

# CORRECTED VERSION

## ECONOMIC, EDUCATION, JOBS AND SKILLS COMMITTEE

### Inquiry into community energy projects

Melbourne — 24 October 2016

#### Members

Mr Nazih Elasmr — Chair

Ms Dee Ryall — Deputy Chair

Mr Jeff Bourman

Mr Peter Crisp

Mrs Christine Fyffe

Mr Cesar Melhem

Mr Don Nardella

#### Witnesses

Ms Emily Gayfer, Community Energy Coordinator, and

Mr Pat Simons, Cleantech Jobs Coordinator, Yes 2 Renewables, Friends of the Earth Melbourne.

**The CHAIR** — Welcome to the public hearing for the Economic, Education, Jobs and Skills Committee 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 a statement and then allow us to ask you some questions. Please say your name before you start. Thank you.

**Ms GAYFER** — My name is Emily Gayfer. I am the Community Energy Coordinator at Yes 2 Renewables, a campaign at Friends of the Earth.

**Mr SIMONS** — My name is Pat Simons. I am the Cleantech Jobs Coordinator at Yes 2 Renewables.

**Ms GAYFER** — I am pleased the Victorian Parliament is investigating community energy. It is an enormous opportunity to develop policies that enable local people to participate in, contribute to and benefit from the renewable energy transition through community energy projects. I trust you have read Friends of the Earth's submission to the inquiry, and so I will use this time to remind you of the key policy recommendations within our submission as well as a few positive stories of community renewable energy projects.

We have outlined five key areas that we urge the Committee to investigate and endorse to deliver the best outcomes for community energy in Victoria. These are: one, defining community energy projects; two, setting a transparent target for community energy projects; three, creating a fit-for-purpose financial policy mechanism to support community and renewable energy projects such as a portion of the VRET auctions; four, re-establishing Sustainability Victoria as the community energy support agency in collaboration with developing Community Powerhouses; and, five, supporting community and renewable energy projects in the Latrobe Valley. These five points can be used to grow community and renewable energy in Victoria.

Already groups across the state are leading the way in creating innovative projects despite facing a number of barriers. On page 3 of our submission you can find a case study about the Macedon Ranges Sustainability Group, which would benefit from a clear outline of what a community energy project is. This group has been active in the community energy space for a number of years. The group, through the Woodend Integrated Sustainable Energy project, has been advocating for a community wind farm similar to that of Hepburn Wind for over six years.

Anti-wind planning laws implemented by the Baillieu Government have meant that, despite the support of the community, the project still cannot go ahead. Despite this deterrence the group has remained determined and continues to develop a number of projects for the Macedon Ranges, including solar projects. The revenue from these projects is then placed into a revolving fund that can support future renewable energy projects. One of the projects, the 40-kilowatt solar array at the Black Forest timber mill, is an example of a project that is returning benefits to the community. Built with the help of a \$100 000 grant from the Victorian State Government, the system now supplies solar power to the mill's tenants, who benefit from a 5 per cent discount on their electricity bill retailed by the sustainability group. Along with groups like Strathbogie Voices, Renewable Newstead and Totally Renewable Yackandandah, MRSG are pioneering innovative models for community-owned renewable energy throughout the state.

In Scotland community energy projects have seen a drastic increase in 10 years. A key component of this, as detailed on page 3 of our submission, was in setting a community renewable energy target. This has led to the development of a diverse range of projects with wide-reaching community benefits. One example of this is the Spirit of South Lanarkshire Wind Co-operative. This project is a community-developer partnership established by the non-for-profit Energy4All and commercial developer Falck Renewables Wind Ltd, and it operates over two wind farm sites. Both sites have been operational since early 2014 and the cooperative has 607 members, who hold shares in the project, with local buyers prioritised. Annual interest payments are made to the members as well as the project investing £2500 per annum into South Lanarkshire Council's renewable energy fund. Both of these examples show the ways in which communities are able to utilise the support of government initiatives in order to create projects that deliver diverse benefits. Communities have a key role to play in building the social licence for renewable energy, and governments are well-placed to support innovation in renewable energy at the community level.

