

TRANSCRIPT

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Tackling Climate Change in Victorian Communities

Golden Point—Wednesday, 18 September 2019

MEMBERS

Mr Darren Cheeseman—Chair

Mr David Morris—Deputy Chair

Mr Will Fowles

Ms Danielle Green

Mr Paul Hamer

Mr Tim McCurdy

Mr Tim Smith

WITNESS

Ms Genevieve Barlow, spokesperson, Renewable Newstead.

The CHAIR: Welcome, Genevieve, to the Legislative Assembly Environment and Planning Committee public hearing for the Inquiry into Tackling Climate Change in Victorian Communities. I also extend a welcome to any members of the public here.

All evidence taken today will be recorded and protected by parliamentary privilege, therefore you are protected for what you say here today but if you go outside and repeat the same things, those comments may not be protected by privilege. You will be provided with a proof version of the transcript of today's evidence at the earliest opportunity. Transcripts will ultimately be made public and posted on the Committee's website.

As is customary, we will allow 5 to 15 minutes for a presentation, and then the Committee may ask a number of questions. Could you state your name and title before we begin with your presentation?

Ms BARLOW: My name is Genevieve Barlow and I am here today representing a group called Renewable Newstead. It is based in Newstead. I am also the President of really the auspicing organisation, which is a voluntary group called Newstead 2021. I am assuming that everyone on the Committee has read the submission. I am sure you have had a lot of reading to do.

Thank you for the opportunity to make this submission and to appear here today. In my presentation here I am just going to briefly describe Newstead, which is a little town so it is quite a contrast to what you have just heard, and outline a few dire immediate needs that the Government could help with, and perhaps not only in our town but small towns like ours. Then perhaps we could go through the recommendations in the submission. I am not sure if all of you are aware of where Newstead is. It is about an hour north and slightly east of Ballarat. We are small. We have about 800 people. There is a mix of long-time families and newcomers because we are in that magical 1.5 hours from Melbourne, so we get a lot of people coming there—either to retire, but our schools are good so we are getting a lot of young families as well. In fact our prep class at the local school is the biggest in years and our kinder is booked to its peak—so we are a small town that is growing.

Our group, or the auspicing group Newstead 2021, came out of a summit that we held back in 2008. It is quite a long time ago and we could not have envisaged that all that time would pass so quickly. That was around the time that Kevin Rudd held his summit—you might remember that. He got Australians together, and we said, 'Well, let's have one in our little community'. We got a really big attendance. I just cannot recall the attendance rate, but it was quite significant. It might have been a third of the community, so it was quite significant. It came together and people just came up with ideas. And from that, really, what we have demonstrated in our community is our capacity to really do stuff and to do it collaboratively and to do it on a small scale. That, however, presents problems because we do not have big teams of people to speak for us and we have all got day jobs. In fact I have just run from my job to get here, so there are a few challenges around that.

We have done things like convert our old railway station. The railway station is now an arts exhibition space, and I have to say that VicTrack, the Victorian Government program that supported us, was fantastic with that. So thanks to the Victorian Government for that. We have a community garden that is about to celebrate 10 years—very significant because a lot of people come together. It is a social place. Our shops are disability aware and provide access for all comers. That is the result of a little project as well. We have got people working on plans for walking tracks around town et cetera. Really, our community has been known for its long-term management of our swimming pool, so there is a lot of voluntary engagement there.

Importantly, we have also conducted conversations about fire. We are right next to the box ironbark forests, and that is really important to manage. The community is mixed and it is interested in preserving the ecology and the environment, but also there are concerns about fire, so we have attempted to engage the community more on that level.

The plan of Renewable Newstead, which is kind of a subgroup, I guess, of Newstead 2021, is to build a small-scale solar park. We have been working on this for a very long time now. In fact we did get a grant from not this current Government, the one before. They gave us \$200 000 to actually come up with a model for a

commercially viable source of renewable energy, because the problem in Newstead is we have a very mixed demographic and you can put up all the solar rebates you like but there are people who simply cannot afford them, or they do not get up. I personally have visited homes as we have done energy audits, and people do not turn on their heating or cooling, mostly elderly people. So what we wanted to do was come up with a model that could support everyone. We did not set out to do something based on climate change; we set out to do a project that would be about serving all of our community. We did some surveys and we knew we had to tackle this through price rather than any ideological value.

The model that we have spent a lot of time developing is a commercially viable model. It means we have negotiated a special distribution tariff with Powercor and this conversation is underway to get that extended. What that tariff does is it means that we can charge a dollar a day, and then you charge for use on top of that. What we wanted to keep in mind is we wanted their business to be viable, we wanted people to get energy at a low cost and we wanted to make sure everybody had access to that, so that is what our model is doing. That tariff is really important.

