

CORRECTED VERSION

ECONOMIC, EDUCATION, JOBS AND SKILLS COMMITTEE

Inquiry into community energy projects

Melbourne — 24 October 2016

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Mr Jeff Bourman

Mr Peter Crisp

Mrs Christine Fyffe

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Mr Don Nardella

Witnesses

Ms Nicky Ison, Secretariat Coordinator, and

Ms Taryn Lane, Chairperson, Coalition for Community Energy.

The CHAIR — Welcome to this public hearing of 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. I would like to invite you to make an opening statement, and the Committee has a number of questions for you, so please keep your statement as brief as possible.

Ms ISON — Thank you very much. It is great to be here. Taryn and I are from the Coalition for Community Energy. I act as the coordinator of the secretariat and Taryn is the chair. We are really excited to be here and to see how seriously the Victorian Government is taking community energy. I thought we would start by giving a bit of an overview and a lay of the land around what we mean by community energy and what is happening around the country and around the world.

So when we talk about community energy we do not just mean community-scale renewable energy; we mean energy projects where communities come together to develop, deliver and benefit from sustainable energy, and that could be community-owned renewable energy projects, it could be demand management or energy efficiency programs or it could also be communities owning their own retailer—as we have seen in New South Wales, where you have the first community-owned retailer. So there is a huge amount of innovation, diversity and variety around what community energy groups are doing.

Internationally, community energy is a really big thing. In Germany, there are over 880 energy cooperatives across the length and breadth of the country. In Scotland, a small country, similar in size to Victoria, they have 500 operating community energy projects. In the US, community solar is the largest growth area for the solar industry as a whole. Here in Australia, there are now over 50 community energy projects up and operating and over 80 groups developing innovative local community energy projects. In Victoria, that number is about 28 to 30 community groups, and we have things like our flagship community energy project, which is Hepburn Wind, which I understand some of you went out to.

The final thing that I will say before I hand over to Taryn is that we have seen some level of support and interest at a government level for community energy. The Coalition for Community Energy was founded out of a federal government grant to develop a national community energy strategy.

Mr NARDELLA — That would have been a Labor government, wouldn’t it?

Ms ISON — It was an ARENA-funded project, so it is something that has been under both.

Mr NARDELLA — Just thought I would throw that in.

Ms LANE — It was both Liberal and Labor.

Ms ISON — Then we have seen in New South Wales that the Coalition Government has run two dedicated grant programs to support community energy, and the now Planning Minister, Rob Stokes, has been a huge champion for community energy in the state. The ACT has also got a program for community energy, and now here in Victoria we are talking about a range of different initiatives for which I am going to hand over to Taryn.

Ms LANE — Sure. So the Coalition for Community Energy was very proud to deliver the guide for Victorian communities late last year, and we also did a series of 10 workshops around the state. We had 350 participants at those workshops, and they were anything from community members from sustainability groups wanting to build their own projects through to developers, through to local government—I mean everybody is just really seeing that this space is very exciting and is wanting to know how they can maximise the opportunity. Some of the good case studies we have at the moment—obviously there is Hepburn Wind, where I am privileged to spend half my week. I am here today with my Embark hat on, but I have worked for our first community-owned wind farm for over six years now.

We are a cooperative, we have got 2007 members and we have really flipped the commercial model on its head and developed a community enterprise that looks at as many benefits as possible for our local

community. Another good one is the Bendigo Sustainability Group. They are very keen on community solar. In Victoria at the moment it is a very narrow playing field for community solar, but they have still managed to get five quite simple projects up.

There are a number of other models existing, so in New South Wales there is Repower Shoalhaven, which is an investor model community solar project. We would love to see that replicated throughout metropolitan areas and regional areas in Victoria. It has got a lot of opportunity.

What we are hoping for for our emerging sector is definitive legislation that can unlock the sector. As Nicky mentioned, there has been a lot of interest. There have been a lot of strategies, funding into reports, guidebooks, but there are very definitive legislation and policy drivers that have occurred internationally that have been successful in unlocking the sector. We would love to see some of them delivered within our state. We think it is really important because, as we look to transition to a clean energy future, the community energy sector plays a very pivotal role in delivering the social and political licence for the broader rollout to happen. For those reasons, we think it is very important, and I might end there and look forward to all of your questions.

