

8th July 2021

Dear House Standing Committee on the Environment and Energy,

The Coalition for Community Energy (C4CE) would like to thank the *House Standing Committee on the Environment and Energy* for this opportunity to make a submission regarding the Inquiry into the *Australian Local Power Agency Bill 2021* and *Australian Local Power Agency (Consequential Amendments) Bill 2021*.

Summary of submission

In this submission we provide an overview of C4CE, our work and the unique value of community energy, building resilience and prosperity in regional and urban communities around Australia.

We then discuss the key merits of the Australian Local Power Agency, specifically:

- How the Local Power Hubs will create new social and economic opportunities.
- Why underwriting and grants are so critical to the development of this dynamic sector.
- The potential flow on benefits from facilitating community investment in commercial projects.

Overview of C4CE

The Coalition for Community Energy (C4CE) is the peak body for the growing community energy sector in Australia.

Established in 2014, C4CE has now grown to more than 105 member groups across Australia who are keen to transform their communities to zero-net emissions.

C4CE's vision is for community energy to be a significant creator and beneficiary of a sustainable energy system for Australia's future. We believe there is a key role for community groups to initiate, develop, own, operate, implement and benefit from renewable energy.

C4CE has worked with community energy groups to propel policy and programs that will support this sector. We championed calls for Victoria's Community Power Hubs which have led to the financing and commissioning of 15 projects, delivering \$11 million in positive flow-on economic impacts for those regions. This program offers significant insights for the Australian Local Power Agency's proposed Local Power Hubs.

C4CE sees community energy as being cooperatively-spirited, commercially-driven and environmentally minded. As such, community energy contributes to the 'bigger picture' of climate action, community resilience, social justice, sustainability and self-agency.

About community energy

Community energy is where a geographical or interest-based community is involved in developing, producing, or selling renewable energy or storage. These projects can be completely owned or owned in part by a public or private partner. They also range in their operational structures, with some communities running every element of their renewable energy assets and others not being involved in the asset management.

Community energy projects range from small 10kW solar PV systems installed on community facilities to mid-scale projects like Hepburn Wind's 4.1MW wind farm near Daylesford. These projects are designed with consideration of the local context, meeting the needs of the community and responding to their aspirations. Meeting local interests can take many different forms.

There are a vast range of business models that enable community energy projects but they all share a commitment to distribute benefits back to the local region.

Community energy projects are renewable energy or energy efficiency related initiatives in which members of a community of place and/or interest are collectively involved as two or more of the following:

- funders, be they owners, lenders or donors;
- decision-makers, especially with respect to design and delivery; and/or
- recipients of financial and/or other benefits.

International examples demonstrate that community energy supports the development of innovative and responsive energy systems¹. With the right programs and policies, this sector can ensure that renewable energy uptake does not leave regional communities behind. Instead, these areas become the seat of new prosperity, innovation and resilience in the face of an uncertain and challenging future.

Australia's renewables opportunity

The latest modeling from the Australian Energy Market Operator (AEMO) has predicted that over the next 20 years more than 47GW of newbuild renewables will need to come online². This amount of new renewable capacity will dramatically change our energy landscape. People will be able to see renewables in their district and many communities could feel left out of the renewable energy boom if appropriate policy settings aren't in place.

¹ Since 2015, three community energy practitioners have been awarded Churchill Fellowships to investigate international developments in energy transitions and community energy. Their reports can be found here:

[Taryn Lane – Transitioning regional towns to 100% renewable energy](#)

[Chris Cooper – Transforming the community solar sector](#)

[Heather Smith – Governance structures in community energy schemes](#)

² Helen Haines MP, 2020, Local Power Plan, <https://www.localpowerplan.com/local-power-plan>

These renewable energy assets will create local jobs, deliver economic flow on benefits and emission reduction outcomes.

But past waves of resource development have demonstrated that not everyone benefits from these changes. Minerals development across Australia has seen boom and bust cycles in local communities. Many regions feel as though they are passive bystanders unable to influence the large companies and corporations that work around them. There is a need to ensure that this next boom puts communities front and centre. This requires more than flow on benefits, but intentional planning to enable community ambition to be at the forefront of our energy transition.