The next steps—we have since received \$1 million to now put this into action. So what we are doing is engaging a partner to build it and we will get a retail partner. This model, we think, if we can get it up—and this is why we got the \$1 million; we need to prove it—is a way of bringing renewable energy to communities like our small community, so they are small scale, where renewable energy is at a good cost for everybody and it does not need a subsidy. That is what we have been working on. We have spent some considerable hours of late negotiating even the funding agreement with Government, so working through the department has been a challenge again for a small community group. I know that they have to dot their i's and cross their t's, but that has taken quite bit of persistence and there have been many delays. We understand what goes on in there. I also just want to remind myself that there are two key things I would like to mention after this, which are about our garden and about street trees. But going back to our model, it would be up to 10 megawatts. We need 2 to 3 for Newstead; we know how much we need. This fits into the small scale, which is not really covered by commercial builders to date.

One of the key things—and I will turn now to what the Victorian Government can do—is we need long-term contracts. We need the retailer with the consumer to have long-term contracts, and we think that because the price will be good, people will be loyal to that. Of course it will come with all the normal consumer protections, but we need some legal know-how around that. The other thing is that we work constantly on this project, and we are really fortunate to have some really smart people who run businesses, and we have found that despite working with the Government as much as we can that there has been no-one in the department who has really come and worked with us and engaged intellectually with the model—who has really come to understand it. Maybe it is our communication problem as well. But we think that if it works, it can work for a lot of other communities as well. I think legal know-how in reimagining long-term contracts might scare some people, but we think that there is a case for it here. We would love to have a few high-level policy developers within Government to really intellectually invest in this project with us and to sit alongside us. I guess that comes into that sort of moral and relationship support as we attempt to create new norms in energy beyond subsidy.

I have also listed there some other things that the Government could do. I think incentives for leadership programs in small communities is really important. This is where communities—I think there are a lot of them that want to get out and help themselves. They need to understand about how to address wicked problems, how to research them et cetera. So I would urge you to consider continuing and in fact expanding funds for leadership programs in Victoria, specifically around climate change in small towns. Getting data, small-town emissions data, I think would be helpful as well. We get as much as we can from Powercor. And also scholarships—and I think we imagined kids in our area maybe taking an interest through that—getting scholarships for people to lead community energy projects as well.

Really I want to emphasise that this is about a community taking responsibility, and I would urge you to encourage that in small towns. We do not have the Ballarats, the size of those. Even in our local shire council we have had some money for streetscaping, and I will come to our street trees now. Most of that money is spent in places like Maldon and Castlemaine. We got a trifling amount; it was really pitiful. We could decide between getting lines marked or a tree planted. It was really pathetic. That is not the council's fault at all, but the funds available for that need to be picked up.

That actually leads me to our dire immediate need—and I feel this is really important for the livability of small communities—and that is, to provide shade and shade plans in small towns because that affects our livability. The street trees in Newstead, for example, are old and they are dying. We put together a really well researched application for a grant for the community to take this up and replace the trees, working with the council, finding out which trees would be suitable for future climate et cetera. We had our community ready to go and we thought we were on a winner with that one. We were really stunned we did not get that, so we are really interested to see what projects did earn the money. That was called the community climate change adaptation grant, I think.

Mr MORRIS: That was state money?

Ms BARLOW: It was state money, yes. In fact we have been working on street trees for a number of years, and we have got people who have gone around and actually mapped every street tree in town and put the condition up and the species. It is important because we walk through town. It is important for a community's health and wellbeing because that is something people can get involved in. They are really interested in it. Our program would educate people about what to put in their gardens as well. So we are going to keep going and see if we can find another way to fund all that work. But I just want to mostly leave you with the impression that small towns have the can-do but they really need support in a way that is different to the Ballarats and Bendigos.

The other thing that is really important for us, and it is a local project, is our community garden. We have an aquifer resource, which we watch. Last year you could water and water and water through the summer and things just would not grow. It was hellish. So we are looking for something that will cover our garden; it is such an important gathering place there as well. I guess my main thing is to urge you to consider the small communities in Victoria and consider the wellbeing of the people there, and where they stand up and say, 'We want to do this, we have the resources', where they come up with really innovative programs—projects like ours—there is some support there. I would just like to tender the document that outlines our model. I am not sure if I leave a few more—

The CHAIR: If you could leave some copies, that would be useful. If you actually happen to have any copies electronically available, the secretariat I think would appreciate that.

Ms BARLOW: Yes.

The CHAIR: I am particularly interested in your renewable energy and the 200 000. You have developed through a grant the policy that you have tabled—

Ms BARLOW: It is a model, yes.

The CHAIR: The model that you have tabled, in order now to implement that model just for your town, what barriers might be in place to prevent that from happening, what sort of capital support might you need for that to happen? Obviously federal and state governments and local governments might be potential funding sources, but does the model look at whether there is a—

Take us through the model, I guess, is what I am looking for.

Ms BARLOW: The model is we build a small-scale solar park. A commercial partner comes in and in fact does that for us because we are volunteers and we decided we did not want to be electricity retailers.

The CHAIR: So one of the existing companies? It could be an AGL or a Powercor.