The CHAIR — Thank you. I will start then. Your submission has provided evidence to show that the local economy benefits more from a community-owned energy project than a corporate-owned one. Can you explain how this was measured in the Australian context, please?

Ms LANE — Sure. I can give the Hepburn Wind example, and this is very true of mid-scale generators. Definitely for smaller scale generators there can be less benefit. There is still generally an opportunity for local people to own and benefit from a local investment opportunity. In the Hepburn Wind example, we have had a local purchasing policy throughout the whole life cycle of the project to date. So this occurred throughout construction and it still occurs today when we look at employing or securing services.

We obviously have 2007 local investors who at the end of this financial year will receive a return on their investment. We have a benefit-sharing scheme for our local neighbourhood area. So we have got 65 local households; they receive a gift of equity and a voice in our project. They also receive cheaper electricity; we make a contribution to their electricity bills.

Then the broader community—we have a community sustainability fund that kicks back energy projects as well as broader grants and sponsorship into our local community every year. Importantly, now that we have set up our structure, which is a cooperative, we can replicate. Given the right conditions, such as a secure price—so we have got low risk going forward—we can replicate and develop other projects in our local community. So we are looking at things like bioenergy and grid-connect solar and some behind-the-meter solar for our local area.

Ms RYALL — Thanks, Taryn. In terms of community buy-in, so you mentioned before a neighbourhood. What if everybody does not buy in and what are the costs of buy-in? So it is a bit of a multifaceted question, and what about those who perhaps cannot afford to buy in?

Ms ISON — One of the things that you see if you look at household solar—and Australia leads the way in domestic household solar—is that if you do the demographic analysis and split the population into income quintiles, the second-lowest income quintile is the section of the population that has the highest uptake in solar. The lowest uptake is in that lowest income quintile, so there are very definitely real barriers that low-income and vulnerable households face when trying to access the benefits of renewable energy. So we at the Coalition for Community Energy, with support and funding from Energy Consumers Australia, ran a program to look at what are the different models that exist that could enable low-income households, renters, apartment dwellers—people who are currently facing market barriers to access renewables—to afford access?

So community energy is one. It is less available to those with an income issue, but there are other programs, for example, and I think you will hear from Moreland Energy Foundation shortly around the Darebin Solar Saver scheme as a great example. They were able to put solar on the roofs of pensioners—

low-income pensioners—at zero up-front cost, and then the pensioners paid back the cost of the solar through a small increase in their rates charge. So what that means is that they are able to reduce their electricity bill and at a greater degree than the rate payment that they do pay, and the Moreland Energy Foundation, as you will hear, made sure that solar was only installed at households of pensioners who would be materially and financially better off through doing that.

We consider the Darebin Solar Saver scheme project one model in the broader suite of community energy models. We talk about investment-based models like Hepburn Wind, where people come and invest in a project. We talk about donation-based models; there is a donation-based project looking at Aboriginal communities in New South Wales at the moment but also one that is putting solar on the roofs and improving the energy efficiency of NGOs, charities, who are doing great work.

We also talk about household aggregation projects that aggregate, so the most simple version of that is a solar bulk buy. Darebin Solar Savers is a model that is increasing that social access through domestic-level renewable energy. But it is that community and that collaboration in that community that is enabling it to be a community...

Ms RYALL — For buy-in?

Ms ISON — To create community buy-in. And I suppose...

Ms RYALL — But also the financial buy-in is what I am particularly focused on.

Ms ISON — Exactly. I think one of the things that we are seeing around the world around renewable energy financing is this idea of zero up-front. We will be looking at different ways to enable low-income households to access renewables and pay zero up-front if they would be materially better off.

There is another model coming out of the US called solar gardens, which is similar to a solar farm, where you buy into it. One of the things is that there is state-based legislation in different states in the US that enables that model to work, and what they do is put a requirement on any developer of a community solar garden to have a carve-out of 5 to 10 per cent that must be made available and gifted to low-income households in that particular community. So there are a range of different ways and models that enable social access.

