

CORRECTED VERSION

ECONOMIC, EDUCATION, JOBS AND SKILLS COMMITTEE

Inquiry into community energy projects

Shepparton — 31 May 2017

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Witnesses

Mr Matthew Grogan, Co-Chair, and

Mr Ben McGowan, Secretary, Totally Renewable Yackandandah.

The CHAIR — Welcome, and good afternoon. 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. Before you make a contribution, please state your name and allow us some time for questions. Welcome.

Mr McGOWAN — Thanks for having us. My name is Ben McGowan; I am the Secretary of Totally Renewable Yackandandah, TRY, and Matt Grogan is the Co-Chair. I just want to give you a quick little run-down of what we have been doing in the last three years, before leading on to your questions. We began in 2014, and our goal is to get the town of Yackandandah to its 100 per cent renewable energy target. The way we think about how we have been going in the last three years is that there were probably about two years where we were doing I guess a stage 1, sort of building or developing our profile, and we are moving on now—since about June of last year—to what you could call an implementation phase, so a building development phase and an implementation phase.

In the first stage the things we were doing that we were finding successful were: we were we doing a Golden Yak Award, which I think we mentioned in the summary, like a promotional sort of thing, with the shape of a golden yak, for houses that were moving towards solar energy or implementing efficiency measures; we had our Perpetual Energy Fund, a no-interest loan that we were using to help community groups and businesses transition to, again, solar installation or energy efficiency measures; and also we were speaking at a lot of local events and a lot of events in Melbourne and Canberra, that sort of thing—building our profile—with articles in the paper and that sort of thing.

Further to doing that we have had some pretty big successes through, for instance, putting large installations on the hospital and the supermarket. One of the things that came out is that we have had an ongoing conversation with AusNet Services, the energy distribution company for the eastern half of the state. We had a negotiation with them, and they decided that Yackandandah would be a really good spot to try out a community mini grid. They have some technology they have been interested to trial. What we have been doing since is passing that information on to the community and preparing for the implementation of that mini grid. We have now signed up people for the first stage of that, which is a solar bulk buy, alongside what AusNet Services is calling a Ubi, which is sort of a microcomputer, which means that all those installations will be battery ready—the next stage. The sign up is finishing this week. We think about 120 people have signed up for that and possibly 500 kilowatts of capacity will be installed across the town.

Through the mini grid and the promotional stuff we have been doing around that we have had other big projects and offers come, which are a part of that implementation phase now. One of them is a pumped hydro scheme. We are doing a feasibility study with an engineering company for about 5 megawatts of storage; that will add storage to the mini grid, alongside the battery capacity. We have got slated as well a possible sustainability centre. Really important, though, for the next stages is our proposal for a community energy retailer, which is necessary to facilitate transactions between households across the grid. There is a lot of intellectual legwork to be done there to work out how that is going to be done. That community energy retailer could also sell electricity to people not on the mini grid. I will pass over to Matt.

Mr GROGAN — To capture that and convey the main points that we would like to, the work that we have done in Yackandandah—and I guess you can say the community capital that we raised—we think is a really good opportunity for a proof of concept: that you can make a town 100 per cent renewable. We think that we have got an integral role in Yackandandah in that, by being that group that has the 1000 conversations with the people on the street—so that real engagement role: explanation, advocacy and doing the legwork where bigger organisations could sometimes fall short.

But as we have moved deeper into this second phase that Ben spoke about we have unfortunately realised that our 100 per cent voluntary group has turned into a bit of a bottleneck, because we just do not have the capacity to bring what we can and what we know that we can to the table because we are holding up families and full-time jobs in the daytime. So we are seeking to actually employ an executive officer or officers to step into that role as we work through this proof of concept of the project. In particular that executive officer becomes

even more important as this community energy retailer gets established, which is I guess the bit of glue that would hold together the mini grid.