Regional Australia stands to benefit greatly from this shift as the majority of our renewable energy resources, our sun, wind and water, are in regional areas. But without proper planning, the benefits in terms of employment, industry growth and other community benefits could be lost.

Australia's distributed energy resource opportunity

AEMO also predicts significant investment in distributed energy resources. Rooftop solar investments continue and are increasingly supplemented with batteries, electric vehicles, smart hot water and other energy transition necessities. Beyond the individual household, communities are investigating local batteries, emergency assets on community buildings and peer to peer trading.

Community energy groups around Australia in urban and rural settings are helping energy consumers understand this changing environment and helping households and businesses to participate actively in reducing the emissions of our communities. Importantly, community energy groups provide a source of independent advice and are trusted because they ensure benefits flow to local interests. The design of local batteries in WA, NSW, ACT and Victoria shows that network businesses and commercial interests struggle to prioritise community benefits when designing who a battery should serve and how it should be controlled. .

Benefit of the Australian Local Power Agency

Local Power Hubs

One of the key elements of the Proposed Australian Local Power Agency is the implementation of 50 Local Power Hubs. We see these hubs as a critical resource, providing tailored support and information for the region they serve. Communities range in their resources, knowledge and capacity to deliver community energy projects. The hubs would bring those with less experience up to speed with the benefits, process and development pathways for community energy.

There is also existing evidence that these Hubs could be incredibly successful. In Victoria, the State Government has piloted a similar program called the Community Power Hubs. Initially in

the Latrobe Valley, Ballarat, and Bendigo regions, these hubs financed and commissioned 15 community energy projects during their two year pilot.

Furthermore, it had a 13-1 return on Government investment. The Hubs enabled \$11 million in regional economic benefits from these projects, with a further \$45 million expected from the project pipeline³. These Hubs also saw large gains in social awareness regarding community energy. There is a large opportunity for a similar program to be deployed nationally, ensuring that more regions unlock these benefits.

Underwriting, grants and concessional loans

A continual issue facing community energy projects is access to initial finance through the high risk phases. Whether this be through loans, grants or underwriting it is often an insurmountable hurdle. There is a need for considered financial support tailored to the size, scope and merit of the project in question. A Federal program tailored to regional areas could offer that targeted assistance. By working with community energy groups to deliver high quality developments and then funding or underwriting those projects, we'll see a new wave of energy development across the country.

Community investment

Opening commercial renewable energy projects to local investment is another wise element of the proposed *Australian Local Power Bill 2021*. This ownership will give communities greater influence in decision making as well as enhancing direct financial benefits through dividends. Such an investment approach has worked in Denmark where farmers were guaranteed shareholdings of up to 20 percent for local wind farms. Such investment helps to increase trust and social license in the renewables industry more broadly.

Conclusion

We see a clear role for the proposed Australian Local Power Agency under this current Bill. The Agency could facilitate a new energy boom across all parts of Australia that would lock in benefits for the regional and urban communities that host and participate in energy investments. The proposed Hubs would support the development of community driven projects, unlock critical finance while building greater interest in renewables more broadly. These hubs would support thriving and resilient communities as we face significant economic and environmental changes.

Subsequently, we strongly recommend that the inquiry support the Australian Local Power Agency Bill 2021.

We advocate that the community energy sector and its wealth of knowledge and experience is represented in the governance and decision making of the Australian Local Power Agency.

³ Sustainability Victoria, 2019, Community Power Hubs Pilot Program Final Evaluation, https://www.energy.vic.gov.au/---data/assets/pdf_file/0028/464914/CPH-Evaluation-Summary-Report.pdf

As the peak body for the community energy sector, we look forward to working with the proposed Australian Local Power Agency and sharing our knowledge, experiences and networks.

Please email secretariat@c4ce.net.au should you have any further queries.

Kind regards,

A handwritten signature in black ink, appearing to read "H Smith".

Heather Smith
Chair
Coalition for Community Energy