assets for I-RECs and LGCs Trade RECs & Carbon with us Trade Local & International Environmental Attribute Certificates moREnewable100 (RECs & Offsets) Reach Global Sustainability Goals with Certificates and Offsets Deemed Certificates (VEU & ESS) NSW & VIC Rebates Global Certificates Environmental Attribute Certificates Australian Programs Australian EAC Programs Case Studies Sectors Articles Team More Close More Open More Northmore Gordon Learn more about Northmore Gordon with the latest news and insights, were to find us, and the extensive terminology used in emissions reductions About Us Who we are & what we do in energy efficiency & decarbonization. Locations Find our offices near you. Contact Us Get in touch with our team. Careers Join our team making a sustainability difference Articles Learn about energy efficiency & carbon reduction. Latest News Stay informed on industry developments. Government Updates Track policy changes impacting your energy use. Accreditations See our certifications for trusted service. Glossary Define key terms in emissions reduction. Energy Savings Big Win – Federal Tax Cuts + Energy Efficiency Programs Northmore Gordon October 9, 2020 News Share this article Energy efficiency equipment payback drastically reduced. The payback period for many capital equipment purchases can be drastically reduced (40% or greater). Be it Boilers, Chillers, HVAC, UPS, Motors, VSD Variable Speed Drive , Compressors and Blowers. The Federal Budget announced on the 6th of October that nearly all businesses will be able to fully deduct capital equipment purchases in operation by June 2022. If you couple this with the state based energy savings Electricity or gas savings or both. scheme (NSW, ESS The NSW Energy Savings Scheme (ESS) provides financial incentives to install, improve or replace energy savings equipment and appliances in NSW households and businesses. The ESS was established in 2009. Financial incentives are in the form of tradeable certificates, called energy savings certificates (ESCs). Generally, householders and businesses who fund energy savings activities transfer the right to create ESCs to Accredited Certificate Providers (ACPs) in return for a discount on the cost of the energy savings activity. The MWh savings from the project determines the number of ESCs that can be created. The ESS works by allowing ACPs to create and register ESCs for energy savings that are supported with appropriate evidence. ESCs are then purchased each year by mainly electricity retailers operating in NSW to meet their share of a legislated annual energy savings target. , VIC, VEU Victorian Energy Upgrades is a Victorian government energy efficiency program that gives every Victorian household and business the opportunity to receive rebates or discounts on energy saving products.) then a business can substantially reduce their energy costs, and achieve a much shorter payback. With the added bonus of the higher reliability and lower maintenance that comes with new equipment. Take for example the upgrade of a 6MW Gas-Fired Steam boiling is using say 45,000 GJ A gigajoule (GJ) is the equivalent to 1 billion joules. A joule is a measure of the energy required to send an electrical current of one ampere through a resistance of one ohm for one second. One GJ is equal to 277.8 kilowatt hours (kWh), 1.055 million British thermal units (Btu) or 0.17 barrels of oil. PA at recent prices of say $11.00 per GJ and hence $500,000 PA in gas charges. The upgrade to a new high efficiency boiler with economiser, O2 trim could cost around $800,000. The efficiency gains from moving from a 30 year old boiler to a modern one could be as high as 30%, but we’ll use a 25% reduction in gas usage for this example and hence annual gas savings of 11,250 GJ PA. Prior to the Federal Budget (and after June 2022) a new boiler asset would need to be depreciated over 20 years.

The figures for the new boiler commissioned by June 2022 are as follows Immediate tax writeoff 30% x $800,000 = $240,000 Compared with tax write off over 20 years = $12,000 per annum Energy Saving Certificates = $110,000 Capital Costs (after tax writeoff and certificates) $800,000 – $350,000 = $450,000 Annual Gas Savings of $11.00 x 11,250 = $124,000 Compare the three scenarios No tax cuts & not claiming environmental certificates Simple payback = $800,000 / ($124,000 + $12,000) = 5.9 years Using tax cuts & not claiming environmental certificates Simple payback = ($800,000 – $240,000) / $124,000 = 4.5 years Using tax cuts & environmental certificates Simple payback = ($800,000 – $240,000 – $110,000) / $124,000 = 3.6 years Hence by performing the upgrade with the new Federal Budget changes reduces the outlay by more than 25% and brings down the payback period substantially. Also be aware that with the changes that allow companies to offset future losses against past profits for the financial years of 2020-2022 means that you can carry back losses (ie the capital cost) to reduce last year's tax bill as well. Boilers are one asset type that uses a large amount of energy and has the potential to save substantial energy, but the same applies to many other equipment upgrades that will drive substantial energy savings. Consider these aging assets for replacement by using the immediate tax depreciation and NSW Energy Saving Scheme or Victorian Energy Upgrades to drive much short payback periods. Gas-fired Steam Boilers in Industrial process Gas-fired Hot Water Boilers for Commercial Buildings Chillers for Commercial HVAC Heating, ventilation, and air conditioning is the technology of indoor and vehicular environmental comfort. Its goal is to provide thermal comfort and acceptable indoor air quality. UPS and CRAC upgrades for Data Centres Air Compressor upgrades Variable Speed Drives for large motors and fans (very fast payback) Warehouse and Orchard Coolroom upgrade Installation of Large Scale Solar PV Solar Photovoltaic in Victoria under the VEU All these assets can claim energy savings certificates using the Measurement and Verification methods under the different state-based schemes as well as under the Australian Carbon Farming Initiative (Carbon Solutions Fund). Image courtesy of: couriermail.com.au Business , Energy Efficiency , Energy Savings Scheme (ESS) , Government Scheme Update , VEET Scheme You may also like: Welcome to our August & September 2026 Compliance Update. Australian Certificate Markets – August 2026 Update Where's the value in renewable heat? Latest Updates ASRS Group 3: are you in scope and don't know it? Correct as at 13 September 2026. 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