

CORRECTED VERSION

ECONOMIC, EDUCATION, JOBS AND SKILLS COMMITTEE

Inquiry into community energy projects

Shepparton — 31 May 2017

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Witness

Mr Greg McKenzie, Manager, Environment, Greater Shepparton City Council.

The CHAIR — Welcome to this 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. I would like to invite you to make a contribution and allow us some time for questions. Please state your name before you start.

Mr McKENZIE — My name is Greg McKenzie. I am the Manager of Environment with Greater Shepparton City Council. Chair, thank you very much for the invitation to appear before you this morning; Greater Shepparton do appreciate the opportunity. I am going to talk to you this morning briefly about a number of the strategic documents that the council has in place that we believe assist the community in community energy-type projects. Once I have completed that I will then briefly touch on our submission, which I am assuming all members have read, and then I will be available for any questions that the Committee may have.

The initial council document is the council’s current council plan. I might point out that there is another council plan in the development stage at the moment following the council elections last year. I think that plan has to be presented to the government by the end of June, but in the existing council plan, under ‘Enhancing the environment’, a section of the plan, there are a number of strategies, and one is ‘Investigate the opportunities that are available to council to enable council to support renewable energy options’ and secondly ‘Investigate the opportunities that will enable council to support the growth of solar usage within the city’.

Another very important document, and one that basically runs my life, is the *Greater Shepparton Environmental Sustainability Strategy 2014–2030*, and basically within that document we have quite a number of actions. Probably the relevant ones are:

Advocate and maximise partnership opportunities to reduce council and community greenhouse gas emissions and respond to the opportunities and challenges of climate change.

The council also has produced an energy reduction plan. That plan concentrates pretty much mainly on council operations and in particular council buildings, but we do have a goal within that plan to have a 20 per cent reduction in our energy usage by 2020, and one action that may be specific to community projects is to maintain engagement with distribution network service providers and retailers to ensure that opportunities for other business models for solar PV are captured. The Tatura community project may provide an opportunity for council to proactively engage with distribution network service providers and facilitate a significant community renewable energy project.

Council has also produced a climate adaptation plan. While there is nothing specific, it is about identifying the impacts of climate change and how we go forward in addressing those. It covers a whole heap of things, including emergency management, road issues and building issues.

They are probably the main documents that council has in terms of going forward with community energy-type projects. I would like to point out that council is very close to going to tender to look at putting a couple of solar developments on two of its buildings, two of the main users, being a sports centre in North Shepparton and the council office itself. We are also currently in a tender process, or expression of interest process, for the development of a 10-megawatt solar farm south of Mooroopna on council-owned land. We have had discussions with quite a number of commercial providers about potential solar sites.

Council welcomed the opportunity to put in a submission to the community energy projects inquiry, and I think the general vein of our submission was that we really support community energy opportunities. We think that those opportunities really help communities grow. We think that it is a great way for communities to get together and create that real community spirit, and we think as long as the governance processes of those are made available it could be a great way forward.

We have a number of community energy groups within our municipality, and I know that you are hearing from Goulburn Valley Community Energy later on. We also have another group who look at sustainability-type issues, in Transition Tatura. It is only a small group but it is doing some excellent work in that community.

I will take it that our submission has been read, and I will open up for any questions that you may have.

The CHAIR — Thank you, Greg. I would like to welcome to our hearing the Honourable Wendy Lovell. She is a regional member for this area, Northern Victoria Region. Welcome, Wendy.

Greg, what kinds of solar energy projects is the council considering developing, and how will you involve the community in these projects?

Mr McKENZIE — One of the things that we have really concentrated on is that we believe that if we are going to bring the community along in any energy-type projects, we need to get our own house in order, so we have really concentrated in the past on ensuring that we make sure that we are doing the best that we possibly can in energy usage. Hence some of the plans that we have developed. Sorry, could you repeat the question?

The CHAIR — What kinds of solar energy projects is the council considering developing, and how will you involve the community in these projects?

Mr McKENZIE — Well, I guess that we see ourselves as being a support to the community. Where different groups might be interested in going forward with community energy we would provide as much support as we possibly can, remembering that we are only a small team within council. My team is only a very small team so our resources are limited, but we would try to help out wherever we could and ensure that we point people in the right direction where they might be able to obtain advice or further assistance that we could not provide.

Mrs FYFFE — Thanks for your presentation. In reference to the grid, if the local generators are paying less—the network under energy trading—how are we going to maintain the grid and how will it be funded? Because you obviously want to stay on the grid—you must stay on the grid.

Mr McKENZIE — Yes. It is an interesting point, and I guess that I am not sure that we can provide the answer to that, but I would like to indicate this particular paper. Tom Brown, who will be presenting on behalf of the Goulburn Broken Greenhouse Alliance, may have reference to that. It talks about how local government might better deal with electricity procurement. But one of the things that might be possible, for example, is enabling the source of electricity to help offset other sites. That might enable the distribution system ...

Mrs FYFFE — Sorry, I did not quite understand that.

Mr McKENZIE — So if you have got a solar site, that goes into the grid but it enables credits to be taken off other sites that the council may have, for example. So that is one way that might ensure that that continuity can continue.

Mr CRISP — That is the virtual net metering concept that is being addressed there. I will take that as an answer, but it does not answer who is going to pay for the grid. I am going to build from that point as well. You did talk about local energy trading, which is that offset you are trying to achieve. The Australian Energy Market Commission's ruling that local generation network credits could increase the price for the consumers, have you considered that in how you have come to your position about virtual net metering and offsets?