In the wash-up from the South Australian blackouts, anti-wind rhetoric has and will be used against all evidence to undermine the reputation of renewable energy. But as a number of polls show, the community is not buying

the spin. A recent ReachTEL poll commissioned by Friends of the Earth found that 68 per cent of Victorians support an urgent shift to renewable energy, including a majority of Liberal voters. As the federal government has sided with these anti-renewables attacks, state governments need to step up. In Victoria the Andrews Government can do this by making community-owned renewable energy a key aspect of the VRET. The number of burgeoning community energy projects across the state is testament to the popularity of renewable energy. Communities are getting organised to create their own renewable energy, generating investment in their communities and local jobs. All parties can support jobs and investment in renewables.

The rollout of renewable energy is best done by communities who will be invested in renewables projects, leading to widespread benefits such as creating local jobs and investment in regional areas. It is therefore in the best interest of governments to invest in communities to ensure they are able to lead the way with innovative renewable energy projects. We urge the Committee to take into account the policy options proposed and to consider the far-reaching benefits of investing in community energy in order to deliver the best outcomes for Victorians.

**The CHAIR** — Thank you. Pat, would you like to add anything, or are you happy for us to go to questions?

**Mr SIMONS** — I think that more or less covers it. I would just add that we do have a bit of a popular line for renewables, which is that renewable energy is the best form of energy and community-owned renewables are even better. I think that is the only thing I would like to add, and I am happy to take questions.

**The CHAIR** — No worries. Thank you. Your submission recommends the creation of a secure pricing mechanism for community energy such as renewable energy auctions. Has this mechanism been used successfully interstate or overseas, and how sustainable are they over the long term?

**Mr SIMONS** — This specific mechanism, to my knowledge, has not been used elsewhere. Auctions are kind of at the innovative end of rolling out renewables, so we have seen the ACT Government lead on renewable energy auctions, and that is why they are considered a best-case study in rolling out commercial-scale renewable energy projects. They have made community engagement a core part of that. With the number of community energy projects that are popping up around the state and around the country—I think the current number is around 60 or something like that; correct me on the exact number—there is a strong need for governments to play a role in facilitating how these projects are rolled out. The Victorian Renewable Energy Target is going to be a large shift in renewable energy. Communities have a key role to play in that, so we believe that this is a way to balance the need for commercial renewable energy and to also bring communities along with that.

**Ms GAYFER** — The options are being proposed as the primary way to roll out the Victorian Renewable Energy Target, so we see that as an opportunity to involve community-owned renewables as part of that target as well. As Nick also mentioned, we support a community energy target, which could potentially be incorporated into the Victorian Renewable Energy Target as that is being rolled out.

**Ms RYALL** — My question is—well, it is a statement and a question—is that the more we hear from people in relation to this, what becomes clear is the ideal versus the real deal, and by that what I mean is ideally we would have everything in a way that you have described and others have described; from the real deal perspective the practicalities are enormous in terms of making sure people are not left behind, disadvantaged communities, socio-economic situations, obviously community engagement, the installation of hardware, the continued supply, the affordability, the continued maintenance, the network links—all of these which actually exist, and the controls to make sure that one does not rip somebody off and all of those things that need to happen, which is also infrastructure and a model. So while everybody seems to say, ‘Okay, this is the ideal of where we need to be’, the practicality is it needs to be done in a managed and controlled way so that people are not disadvantaged. How would you see that happening?

**Ms GAYFER** — I think that talks a little bit to one of our policy recommendations about re-establishing Sustainability Victoria as the community support agency, through the Community Powerhouses scheme, and we have had that mentioned earlier today as well that we see that as a sort of Landcare of community energy in the sense that at the moment there are people who potentially do have more access in terms of time and finances to putting their energy towards making renewable energy projects, but if we were to create a distributed network of support, then it would allow further access to these projects.

**Ms RYALL** — So government funding, you are suggesting?

**Ms GAYFER** — Yes, so the Community Powerhouses policy was developed by GetUp! and Solar Citizens, and so that is a report we can send through to you on notice if you are interested.

**Ms RYALL** — I guess the other aspect, and as we have heard from the previous speaker, is that enterprises will spark up everywhere in relation to this, so there may not necessarily be needs for government funding. At the end of the day, you have got a finite resource; you have got a pie that has got to be distributed across a whole range of areas for services, particularly the State Government services. The model that comprises all the complexity of everything is one of the things that I am interested in. Do you know anywhere in the world where they have that covered?

**Mr SIMONS** — I think that in our submission we have drawn attention to the example of Scotland, and this was mentioned by some of the previous speakers. They established a target of 500 megawatts of community-owned renewable energy, and that is a fantastic example of that, certainly something that Victoria could emulate. In terms of what I am sort of hearing is there is a little bit of concern about how this actually will be implemented.

