

CORRECTED VERSION

ECONOMIC, EDUCATION, JOBS AND SKILLS COMMITTEE

Inquiry into community energy projects

Waurm Ponds — 5 December 2016

Members

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Ms Dee Ryall — Deputy Chair

Mr Jeff Bourman

Mr Peter Crisp

Mrs Christine Fyffe

Mr Cesar Melhem

Mr Don Nardella

Witnesses

Mr Dan Cowdell, Project Coordinator – CORE Geelong, and

Mr Tim Adams, Geelong Sustainability Committee Member, Geelong Sustainability

The CHAIR — Dan and Tim, welcome. On behalf of the Committee welcome to the public hearing for the Economic, Education, Jobs and Skills Committee's Inquiry into community energy projects. All evidence taken at this hearing is protected by parliamentary privilege. Any comments you make outside the hearing are not afforded such privilege. Hansard is recording today's proceedings. We will provide a proof version of the Hansard transcript so you can correct any typographical errors. On my right you've got Mr Peter Crisp. On my left Mr Don Nardella Executive Officer, Kerryn Riseley, the Committee Research Officer, Dr Marianna and my name is Nazih Elasmr. If you start with your contribution please, state your name first and then allow us some time for questioning. Welcome.

Mr ADAMS — My name is Tim Adams. I am currently a Committee Member of Geelong Sustainability and have been in that position now, this is my second term. I also have been involved in the CORE project, the community owned renewable energy project, which is an off shoot from Geelong Sustainability. Geelong Sustainability has been in place since 2007. It started off with an enthusiastic group of people in the region interested in sustainable design and sustainable responses for our community.

It has matured and grown in the time since 2007 to a point now where it really has established itself with credibility both locally and in the view of the State Government as is evidenced by the grant that was given to Sustainability Geelong for this project from the New Energy Jobs Fund. We have 1,500 supporters, thereabouts and there's been a number of programs that have been undertaken and community involvement.

One of the hugely successful enterprises has been the coordination of Sustainable House Day which was a national event that has been embraced very strongly by Geelong Sustainability and this year we had 14 properties that were open. There were over 1,800 visitors, 90 volunteers who put their time into the day including 35 technical experts. That was in comparison to 140 properties that were open for the rest of Australia so we think it demonstrates that our group is punching well above its weight and we think the Geelong regional community is very interested in sustainability and sustainable outcomes evidenced by that commitment and involvement from the people coming to see what was going on.

We have seen strong demand for local community energy projects and that, when we did a survey a couple of years ago, was on the top of the list. We asked our members what they wanted the committee to get themselves involved with and community owned renewable energy was the top of the list which then told us what we needed to do was get stuck into this project which has been the CORE activity. The first project that was undertaken was the South Geelong Primary School. A system was put on to the roof of the school.

It was completed in May this year. It's a 9 kilowatt system and was achieved with a donation model of delivering these sorts of projects. \$12,000 was raised in the community by donation. That was good and it was the least complex way of getting underway with these activities because it was a donation model. It didn't involve the complexity of investment models so it was a test for us to do to see what the community response would be.

Mr NARDELLA — What was the initial cost? What was the cost of the thing?

Mr ADAMS — \$12,000.

Mr NARDELLA — All right. So you raised the \$12,000?

Mr ADAMS — Yep. Yep.

Mr NARDELLA — Good.

Mr ADAMS — We had set a high target to start with but by the time it got underway the cost of PV systems had come down. I mean everyone was very happy.

Mr NARDELLA — Good.

Mr ADAMS — So that was our first notch in the belt. With the CORE project, we commenced in April 2015 with the first meetings. There was a large turnout initially, I think, up to 30 people at the first meeting. There were clearly people who were interested. There were people who perhaps saw some

commercial advantage for their own business who attended. Because of the huge learning exercise that we've gone through since April 15 it perhaps has progressed too slowly for some people and some people didn't see their commercial interests being met by remaining involved.

So the number of people has waned considerably but there's been a solid group who've kept going with it to the point now where we have the program in place which Dan will talk to you about. Volunteering turned out to be a position which is not sustainable. We needed to have the New Energy Jobs Fund money in place, put in a framework with a paid coordinator to do the tasks that are necessary and tackle the complexity involved. And luckily fortuitously maybe somebody was looking down on us, the New Energy Jobs Fund came in place at a perfect time for us to take advantage of because we had been doing all this homework since April 2015.