Ms LANE — I might also just touch on historically what has been happening over the past couple of years when community energy groups have put out for investment. Enova was a very good one, a community retailer successful in raising, I think, almost \$4 million. Pingala, which was a small-scale community solar project a couple of months ago, sold out within 16 minutes or...

Ms ISON — Seven minutes.

Ms LANE — Seven minutes—their investment offering. Lismore Community Solar ran two side-by-side projects of just under 100 megawatts for two council facilities...

Ms ISON — One hundred kilowatts.

Ms LANE — One hundred kilowatts, sorry, for two council facilities with community ownership of those. They sold out within 10 days, so there is this huge desire. The community investor is out there. There is a big desire. There is also a big desire from impact investment groups to participate in projects like this, which offer more benefit than just the sorts of environmental and commercial benefits. They also have this very clear social benefit.

Mr CRISP — Let's move up to the mid-scale renewable projects. Are mid-scale community energy projects viable in other jurisdictions in Australia or overseas?

Ms LANE — Sure. Maybe I will just start quickly. Over the past few years there have been a few projects built in this space. So the only solar project that was built during the renewable energy target review and the removal of the carbon price period was a three-turbine wind project called Chepstowe in

Snake Valley, just south of Ballarat. So, yes, absolutely, even in the toughest of times the mid-scale projects have been the ones to get up. Internationally there are a lot of mid-scale projects that have been delivered strategically in places where there are grid constraints and they have needed to secure the capacity of the grid, and mid-scale generators can play a big role in that.

Ms ISON — I think that we see in Australia, as we put it in our submission, two main scales of renewable energy. So there is rooftop solar, which is sub-100 kilowatts but typically sub-10 kilowatts particularly on household roofs, and we see very large projects of 30, 50 or 100 megawatts—large-scale wind projects and increasingly large-scale solar projects. That has actually come about because we have had policies targeting those two scales. We have had the LRET—the large-scale renewable energy target—that has targeted least-cost large-scale projects. Obviously that comes with economies of scale; so the bigger you get, the greater the economy of scale. And then solar rates—so rebates, feed-in tariffs, the SRES schemes or small-scale renewable energy schemes—target sub-100 kilowatts and particularly sub-10 kilowatts.

Internationally you have had policy mechanisms that have targeted different scales, so the German feed-in tariff, the UK feed-in tariff and the virtual net metering programs in the US are all targeting mid-scale renewable energy. These policies are about stimulating an industry. They are about growing the capacity, the models and the skills to be able to deploy renewables at a particular scale of a particular type of technology. And so there are some natural economies of scale for some of the renewable energy technologies that occur at mid-scale, and bioenergy is a prime example of that. You cannot go too big, because otherwise you need to transport the feedstock quite big distances, and that creates increased costs. It cannot be too small, because of the operating costs for the project.

We can see opportunities for mid-scale renewables for particular technologies and, as Taryn said, in particular grid locations where there is extra value. The thing that we see in Australia and the thing that has constrained the economic viability of these mid-scale renewables is twofold: one is we have not had policy support mechanisms specifically to grow mid-scale renewable industry, but also it is about how we price the grid.

So one of the biggest costs of developing any viable energy project—any energy project—is actually about grid connection and use of the grid. So at the moment grid connection is complicated and quite expensive, as Taryn and Hepburn Wind can strongly attest to. The second thing is that we have incentives, through the way the grid is priced, to not use the grid, to go what we call behind the meter, to use as much of the renewable energy generation on site and to not export it to your neighbour because you can get the full retail value of your energy—you can offset the full retail value of your energy—if you use it on site. Whereas if I just transport it across the road from a mid-scale community solar project to a local house or a council, I have to pay the full cost of the grid. What that is doing is creating perverse incentives, which are encouraging households, small businesses and communities to reduce the load and the use of that existing infrastructure, and it is leading to a thing that is something we call the death spiral.

So what we see is that there are opportunities and ways to reform how we price the grid that incentivise us to use the grid locally, and that is one of the big energy reforms that we would seek that would unlock mid-scale renewables.