**Ms RYALL** — Well, it is very complex, is it not; I mean you have got the engineering controls. It is not just: let us create renewable energy and let us have it everywhere, and we will get it all working together on a grid and people will be paying next to nothing. It is a whole lot more intricate and complex than that.

**Mr SIMONS** — Yes, and they are real challenges. I think Tosh, who was previously speaking, mentioned how there are real engineering challenges for these and they are completely solvable. I guess one of the purposes of recommending a clear target and well-defined projects is that that will enable government to actually manage this transition in an accountable fashion and to provide finance expertise or to facilitate that in partnerships with community and private business.

**Mr CRISP** — Looking at small versus larger scale, how great a contribution should community energy make in the Victorian Renewable Energy Target, and is it sustainable to support smaller renewable energy projects over the larger ones that have better economies of scale?

**Ms GAYFER** — So we support the recommendation of thinking perhaps around towards 5 to 10 per cent for community energy. Realistically in terms of rolling out a large percentage—25 per cent by 2020, 40 per cent by 2025—that is going to have to come from some large-scale generation to meet those targets. However, mid-scale and smaller scale community renewable energy projects offer a lot of different benefits than large-scale renewable energy, and so we think integrating that in the 5 to 10 per cent is a viable option.

**Mr SIMONS** — In terms of the numbers that is quite comparable to what Scotland has done through their policy as well. I think the Renewable Energy Target is 5400 megawatts by 2025, so if we are looking at 5 to 10 per cent of the renewable energy target, that might be around somewhere in the order of 300 to 500 megawatts of community-owned renewables over just over a decade, which is about exactly what Scotland actually achieved within that time, so that is a fantastic case study to look to for the inquiry.

**Mr NARDELLA** — You talk about the Latrobe Valley. What projects are you looking at?

**Ms GAYFER** — In our submission we have got two examples of projects that are already kind of happening in the Latrobe Valley. One is with the Voices of the Valley group. They are a group of residents and citizens in the area who feel as though they are worried, in the transition, that workers and the community are going to be left behind. They see that in the Latrobe Valley there is an institutional memory, that there are skilled workers, that there are people who have a lot of experience and that those could be put to good use. So their plan right now is for a transition centre which incorporates a number of different kinds of models of engaging with the community in order to make sure that there is a just transition for that community.

**Mr SIMONS** — And that includes the kinds of things that you have heard about today around energy storage and demand management. They are very strongly interested in kind of community solar and energy storage. They are probably the best placed to describe the projects, so I am sure they would be interested.

**Mr NARDELLA** — We are going to go and have a talk to them. But in terms of your submission, yes, you have put up the Valley and some of these skills and all that type of stuff which they have. But other than the

transitional authority or place or whatever, in terms of the Valley what are the projects that you are actually looking at and how will the community actually put them together possibly within five months if the reports are correct—March next year?

**Mr SIMONS** — One of the other examples that we referred to in the submission is the Earthworker Cooperative. This is not necessarily in the realm of community and renewables, but they are setting up a worker-owned manufacturing factory...

**Mr NARDELLA** — They are doing solar water heaters and stuff.

**Mr SIMONS** — Yes. So their plan, or their current proposal, is to supply solar hot-water systems built in the Latrobe Valley to public housing throughout Victoria, so that would be one of the proposals. In terms of the immediate proposals that are on the board locally at a community level, the Voices of the Valley are taking the lead on that, so they are certainly better placed to answer questions.

**Mr NARDELLA** — But they are still working through—I mean, it is about 1000 workers out of Hazelwood that are going or may go. So maybe if there are a couple of hundred who do the clean-up for the next 10 years, there are another 600 looking for work. So they have not coagulated in the sense of what they would actually want to do rather than that small-scale stuff.

**Mr SIMONS** — I would say that it is probably best to speak to them about their specific asks for the Government. One of the other main goals has been to get funding for a transition plan for the area, which would encapsulate a whole range of economic opportunities, and that is a role for State and Federal Government as well as Engie.

**Mr NARDELLA** — Good luck with that with the Federal Government.

**The CHAIR** — On behalf of the Committee I would like to thank you for your contribution. Thank you very much.

**Ms GAYFER** — Thank you.

**Mr SIMONS** — Thanks for the time.

**Committee adjourned.**