Mr McKENZIE — No. I would have to say that we have not considered that at this point.

Mr CRISP — That is fine.

Mrs FYFFE — If I could ask about vulnerable households, how is council ensuring that low-income households are not disadvantaged as the energy market transitions to low carbon generation?

Mr McKENZIE — That is a very good question. I have to say that at this point, whilst we have had internal discussions about that, we have not really looked at how we might address it. We are well aware of other programs that are in place particularly in Melbourne where a number of councils have been involved in providing that to low-income households.

One of the issues that I do see with that is that up-front capital cost and the funding of that. As you are probably aware, councils are subject to rate capping at the moment, and that is making service provision very difficult across all council services. One of the issues is that where we do have significant capital asks on the council in terms of the other things that we do, for example, road renewal—here in Shepparton we are looking at the development of a new landfill and other significant capital projects—it makes it difficult to access that capital up-front to be able to then put the infrastructure in place for low socio-economic areas to gain that access. It is a bit of an issue for council, but it is certainly one that we have talked about. We will be looking at how we may be able to get into that process in the future but at this stage we have not identified exactly how we might go about that.

Mrs FYFFE — Yes, it is very complicated, particularly when you have got industrial, you have got some quite affluent households, then you have got the [inaudible] and you have also got the distance issues.

Mr McKENZIE — But certainly I think in our discussions we have identified it as being something we would like to address.

Mr CRISP — I would like to build on your comments on protecting those vulnerable households. In your submission you recommended an increase in the feed-in tariff. I do note that the council has been very focused on being behind the meter to offset your own energy use. As you have recommended that higher feed-in tariff, do you think the recent increase to 11 cents is adequate to encourage the uptake of energy projects?

Mr McKENZIE — I would have to say that I am not across the figures on what would be a figure that would be acceptable. I am lucky in my own case; I have got solar panels on my place and I got in early at the higher level, but I do not expect that we will ever get back to that level. My view would be that 11 cents is probably not high enough, but that is my personal view.

Ms RYALL — In point 4 of your submission you mention looking at other projects outside solar and wind. Have you considered those or what they might be?

Mr McKENZIE — We have not considered them. I guess that we are aware of other possibilities like thermal, but in terms of what we have done ourselves, no, we have not. We have looked purely and simply at solar at this stage.

Mrs FYFFE — Could you just expand on how you see the direction of council and community groups getting into this? Are you intending that you will offer advice and knowledge? How are you thinking you might do it?

Mr McKENZIE — Do you want a council view? I could give you a council view and a personal view.

Mrs FYFFE — The council view, please.

Mr McKENZIE — From a council view, I think that the scenery is changing. I think it is changing significantly for us. I think the increases we have seen in the cost of energy recently have focused it more in people's minds. I am hoping that as a result of that that we might be in a position where we do more in the community as a local government to assist our communities in accessing cheaper energy. It is a substantial cost to households. The more we can do in that space I think the better from a local government perspective.

Mrs FYFFE — I guess I was asking because as we have been hearing submissions one of the things that has really been highlighted is that the smaller groups may have enthusiasm and desire to do things in an altruistic way but they lack the actual knowledge and expertise about the complication of power and power supply and so I was wondering if council was thinking of supplying that information.

Mr McKENZIE — In our submission we identified the governance side of it. So understanding all the rules and how it all works is paramount to ensuring that communities are aware of that prior to them jumping into anything. I think that Goulburn Valley Community Energy have been a great resource for people in this region to enable them to do that.

The CHAIR — Greg, your submission mentions that community groups would benefit from education to understand the appropriate governance of cooperatives. What other training and resources to community energy groups require?

Mr McKENZIE — At present council does not have the resources, other than the resources within my team, but it would be advice and a suggestion to go to other places to get more detailed information. Having said that, I have to say that we have not been inundated with requests from the community to provide that advice either.

Ms RYALL — In terms of other projects the council might have been involved in in the energy efficiency space, can you talk about those?

Mr McKENZIE — We have undertaken a number of audits over the last few years—I would say probably over the last seven or eight years—on a number of our high-usage facilities; for example, the council offices, Aquamoves, which is our swimming complex, and our depot where we have a large contingent of people working. We have solar installations in a number of those and we are looking at putting, as I said earlier, a couple of further ones in. At Aquamoves we do have a co-generation plant where we are utilising gas to generate some of the power for the hot water and that sort of thing. We are trying as much as we can to look at all our buildings and try and reduce our energy usage, down to as far as asking people to turn off their computers at night, because it all does make a difference. The other thing we are looking at, as part of our capital program on developing new capital projects, is that sustainability and environmental issues are very much at the fore in consideration of those projects so we can ensure that any new buildings that we are completing are energy efficient. We also have a very strong tree planting program here in Shep, which our CEO is very supportive of. We are vigorously out there trying to plant as many trees and bushes as we possibly can for a number of reasons—obviously the carbon offset but also for amenity reasons and making our municipality more attractive and hopefully more able to deal with climate change going forward.

The CHAIR — If there are no further questions, Greg, on behalf of the Committee I would like to thank you for your time and your contribution. Thank you.

Mr McKENZIE — Thank you very much. Again, thank you for the opportunity.

Witness withdrew.