Building on Ben's comments as well in terms of the 120 people that have signed up to this community solar bulk buy, we estimate probably the community investment so far within a town of about 800 households is probably about \$1.5 million that has been committed by businesses and households. So the community is behind this project. We have got some strong data to suggest that and some surveys that suggest that. They are putting their money where their mouth is, and I think a big part of that is because of the trust that they have got in our 100 per cent voluntary group to actually lead this charge and get the job done.

The CHAIR — Thank you. The mini grid trial with AusNet, can you tell me how this came about and what is involved?

Mr GROGAN — We approached AusNet very early in the piece once we had formed our little group because we knew that they were going to be a pretty important player as we maybe naively espoused our goal of 100 per cent renewable electricity for the town of Yackandandah. We let them know. We put ourselves on the radar and over the next 18 months had several conversations with them about what that might look like—what a partnership might look like.

I am not speaking on behalf of AusNet, but my understanding is that they know that the way that electricity is moved around the grid will change as battery technology becomes more and more affordable for households, and they are going to have to adapt their business model to allow for those changes. One way to do that is to generate and share electricity locally around one transformer, and they needed a sympathetic community to work with as that technology is trialled. They have done a technical feasibility trial of this in Mooroolbark.

Mrs FYFFE — That is a very small one there compared to yours.

Mr GROGAN — One street, yes. And they approached Yackandandah with the idea to have it as a very similar size, 30 houses, with batteries and solar around the transformer, but when they got a feeling of the appetite that Yackandandah has for this project, they decided to expand that into a phase model to still have the houses around one transformer and to make that an economical trial for panels and batteries and then to expand that to solar generation around the whole town as well.

Mrs FYFFE — Could I just ask a quick one, just to clarify, please? So you want Yackandandah to be 100 per cent self-sufficient with power. Are you wanting then to have plus, so you are selling it back to AusNet, or are you wanting to get off the grid completely for the township of Yackandandah? I am trying to see where AusNet's interest is going to be.

Mr GROGAN — Yes. Our aim is to stay on the grid. We toyed with that question quite a bit as a group because we see that as a real philosophical point. We would like to stay on the grid but secure the grid.

Mrs FYFFE — So you would pay a fee to stay on the grid.

Mr GROGAN — Yes, we would, but because we would hopefully be generating ...

Mrs FYFFE — So you would be selling power to them.

Mr GROGAN — back into the grid—and this is where the community energy retailer comes into it. The interest for AusNet that they have publicly told us and transparently told the community is this bit of technology that Ben touched on, the Ubi, they call it—so short for ubiquitous—which is the bit of software which decides whether to recharge the batteries, use electricity behind the meter or discharge batteries back into the grid depending on what makes the most sense at that time. That is a volume proposition for them. So they might charge households \$100 a year, but they think that they can roll out thousands of these things.

Ms RYALL — What is the population of Yackandandah?

Mr McGOWAN — It is about 1000 people and then possibly up to 4000 in the hinterland, so we have said 10 kilometres around.

Ms RYALL — That is what you are referring to, just the smaller?

Mr GROGAN — No, the larger.

Ms RYALL — The larger. You referred to the pumped hydro. Is that the new Euroa project you are referring to, or is there a separate one for you?

Mr GROGAN — It is a separate one. We have been approached. It is very early days in that project, but a lot of the key people have been in the room for that conversation. Just to lead into that a little bit, we have got a really strong relationship with North East Water as well. They are out for tender at the moment to take Yackandandah's water supply and treatment off the grid, which is really exciting and which fits into the water corporations of Victoria's goal to be carbon-neutral by the year 2050. North East Water is a real leader in that. They have got an asset just outside of Yackandandah that is mothballed, not used, a storage dam. Through conversations through our networks in the community an engineering firm that has done a lot of work in Western Australia with off-grid mining energy generation and storage projects saw the goodwill in the community in Yackandandah and thought this could be an opportunity for them to trial some technology. I do not think this is in our submission, this part of it.