Mr CRISP — Thank you.

Mr MELHEM — Just on that, what is your suggestion in relation to reducing that cost? I mean, what would you suggest?

Ms ISON — I have two hats. I also work at the Institute for Sustainable Futures at the University of Technology Sydney, and we have done a series of research projects over the last three years looking at how you could have a partial charge for using only a small part of the energy system. So at the moment if I want to generate my solar at the edge of town and use it 250 metres away at my home—or it could be on a warehouse roof and 100 metres away in a high-rise block of flats in inner Melbourne—I pay the whole cost of using that grid, even though I am only transporting it a couple of hundred metres. I am paying for

all of the infrastructure—transmission infrastructure, substations, all of that infrastructure. We have been looking at what you could do to implement what we call a partial charge. If you only use part of the grid, you only pay for the small part that you use. A partial charge, if you are imposing an extra cost on the grid, could also enable you to increase the cost of that.

The most simple mechanism that we have seen, and it has been the basis of a rule change to the, is the idea of giving credit to the generator. The generator can then pass it on to the customer as a partial use of the system. It is quite complicated. I am happy to take the question on notice and send you a link to the research report that outlines how that might be implemented and why we came up with that particular model.

Mr MELHEM — Thanks for that, because what worries me is that the further I live from the generation—let us say, in the Latrobe Valley—your system will then tell me I will pay more. If someone lives in Melbourne, for example, they might pay 22 cents and someone living in Portland, who is another 300 kilometres away, potentially could pay 40 cents because of the distance-based charges on the use of the infrastructure. That is something that worries me because we still need the state and national infrastructure to support that as well.

Ms ISON — Absolutely. The thing to say is that we see the grid as essential infrastructure, and it is really part of the social safety net. We understand that there has been this non-location-specific pricing because of equity reasons. We are not suggesting a complete removal of that. We are not saying that we should have full location-based pricing. But we should recognise that there is a value to all energy consumers and to the network operators of having increased utilisation of the existing infrastructure that we have, and that can be done through a degree of a partial charge through this credit model. The economic modelling that we have done has shown that it will have an economic benefit to the whole consumer base.

Mr CRISP — In your economic modelling, is anyone considering behind the meter to behind the meter?

Ms ISON — Yes. We have done five trials. One of them has been a community solar model, but the other four trials are looking at what we call one to one, which is where it is one organisation, like a council. We have also looked at one in water in Victoria, where they want to generate at one site and use it at the other site.

Mrs FYFFE — When you are doing your modelling on costings, we all know—well, I know; I do not know if you know — that the grid built in Victoria is not designed to cope with fluctuations, and this causes problems. They cannot always take the alternative energy supply into the grid because of how it affects everybody else. Although it sounds ideal that we have these community energy groups around, if it is going to be fed into the grid and we will have many scattered parts, how do you see the Victorian grid coping with that, and have you built in the cost? If this eventuates and we have 1000 little community projects around, how are we going to fund the upgrade of the total grid in Victoria? I know very little about energy, so keep it down at a lower level.

Ms ISON — Okay. I think the first thing to say is that the energy market is changing. We are seeing all of these decentralised energy technologies, but what comes with them is a greater engagement with energy. People turned on a light switch and did not think about it, but now we are seeing people really much more engaged with energy. Community energy is one of the key manifestations of that—people are so invested and interested in doing energy that they are willing to spend volunteer hours trying to develop a community energy enterprise.

One of the things that we see is that our energy system is becoming more complex—with battery storage, with solar, with a range of different technologies and with different retail models—so there is a lot of confusion out there in the market and a lot of confusion within the citizenry. Community energy groups can provide a really amazing source of energy literacy—of training and skilling people up in understanding how the energy system works and how they can use energy to best effect. What we are

seeing with community energy groups is that they are not only interested in developing renewable energy projects but they are also interested in doing demand management and energy efficiency-based projects, which means that they are able to more sophisticatedly engage with organisations like the grid network companies. They can work with the grid companies to say, ‘Well, okay, you’re experiencing constraint or there are issues around voltage fluctuation or things like that. How can we work together to get the best outcome here that’s technically sound and benefits our local community?’.