Mr COWDELL — All right. Thanks Tim. My name is Daniel Cowdell, I'm the groups Project Coordinator for our Community Owned Renewable Energy project and I've also been the President of the group for the past two years so I'm the outgoing President. Just in terms of outlining what we're undertaking at the moment with our scoping study which is the New Energy Jobs Fund grant.

It's essentially a study to build our capacity to be able to implement behind the meter solar, community solar installations of between 30 and 100 kilowatt size and that study consists of a number of components but we are working very hard to engage with potential host sites of where we could locate our community owned solar system. We're building our technical capacity so in terms of a methodology to assess these sites and we've also established a technical advisory panel which includes three local solar installers, Deakin University professor and a member of the ATA.

We're doing an exceptional amount of community engagement in terms of going to market stalls and speaking opportunities and to date the reception from the community has been quite fantastic and very, very supportive and we're also developing partnerships so we have a strategic alliance with Deakin University. The grant has enabled us to actually put on a Deakin University intern to also work on the project so enabling education also and we've partnered with the City of Greater Geelong to investigate utilising their roof spaces for community solar systems.

Probably the most complex phase of this project for us is navigating the complexity of the financial model and the governance that we put in place to actually roll these projects out. So we're currently working to develop that and to assess other models that exist and to adapt a model for Geelong. We really want to thank the Inquiry for looking into community energy and in terms of the support that our group would like to see coming from the Government.

It really came down for four key points for us. Funding, so making funding available for inception of community energy groups but also to fund business cases and implementing projects. Tool kits which are tool kits that could be freely issued to other energy groups that support the financial model that support, how to engage with the community so that there's very little reinventing of the wheel.

We would really like to see workshops and collaboration so a round of workshops where community groups can get together, collaborate with one another but also learn from the projects which other groups have already undertaken. Finally, removing the legislative complexities and barriers to make community energy projects quite easy and streamlined. Thank you.

The CHAIR — Thank you. You mentioned in your beginning the South Geelong Primary School, can you explain to us the sort of projects they are doing and if in future would you like to do anything differently?

Mr ADAMS — That was driven by another one of the members of the Geelong Sustainability committee predominately who has children at that school and he gathered around him people in the school and talked to them. He's, you know, seen the staff there, getting the interest together. It didn't happen overnight but Mik Aidt is the person who was responsible there. He's a pretty dynamic person and very dedicated to making improvements in this area.

Yes, he drove it. He eventually got the school community to accept that it was a really good thing to do and then it was really just a matter of raising the funds and once that was done there were local installers who were more than happy to be involved in doing the installation as well. So, yes, there was a process to encourage or to gain traction within the school community to agree that it was a good thing to do but

I think that's been proven now.

Mr COWDELL — Yes, and if I may add the donation model that we used there, I think, has a very good use for schools where we believe there are limitations in place to run an investment style model at a school. So we are potentially going to do that model again at another school. However, the process of fund raising and putting our hand out asking for donations was a difficult one and that really did lead to the development of wanting to do an investment based project. So I guess the key learnings were taken away and there's potentially an easier way to raise more money for community renewables via investment.

The CHAIR — And you spoke about some barriers so what really you would like to see from or removed in order to support the community energy?

Mr COWDELL — Yes. There's financial barriers in the way you can actually gain investment from the community. There is a 20/12 rule which exists which essentially means if we create an entity, a private company, to create a project it can only attract 12 investors per year. Sorry, no, 20 investors per 12 month period, I've got it the wrong way round. So it does actually limit the amount of capital when we're talking about mum and dad type of investors, community members.

It can limit the maximum amount that you can raise for a potential project so if we were looking to do a megawatt solar farm, for example, you then have to go through a whole process of creating a full prospectus which creates a huge financial burden and complexity on the group so that's why we've chosen to stay to quite a small project. That's one—

Mr NARDELLA — So is that to set up a company structure or is that to set up a cooperative structure? What's the—

Mr COWDELL — That's with a company structure.