Ms RYALL — No. I know. I guess my question was, rather than around the detail of it, that there are a number of projects going on. There is Euroa in that space, retail, and you have got other people looking at retailing. We have got the organisation that includes the word 'Broken'—I cannot remember the remainder of it—but does that cover your municipality? No. And so I am thinking there is a whole lot of work being done by a whole lot of groups that probably intersects at some point in time. Is it the best use of people's time when we have got perhaps duplication there?

Mr GROGAN — I am not sure of the answer to that question. We certainly do not have much more capacity in our volunteer capacity to engage, but I guess the neat thing about this from where we stand is that the projects seem to be coming to us. So this has really been essentially a commercial proposition, but these people still need buy-in or some sort of inroad to the community which is, I guess what we offer.

Ms RYALL — I just wondered whether perhaps better collaboration to prevent duplication might be an opportunity when you are strapped for human resources and there are a lot of different organisations saying, 'We're thinking of putting on an executive officer or doing these sorts of things' when there might be an opportunity to actually spread the work and come out with an appropriate ...

Mr GROGAN — Yes. I guess to be brutally honest the mindset that I have when a suggestion like that is made is I think it is a great suggestion and it makes sense, but with respect even the bit of work to get the collaboration in place and to make sure that that separate entity, whatever the collaborative entity was, in some ways takes away from our project. It is not that I am treating this as a sort of protectionist, all-about-Yackandandah thing, but at the moment the mindset of a lot of people in our group is 'Oh, that's another thing that we've got to work on, this collaboration project'. Does that make sense?

Ms RYALL — Yes. I am just mindful that there is a whole lot of work going down at the base on a whole lot of different areas and that other people are doing exactly the same thing. You would not want to repeat mistakes, so there are opportunities to not create a bureaucracy in collaboration but just actually reduce your workload by bolting onto or looking into what others are doing, as opposed to reinventing the wheel, if I may.

Mr GROGAN — Yes.

Mr CRISP — A little history, particularly around your relationship with the Yackandandah Community Development Company—I note from your submission that 50 per cent of the profits are returned to the community. You would be but one of those benefactors, I assume, for that funding stream. I am trying to work out where you are getting your money from.

Mr GROGAN — We have not received any of the grants from YCDCo, the community development company. The money that we have so far has been done on a separate piecemeal fundraising basis, so almost the classic chook raffle. We have had events with public speakers and did a small crowdfunding internet-based push, but we have sort of ...

Mr CRISP — Was that for Yackandandah Health?

Mr GROGAN — Yes, that was to start the perpetual energy fund, which gave some money to Yackandandah Health. So we run on the smell of an oily rag, or probably even less than that—more like a rag. What we see ourselves as—and our identity sort of was born through necessity—is rather than having technological expertise or money to bring to the table, it was really just that impulse, that facilitator, so actually going to the hospital and facilitating them to see the benefits of these projects themselves. The hospital is a great example because, us being the impulse and speaking at their board meeting about us and about the opportunities, they got three separate quotes from solar installers and realised they are going to save, for a community-owned health service, \$1 million in their power bill over the next 10 years, which includes \$7000 realised in the first month out of their power bill. Our role in that really is hopefully just tipping people over the edge rather than getting our sleeves rolled up too much.

Mr CRISP — What will cost will be moving to being a community energy retailer. How is that going and how are you planning to go through that process, because we have heard a lot of evidence that that is going to be very difficult in the current environment?

Mr McGOWAN — My sense is there is a lot of work still to be done. We put in an application to the New Energy Jobs Fund, so our hope is that we are able to prepare a business case and we will see what we see. We are having a conversation with AusNet Services about how that might look as well, so at this stage it is extremely necessary for creating that shared economy-type model, and again it will be probably more of a service fee for facilitating those transactions between ourselves. So it is really necessary for the full functioning of the mini grid bit but, as you say, so difficult.

We are building relationships, I guess, and have won small grants with philanthropic trusts in Melbourne. There is a sense that there could be a big ask in this space soon with a good business plan, and that perhaps if the business plan made sense, we could go down to Melbourne with it and do some serious fundraising, but we are not there yet.