One example of that is a South Australian example—the network company there essentially held a citizen jury. They brought a range of stakeholders together, did a series of information sessions and then asked, ‘What should be the principles that we put in place when engaging with communities and when setting our pricing policies that recognises citizen benefits?’. Through a process of engagement they were able to better refine how they operate. For me it is around the challenge of how we upgrade our energy system and the costs associated with that. The more complex and sophisticated ways of addressing those challenges are best done in partnership, because there is the rise of the prosumer, the active consumer, in this energy space. Community energy groups are actually one of the best ways to create a shared approach to addressing those challenges. I hope that makes some sense.

Mrs FYFFE — Yes.

Ms LANE — The network distributors at the moment are definitely looking at ways in which these mid-scale generators can help strengthen the existing grid and maybe save them some money in regard to augmentation and future enhancement of the grid network. Certainly for Hepburn Wind we spent \$1.6 million reinforcing our local grid. We were the first mid-scale generator to plug into the network in Australia in that way, and we spent a lot of money enhancing the local grid, which has made it more resilient in our local area. We also receive a sort of annual payment that is called TUOS. It is essentially for us being a generator within the network, so we get an annual payment for savings on that transmission use.

Ms RYALL — In terms of innovation in the battery storage area, obviously as time goes by we are going to see significantly better storage, more capacity in storage and so forth. If you have got people who are going down that path and storing their own power for their own use, does that therefore create—it is not a barrier, that is not the word I am looking for, but in terms of...

Ms LANE — Equity issues?

Ms RYALL — No, it is not so much equity. What is going to incentivise me to be a part of your community project is that if someone is offering me a battery as part of a solar system, that means I do not have to be a part of your group and it can cover my own energy needs through a renewable source. Therefore over time there are dynamic changes from community to personal storage, if you like.

Ms LANE — I think we do not see them as separate. I think we see them as very complementary, and everyone has a role to play in the transition. They certainly can with residential PV, and there are a lot of bulk buys at the moment around solar and PV combination systems. At the moment the battery storage is still very expensive. We are going to see that come down drastically. What we are seeing is a movement within both urban environments and regional environments where the sort of community microgrid idea is being explored and trials are being carried out where people essentially remain on the grid and are grid connected, but they can become disconnected and operate as a separate microgrid into the future. That is definitely a movement that is happening.

Ms RYALL — I guess my main concern is—and I come back to people who are perhaps on the poverty line or below—if you have got people disconnecting because they can afford their own personal storage, that might actually make the community project more expensive for others, and do you end up with...

Ms LANE — A tension there.

Ms RYALL — Yes, and different levels or layers, if you like, of affordability and access because you have got personal, community and then those that maybe even cannot afford to come on end up paying even a higher price.

Ms ISON — I think the thing to say with batteries and storage is that it is very expensive to get a battery storage system so you can go fully off grid.

Ms RYALL — Now it is.

Ms ISON — No, but even in the future as the cost of batteries comes down, to have a battery system that is big enough to take you fully off grid so you disconnect makes sense if you are not already connected to the grid and out in Woop Woop. But for most households, they will buy a battery, but they will remain connected to the grid because they want to buy a 10-kilowatt-hour battery or a 5-kilowatt-hour battery not a 50-kilowatt-hour battery, because that is five times the cost and really, really expensive.

So we are still going to see lots of people—the majority of people—still connected to the grid. We are not going to see grid defection; we are going to see load defection, so there is less electricity flowing through the grid as people use more and more of it behind their own meter. We see community energy as a way that can encourage whole groups of people—whole communities—to go, ‘Yes, I can put my own battery in, or I could chip in with the 20 households in my street, and knowing that I can pay a bit more than my neighbour down the road we can get a battery storage system for our whole street or our whole community or something like that. Let’s talk with the network operator around is there a network benefit for them to be able to do that’.

The energy market is in a state of disruption. We are in a transition phase from an old way of doing things to a new way of doing things, and there are not clear pathways for everything and every way that we should do things, so how we enable social access to these new technologies, and storage particularly, is still a big open question that I think deserves significant attention and policy support to enable. To my mind, there is no putting the genie back in the bottle. We are headed down this transition, and we cannot just say, ‘No, you can’t do any of it’, because people are going to find workarounds.