Mr NARDELLA — Right. So you can set up one with plenty of your investors over 12 months without an IPO and a brochure and all—

Mr COWDELL — Absolutely, yes.

Mr NARDELLA — All that stuff.

Mr COWDELL — Correct.

Mr NARDELLA — All right. What would you increase that to, 21? I mean, if you're saying we'll you increase it, what to, 40, 50?

Mr COWDELL — M'mm.

Mr NARDELLA — Because the other thing with that is if it's about company structures that might in actual fact be a federal issue rather than a state issue. That's the other problem.

Mr COWDELL — Yep.

Mr ADAMS — That's correct, yeah.

Mr NARDELLA — So what would your recommendation be?

Mr ADAMS — For our particular needs, it's going to be a suck and see situation really. What we foresee however is that the way things as they stand at the moment there will have to be a separate entity for each project as opposed to perhaps setting up an umbrella which gets efficiency of scale under it when you just—and then just bring extra projects in under the umbrella as new host sites are discovered.

Mr NARDELLA — Okay.

The CHAIR — Peter?

Mr CRISP — Community funding took it, you mentioned in your submission, have you had a look at

the recently released tool kit for community solar projects and does it meet your requirements?

Mr COWDELL — Which tool kit is this?

Mr CRISP — There's one that's been developed by Frontier Impact Group in partnership with ARENA, Clean Energy Finance Corporation and the New South Wales Government because we're hoping for a tool kit. I'm just looking for someone who may have used that one so we can look at it.

Mr COWDELL — I am aware of it. I've seen and have used a revision of it. It's not the final version that I have used. It satisfies some of our needs. I believe the way it's able to produce a profit and loss and cash flow and indicative feasibility of the project is good. However, from a community point of view, I'm not an accountant and it does seem overly complex so I think it would need to be delivered with workshops or some perhaps a simplified version for it to be really useful. It is a good start however, yes.

Mr CRISP — All right. Thank you. Right. I was going to now look at collaboration with local government and what potential is there for partnership between community groups and local government to develop a community energy project and has CORE Geelong collaborated with local government to develop projects or identify suitable host sites?

Mr COWDELL — Great question. Yes, we have. We have partnered with our council to assess several sites in the Geelong Council portfolio. The level of site we're looking at at the moment are the smaller energy users because Geelong Council already has plans to install solar on their larger top 10 buildings. The model we're looking at using with council is crowd funding for a solar installation so we would essentially ask the community for donations and that would fund the solar system.

We would then enter into a power purchase agreement with council so they would purchase the power that that solar system generates and create an ongoing revenue stream to our group so we could then install more solar so snowballing from one project to the next. I'm also quite aware of a model that was used in New South Wales, Farming the Sun, where community investors actually loaned their council money to install two 99 kilowatt solar installations. So we have not progressed conversations about that model as yet with council.

Mr CRISP — Thank you.

Mr NARDELLA — Do you know what council, are we going to go and see them, are we going to go and see them—

Mr COWDELL — I've got it.

Mr NARDELLA — You're shaking your head the right way. You talked about looking at 30 to 100 kilowatt systems, our discussions with various groups here in Victoria is that 30 kilowatts is usually the max that the system, the power system can handle, how are you looking at handling over 30 to a 100 kilowatt system?

Mr COWDELL — So the reason under a 100 kilowatt is because once we go above that the government rebates go to large scale generation credits which are a floating price and so it's not a certain ongoing the actual funds that we will receive back. Whereas under 99 kilowatt the rebate is up front so it's a discount from our solar system. We need to find sites that are very much using that power behind the meter so they have that usage there so we're exporting very little of the power.

Mr NARDELLA — Pity that Ford closed.

Mr COWDELL — Yes, absolutely. But having said that, it doesn't take a lot to, you know, the host sites we've engaged with already, we've talked to not for profits, commercial organisations.

Mr NARDELLA — Talk to Westfield?

Mr COWDELL — No.

Mr NARDELLA — About their roof top?

Mr COWDELL — No, we have not.

Mr NARDELLA — No.

Mr COWDELL — But what we are finding is that there is some sites that use an incredible amount of power however they pay very little for their power so in trying to get the financials right for our model we need to find an even point there.

