

21 August 2019

Dear Environment and Planning Committee,

Submission to the Parliamentary Inquiry into Tackling Climate Change in Victorian Communities

Thank you for the opportunity to make a submission to the Parliamentary Inquiry into Tackling Climate Change in Victorian Communities. **Victoria is the national leader in community energy and can become the national leader in community-led climate action.**

Across the country, there are 105 community energy groups and 50 of these are based in Victoria. Responsive policies and programs have enabled these groups to learn about community energy and plan projects that will benefit them. These programs have unlocked a massive volunteer effort across the state that will strengthen local economies, grow clean energy capacity and improve the social license of renewables. As the peak body for the community energy sector, we commend the State Government for its efforts and encourage further action so our sector can reach its full potential. Many of these groups are tackling climate change beyond community energy and looking at zero-net energy and zero-net emissions.



Image by Community Power Agency cpagency.org.au

About the Coalition for Community Energy

The Coalition for Community Energy (C4CE) is a network of over 100 organisations working to grow a vibrant community energy sector. C4CE was founded using a Collaborative Impact approach. C4CE facilitates collaborative Strategic Initiatives that build on the strengths of its member organisations, community energy projects, groups, support organisations and stakeholders in the wider renewable and mainstream energy system to create mutually beneficial outcomes.

C4CE's objectives are to:

- Guide and support development of the community energy sector
- Create a coordinated voice to better advocate for the needs of the sector
- Grow the sector's profile, influence and membership (beyond the 'usual suspects')
- Facilitate the alignment of efforts by Members with support, systems, tools and training which enable collaboration for collective impact
- Identify and create strategic opportunities and attract investment for the sector
- Coordinate strategic initiatives which build the knowledge, know-how and capacity of Members and the sector.

What are the benefits of community energy?

In the National Community Energy Strategy, C4CE defines community energy as follows:

Community Energy is the term used to describe the wide range of ways that communities can develop, deliver and benefit from sustainable energy. It can involve supply-side projects such as renewable energy installations and storage, and demand-side projects such as community education, energy efficiency and demand management. Community energy can even include community-based approaches to selling or distributing energy.

It is particularly important to note that community energy is not defined technically, such as based on the scale of a clean energy project (e.g. a community-scale solar farm), but rather based around community participation and benefit. Community energy projects are unique. They: provide proportionately large direct and indirect local benefits i.e. community funds and employment opportunities; create new pathways for environmental volunteering and climate action with strong economic and community development outcomes; and, offer a new model of engagement around renewable energy, benefitting the broader renewable energy sector.

Where are we now?

The Victorian State Government has taken commendable action over the last two terms to encourage community energy projects. Since 2015 the state government has:

- commissioned the Guide to Community-Owned Renewable Energy (2015)
- delivered the New Energy Jobs Fund (2015)
- instigated the Parliamentary Inquiry into Community Energy Projects (2016)
- funded and delivered the Community Power Hubs Pilot (2017-2019)
- created a new PiLoR methodology for community generators (2018)
- funded the Z-NET Community Transition Pilot (2018)
- funded the Renewable Communities Program (2018)
- initiated the Parliamentary Inquiry into Tackling Climate Change in Victorian Communities (2019)

Many of these initiatives have enabled the sector to become more developed and strengthened community efforts. However, we now have a large number of pilots and pre-development projects that, in the absence of federal energy policy, do not have financial or logistical support needed to reach maturity. To ensure these policy investments facilitate the development of community energy projects, the state government needs to refine its policy approach.

Our plan to mature the community energy sector involves the following aims: to ensure access for all Victorians to participate in and benefit from the energy transition; unlock mid-scale community energy projects which benefit communities, the distribution network, the environment; and, to support community-led action on climate change.

A plan to mature the sector

C4CE has consulted with community energy groups in Victoria and various affiliated organisations and recommends the following set of policies and programs to ensure the Victorian community energy sector is on a pathway to maturity. The following key policies and programs will greatly serve the sector. Key items are expanded below.