Ms RYALL — I do not think it is a case of putting the genie back in a bottle. I think it is a case of, as you said, it being a big open question. Equity in terms of an equitable system is a big open issue. What concerns me going forward is that if we do not adequately risk manage to ensure that you have got equitable access, particularly for people on the poverty line and below, then going forward could create more problems for those people than they have at the moment.

Ms ISON — Absolutely, and that is one of the biggest things that we at the Coalition for Community Energy are focusing on, because we think that it deserves the most amount of attention, and it needs the most level of innovation. We work in community and social enterprise, and developing social enterprise models that have a social benefit as well as an economic outcome is more complicated than just delivering a social outcome or an economic outcome. So we are looking for ways to work with government, to work with industry, to work with communities and to work with social sector organisations to unlock those models and those policies that deliver a socially equitable transition.

The final thing I will say on that is that we do not see household-based energy as mutually exclusive to community-based energy. A lot of people involved in community energy have done what they can on their own household and want to do more, or they are not in a position to do something in their own household because of income reasons—because of renting, because of living in an apartment or under a shaded roof—and want to do more.

Mr CRISP — Perhaps to just extend on that a little, with community energy policy and the view of all the constraints and our Victorian culture, where should we look for guidance in the policy area?

Ms LANE — Denmark is a great example historically. The community energy movement across the world really emerged out of the wind cooperatives in Denmark through the 1980s, so they have had a lot of supporting policies not only for the community energy sector but also for community participation in

large-scale renewables—mandating a 20 per cent buy-in for local areas for large-scale developments, or at least the option to.

Germany is another great example. Scotland has had a very, very supportive policy base around low-interest loans and capacity-building programs to help catalyse their local sector, which saw around 300 projects be built over a 10-year period—they really ramped it up very quickly. Do you want to add anything?

Ms ISON — Yes. I think the thing to say is we at the Coalition for Community Energy have researched extensively, visited all of these countries, interviewed a lot of people, taken away some of the key lessons and really synthesised them into the policies that we have set out in our submission to you.

It is thinking around skills and capacity-building needs and coordination. Models, particularly models that address social access, are trying to overcome market barriers, and overcoming market barriers is not simple to do and would not require intervention if they were being delivered by the market themselves. We see a really important role for capacity building, skills development and coordination in this sector, but then there is also that policy issue or regulatory reform that unlocks the mid-scale renewables projects of which community energy would make up a significant part. Those are the ways that we have focused our policy work, and they really build off the CARES program in Scotland, the renewable energy standards and feed-in tariffs in Germany and Denmark and the virtual net metering policies in the US.

Mr MELHEM — With a community-based project, how do you compare that with an individual that has, say, a 27-panel solar system where they use some of it during the day and the rest they feed into the system and they will get 5 cents, for example, in return tariff. If you compare the two models—an individual versus a community group—on cost-benefit, which one is better off? What is your experience to date in relation to these two?

Ms LANE — Sure. Someone who can afford 27 panels is going to be a distinct proportion of the community, whereas community energy projects can enable a whole broader range of people to participate in a project, benefit from it and keep that money locally as well, so the returns that come back can be then re-spent locally and benefit the broader economic development that is going on. That is a general comparison.

Ms ISON — For us it is not an either/or. What I would say is that if you are asking it in terms of where should government put its time and effort, then I would go government has put its time and effort into small-scale renewables, and we have a very successful rooftop solar industry in Victoria and in Australia. There are certainly barriers for particular customer segments, as we have talked about, but we see overcoming those barriers to those customer segments for household solar as part of the community energy effort. I think what we would say is: we have seen government support small-scale, we have seen government support large-scale and continue to do so, and we think that is appropriate, but community energy and mid-scale renewables have been the missing piece of the puzzle.

We talk about community energy as the sweet spot. It can help to address so many different government or social priorities. It can help address issues of local and regional development, it can help address issues around decarbonising and addressing climate change, it can help address issues around energy security and reliability and it can also help address issues around community development, social resilience and things like that.