The CHAIR — What are the main barriers community energy groups face, and how can the Victorian Government remove these barriers?

Mr McGOWAN — I think the point we are trying to make is that with the first phase we are doing volunteer sort of stuff. We can do that ourselves. We can run the perpetual energy fund, we can do the Golden Yak Award and we can help the supermarket and the hospital put solar panels on; we can do that sort of stuff as volunteers. What we cannot do as volunteers is sign up the 400 people necessary to get this hydro project off the ground. We do not have the time to do that, and we are reaching our limits as well in terms of explaining the mini grid to people and bringing people in. It is a really good offer, but it is something new. We have to explain what it is and we have to develop trust with everyone and have information nights and so on and so forth.

Ms RYALL — So it is really resourcing, which is what I referred to before.

Mr McGOWAN — The thing we talk about is something like a Landcare, and I think maybe the community hubs thing might be some ...

Ms RYALL — Sharing of information.

Mr McGOWAN — We need a project officer. What Matt was saying before is that we are starting to become the bottleneck because we have got these big corporations coming to us and saying, 'We like what you've got in terms of social capital. Can we use a little bit of it? Can you get 400 people to sign up to this pumped hydro?'. We say, 'That'll probably take 18 months', and they say, 'We're ready to go now'. We say, 'We just need time. We're just working full-time'. What I would say to that question is: how about a Landcare-type model where we can employ a project officer to work on these projects?

Mr GROGAN — As a second very short addition to that about community—your question related to a community energy group—I think what we have learned as a community energy group is that a key challenge is getting the right bureaucracies in the one room together and talking to each other around the table about the topic. While we are really happy to be in that position now, it has taken three years of effort to get to that space.

Once you have got them there with the community capital in the room, the results are astounding and the shared vision can be astounding, but the work silos that, I guess, sometimes these bureaucracies operate in are equally as astounding. I think that is a key challenge for community energy groups, because if they can sit around the table with these bureaucracies in an open format, that is when the traction really starts to take hold.

Mrs FYFFE — Just quickly, a lot of the groups who have submitted to us have talked about the difficulty of getting the expertise in various areas. They have got people who have a desire to do things, but in order to get the people with the actual expertise it has been suggested that the government should set up a system to provide it. Are AusNet giving you expertise? You said you already can put solar panels on the roof of the hospital and so forth. Are AusNet helping you with that? Are they giving you technical or accounting expertise?

Mr McGOWAN — We are discovering it is a really nice partnership because I do not know much about electrical engineering at all and neither does Matt, but we really know our local community and we know the politics of the local community. They can come to us and say, ‘We’ve got this mini grid idea, and we’ve got all the engineering behind it’, and we say, ‘We’re going to go doorknock everyone in these suburbs and tell them about it and set up’—for instance—‘an information night. We’re going to be able to bring 150 people to this information night, and you’ll be able to explain your stuff’. What I am saying is we are discovering that they do their thing really nicely, we do our thing really nicely and we sort of move along as a good partnership.

Mrs FYFFE — So a partnership with a commercial organisation would be an advantage to other community groups when they have not got that expertise. Would you see that as a way forward?

Mr McGOWAN — Yes.

Mr GROGAN — The whole thing is about partnerships, and we have not even mentioned Indigo shire, who more and more have come on board and shared this as one of the goals in their economic plan to scale up what is happening in Yackandandah to the Indigo shire level. Beyond that the member for Indi has spoken about scaling that up again to the electorate of Indi, and the whole thing works on creating partnerships.

Mrs FYFFE — Yes, because volunteers have not got the knowledge—well, not all the knowledge. You just cannot.

Mr McGOWAN — No, nor do we expect that of ourselves.

Mrs FYFFE — Thank you.

The CHAIR — All right. If there are no further questions, on behalf of the Committee I would like to thank you for your time and contribution, and that is the end of the hearing for today.

Committee adjourned.