1. Community Energy Target

- a. *Determine a carve-out of the Victorian Renewable Energy Target (VRET) for community energy of 100MW by 2025*
- b. *Establish a Feed-in-Tariff (FiT) for mid-scale community energy projects of 6-7c premium above PPA/wholesale rate for 15 years*

The proposed criteria for the CE FiT is:

- community-led project or community/developer partnership with broad local support
- local shareholding inclusive of community investment (minimum 20%), including council, water authority, etc (> 50% total)
- project scale > 1MW - 10MW
- local control and decision-making power related to the project
- local distribution of the social and economic benefits generated through the project.
- project is appropriately scaled to the local environment and/or community
- project harnesses the skills and capital of the local community

2. Smart Energy Communities Program

- a. *Scale up the regional Community Power Hub Pilot*
Deploy 6 x Community Power Hubs in each DELWP region to the value of \$10m over 4 years.
- b. *Deploy strategic community energy grant funding*
\$13m over 4 years, split into:
 - first projects stream for small-scale and replicable projects (~\$30k per group)
 - mid-scale community renewables stream for development phase milestone-based grants for community renewables (~\$150k per grant)
- c. *Scale up the Community Transition Pilot for lighthouse communities*
Enable 5 x lighthouse communities to deploy zero-net emission masterplans and programs over 4 years to the value of \$5m (LGA scale or smaller). Following on from and including the successful Hepburn Z-NET program.
- d. *Support a collaborative Community Energy Capacity Building Network*
Fund \$2m over 4 years to share the learning of these activities and build capacity across Victorian communities with the support of Sustainability Victoria.

3. Solar for All Program

- a. *Develop a Solar For All Pilot*
Fund \$750k for a Solar For All Solar Gardens pilot project for 1000 households.
- b. *Create a Solar for All Rebate*
Expand the Renters Solar Rebate program delivered by Solar Victoria to ensure locked-out energy users across Victoria can access solar at scale via a *Solar For All Rebate*.

Community Energy Target

Our members are wanting to build, own and operate mid-scale projects and like large developers, they need price certainty to deliver. The recent announcement of subsidised solar for 650,000 households and the continued rollout of the Victorian Renewable Energy Target (VRET) boosts household scale and large scale renewables. There is a significant gap in regards to mid-scale renewables. There is a market barrier in the pricing of electricity infrastructure that fails to unlock the savings of locating energy supply near demand.

There are no incentives for the market to unlock public benefits such as improved community resilience and local jobs. The next step to ensure the governments legacy as a renewable energy leader would be to unlock mid-scale community energy, producing a pipeline of local jobs and delivering significant regional economic development across the state. The Community Energy Target and associated FiT (described above) will ensure price security and aid mid-scale projects to grow across the state and harness community capital.

The FiT should follow a process with the following criteria:

- Encourage collaboration
- An EOI process so projects can bid early, giving them the confidence to develop
- Be simple to administer, with clear objective success criteria
- Minimise political risk through not requiring ministerial or departmental sign-off
- Include projects over a broad range of technologies
- Be tailored to value and deliver the multiple benefits associated with CE

In lieu of the huge infrastructure changes that need to occur to host our transition, there is already capacity issues and likely build out delays that will occur as well as significant social license challenges. Community energy projects act as important gatekeepers to social license for the broader renewables industry and are very well suited to the mid-scale (1-10MW). At this scale, they can fill up the existing distribution network and avoid costly upgrades on the transmission network. At this scale they are achievable for communities - both financially and from an asset management perspective.

Utilising the distribution network for mid-scale community energy project will ensure we can more rapidly transition and not wait for new large scale transmission infrastructure to meet the VRET. This will need government support to bring network distributors to the table in a collaborative and fixed cost approach.

Scale up the Z-NET Community Transition Pilot for lighthouse communities

Hepburn Shire has shown the strategic impact of supporting a 'lighthouse' community to go beyond being the first zero-net energy town in Australia to tackling the goal of zero-net emissions. An urban example is the Zero Carbon Moreland Initiative. By supporting communities such as these with a proven track record to deploy zero-net emission masterplans and programs over 4 years (LGA scale or smaller) will provide the means to incubate and make real the pathways to zero-net emissions. C4CE recommends five such communities are fast tracked in this way.

A broader approach

We believe the following high level policy objectives would frame the sector based recommendations in the previous section:

- Set ambitious science-based emissions reduction targets: aim to keep global warming below 1.5°C. In addition, ensure the VRET is aligned with the ERTs - currently the VRET does not account for the rapid transition to EVs in the 50% renewable by 2030 target. We need 'true targets' that account for this properly.
- Bipartisan support for the Climate Act to ensure the good work of communities is not undone in future years.
- Establish a dedicated Victorian Climate Change Action Fund, to ensure projects like Hepburn Z-NET can have secure long term funding to deliver our ambitious masterplan.
- Deliver Victoria's first Climate Budget

Thank you for your consideration,

The board of C4CE