Is it the best approach to do each one of those things individually? Maybe not, but it is pretty much the only thing that does all of them. So when you are looking at the cost-benefit analysis it depends on where you draw your boundary. If you are looking at something that can help address all of those different government priorities, then we would say that community energy wins hands down, and that is what we will try and help influence.

Mr BOURMAN — Your submission suggested a policy mechanism or policy mechanisms, such as fit-for-purpose community auctions and a community feed-in tariff. Have these mechanisms been used anywhere else, and at what level would they have to be set in order to be effective?

Ms ISON — Yes, community feed-in tariffs are very common around the world. In the UK they had a feed-in tariff specifically for renewable energy projects of up to 5 megawatts, so at that mid-scale. In Germany they had feed-in tariffs for different technologies at different scales and gave a premium, an extra cent or two, if there was a community ownership component of the project.

Ms LANE — Canada, the same—they had a community feed-in tariff bonus.

Ms ISON — In terms of fit-for-purpose auctions, auctions are a relatively new policy process in the renewable energy space. They have only started to happen really in the last three years. We have seen in the ACT that they have carved out 1 megawatt of their 100 per cent renewable auctions for community solar and have applied some of the mechanisms around auctions to that process. We think that there are lessons and learnings to be drawn from that process. Some things have worked well and some things have worked less well. SolarShare, which was the community solar project in Canberra, is a member of the Coalition for Community Energy, and we would encourage anyone in Victoria looking to design a fit-for-purpose policy to go and talk with them around their experience.

Ms LANE — I might also just add on that that Germany went from having a community feed-in tariff through to implementing broad auctions, and auctions are inherently competitive. They also do not stimulate things like local purchasing policies unless they are embedded into the criteria or community engagement or community ownership unless they are embedded into the criteria. What they have seen over the past few years of implementing the auctions is that the community sector has really stopped again. After being the biggest frontrunner for years it has now stopped again, so their advocacy going back to government now is that they really need to implement strategies to have a diversity of players within the auction process—clear criteria that give a weighting for community ownership and community scale, local purchasing, local benefits and those sorts of things. So we can also learn from what has happened throughout Germany even though they have had both policies over time.

Mr BOURMAN — Given all the countries concerned are a lot smaller with probably a higher population density than Australia, if you were asked to say what sort of tariff would need to be made in Australia to make it work, could you hazard a guess? Feed-in tariffs and things like that, to make it viable for a community energy arrangement—you mentioned some cents in Germany, would that be a similar thing here or would it be 10 cents or a dollar? I am no expert either, but just a ballpark figure about what would actually make it a viable project.

Ms LANE — The ACT option is 20 cents for 20 years, plus they can get a retail spot market price on top of that, so I think the combination is 23 cents—but 20 cents was secured from the ACT government for the community solar project.

Ms ISON — Yes, and I think it ranges for different technologies and things like that.

Mr BOURMAN — Of course, yes.

Ms ISON — I would be saying something between 15 to 25 cents.

Ms RYALL — Just to add onto that, Jeff, would the Essential Services Commission be the independent establisher of what that would be? Is that your expectation?

Ms ISON — No particular expectations around the process of moving forward on how you would implement one of these, but certainly we have been looking on with interest at the Essential Services Commission's true value of distributed generation review. We think that they have taken a really good approach building on some of the research from the Rocky Mountain Institute in the US, but it is looking at mainly household-based schemes, because...

Ms RYALL — Yes, because it is pretty low in terms of...

Ms ISON — Yes, exactly. So what we are not seeing is a feed-in tariff or a mechanism that is specifically designed for community energy with recognition of the added social benefits and the added

local economic benefits that come along with a community-scale scheme. It could be developed through a straight policy mechanism, or it could be done through some kind of Essential Services Commission review. There is a range of different pathways.

The CHAIR — Thank you very much. On behalf of the Committee I would like to thank you for giving evidence and for your contributions.

Ms LANE — Thank you. Thanks, everyone.

Ms ISON — Thank you very much.

Witnesses withdrew.