Mr NARDELLA — So what do you mean they pay very little for their power, they go into a deal with—

Mr COWDELL — Yes. So every indication is if they're paying less than 15 cents per kilowatt hour it becomes very hard to justify a community project so we need to find a site with a good daytime energy use and that's paying higher than 15 cents per kilowatt hour. A lot of the high energy users pay less than that so, yes, it can be difficult to find the site where it does financially stack up.

Mr ADAMS — And that's because of the feed in tariff where it is at the moment which means that, yes, you want to be using the power on site rather than exporting it and so it's a daytime use and it's also best if it's a seven day a week activity as well.

Mr NARDELLA — Yes, that's right.

Mr ADAMS — So nursing homes, a perfect sort of application, yes.

Mr CRISP — Your plans for getting behind the meter is to be on the building with your investor?

Mr COWDELL — Correct.

Mr ADAMS — And that's also because it's difficult to become a retailer at the moment. There are all sort of things that at happening at the moment which might change the way that this is approached in the future but at the moment it's difficult to, normally impossible to become a retailer so, yes, behind the meter is the current state of play but we know that feed in tariffs and other things change as they have over the last few years and the approach then has to move with whatever the changes are.

Mr NARDELLA — Have you ever thought about using the Christmas tree as sort of a solar panel, sorry, sorry?

Mr COWDELL — Several times, yes.

Mr NARDELLA — Several times, yeah, but anyway we won't go there. Thanks.

The CHAIR — Your submission mentioned that the community energy project supports the local economy and direct and indirect job creation. Can you provide examples of where this has occurred with community energy projects in your area please?

Mr COWDELL — Yes, might take that one on notice?

Mr ADAMS — Yes.

The CHAIR — Thank you very much.

Mr COWDELL — Yes. That's not something that the CORE group have devoted their attentions to, yeah.

The CHAIR — And in your submission you mentioned that the CORE Geelong task group attended workshops to learn about legal requirements and governance structure for community energy project. Who runs these workshops and how useful were they and can these workshops be improved?

Mr COWDELL — We have attended workshops that have been run by the Community Power Agency and we've certainly found the financial and governance workshop that they do extremely useful for giving us direction and equipping us with the tools, we need to properly assess those various structures. We also attended a State Government workshop which I cannot remember the name of right now but happy to provide that for you. It was more of an introductory workshop about community energy and

from our group's point of view we felt that we already really knew a lot of the content so it wasn't particularly useful at our stage of progress but for a new energy group it may well have been.

The CHAIR — All right.

Mr CRISP — I asked this at the end of the last group to talk about efficiency and are you incorporating any energy efficiency measures within your projects?

Mr COWDELL — Well, Geelong Sustainability overall has certainly had that as a part of the activities that are promoted and the monthly Green Drinks session has attracted presenters who give information along those lines. My professional involvement is in height performance, house design and energy efficiency and so one of the things that I'm doing this year on the community is to look at the potential of creating safe rooms which is a concept of looking at houses, identifying the parts of a house which are the most efficient inherently in their design and then do some retrofit work to those spaces so that the occupants with the least amount of cost can upgrade the part of the house which is already as efficient as possible.

Do the upgrade work to those portions and then have high performance reverse cycle inverter technology air conditioners put on to the house perhaps with a couple of PV panels and it means that people can be much more confident that they can weather extreme weather events rather than we need to worry about whole of house responses as far as the total greenhouse gas submissions are concerned. But if we're looking at vulnerable people in extreme weather conditions we've got this program that we want to look at to target safe rooms to be confident people can be safe within their house.

Mr COWDELL — Can I also add in relation to the host sites which we're engaging with, the potential host sites, we are factoring energy efficiency into the solar feasibility work that we're doing so the last thing we want to go and put a 100 kilowatt solar system on, think they're going to use all that power that's been generated but then they implement some energy efficiency a year down the track and all of a sudden we're exporting a whole lot of power.

So a part of our process in conducting a solar feasibility is also to do an energy efficiency audit and identify the measures that that site could take to actually lower their consumption first of all.

The CHAIR — Anything further? No. Well, Tim and Dan, on behalf of the Committee I'd like to thank you for your time and contribution. Thank you very much.

Mr ADAMS — Thank you.

Mr COWDELL — Thank you very much.

Committee adjourned.