Ms BARLOW: Yes, probably not a Powercor—not a distribution company. What we will do is we will go to the market. Before we even started we went out to the market with an expression of interest nationally and said, 'Come with your ideas. Tell us, are you interested in small scale?'. At that stage there was not a lot of interest but we did get about 25 responses to that.

The CHAIR: To build a 10-megawatt—

Ms BARLOW: Not necessarily to build a 10-megawatt solar farm at that point, Mr Chairman. It was about, ‘Actually what are your ideas for small scale? Is there something that you can do that can work without subsidy—

The CHAIR: Right. Okay.

Ms BARLOW: because regardless—solar panels and the solar panel programs are fantastic, they are great—somewhere along the line someone pays?’. If I put a solar panel on under a subsidised program, someone else somewhere in the system is going to pay. Now with our model we think that it will not have that subsidy in it. So the key to it is Powercor’s distribution tariff, and if you go to, I think, last year’s application to the regulator, there is a special Newstead residential tariff. What that does is enable us to know the cost and know how much return they will get, and then that enables the commercial partner to understand what they need out of the system to make it work for them and we can understand what price that is. So we go to a retailer and we can understand what that price is. But also key to that is a long-term contract. So currently a consumer, for example, might buy their electricity and they have the freedom to move but they might be on a 12-month contract or whatever. Now we think it is still possible to build loyalty. If you can do that, both the retailer and the builder know what their costs are and so they can do forward planning on selling the electricity and getting a market for the electricity.

The CHAIR: So what sort of length of contract are we looking at? Is it five years or 10 years?

Ms BARLOW: Probably five to 10, and more like 10.

The CHAIR: Are there any particular regulatory challenges around that?

Ms BARLOW: We do not think there are. We understand that this comes under consumer law and all the normal consumer protections must apply under that law, and we would continue to that. This is where we need some grunt work done, and we think that is possible. We just need legal help around that.

Mr MORRIS: Firstly, can I just say at the start I think we have been talking about solar panels for 12 years that I can recall, or more—12½ years—and that is the first time anyone has acknowledged that for the installation of panels at one end there is a cost to someone else who does not benefit. So I am very pleased to hear that to start with.

Ms BARLOW: Yes. Much of that information comes through our key consultant, Tosh Szatow from Energy for the People, and also one of our members, Don Culvenor, who have looked at that very closely. So I understand the urgency to get the panels up and to get things happening because of what is happening in the climate generally, but we think there are ways to do this that the market pays, and that is what our model explores. So it is from a little town, and it is like we are standing here saying, ‘Can you look at this? Can you try and understand what we are trying to do here’, and maybe we have to get better at our communication as well. I understand that.

The CHAIR: I mean, there is certainly an opportunity if your model can be proved and delivered. There is an opportunity potentially to support small towns throughout Victoria adopting the same approach.

Ms BARLOW: Yes, we think.

Mr MORRIS: Can I ask some questions about two completely separate issues?

Ms BARLOW: Sure.

Mr MORRIS: And the first couple may well be in the plan, so if they are, just say they are in the plan and move on. In the submission, particularly around the milestones required for the money to come through from DELWP, what sort of milestones have been set?

Ms BARLOW: We are in the process of setting those milestones. When the agreement was first drafted it came through with—how shall we say, my words elude me—milestones that expected certain things to happen when we have to get our partner in hand to understand how big it will be, for example, and then that determines

what happens with the retailer. One of the key things we can do as a community-based group is we are going through a site selection process, and because our community is really deeply engaged in this we think we can manage that well for any partner who comes in. So that is one of the benefits. Instead of having a company just landing somewhere and saying, 'We're going to do this', that is a real asset. That is something of great value that we can offer as a community-based group.

Mr MORRIS: The second point about that, just some clarity on contracts of five to 10 years, presumably a contract is on a fixed or identified price over that period, but is there still a consumption charge element in there or is it \$50 a month or whatever and then you use what you need?

Ms BARLOW: The charge is a distribution charge. We have got a flat dollar a day distribution charge, and then I guess the consumer can see what their consumption is from there. Now ask me the question again.

Mr MORRIS: Essentially what I was sort of getting to is particularly people that have had some challenges in the past have now got electricity available. If their usage climbs rapidly, in other words if the 3 megawatts goes to 4 megawatts, is the cost of that increase recoverable, or is the plan locked into—

Ms BARLOW: No, I think there still has to be some flexibility in the plan. So that is why we have said the distribution cost will be set, but then actually the consumption charge will have to vary of course naturally with the market. But if the buyer of the electricity knows that they have got a sale for that long, they can go into the market with a lot more confidence. I know others know a lot more about that than I do, but we think that it is possible. That is what we have to work out.

Mr MORRIS: Yes, that is the intent here. I was just trying to sort of tease out the intent a bit.

Ms BARLOW: Do you have enough clarity around that?

Mr MORRIS: Yes.

Ms BARLOW: This is probably where my communication might need to get better.

Mr MORRIS: No, that is good. The second and quite different aspect, I wanted to come back to the comments you made about leadership. Many of the things you were talking you would traditionally expect—or I would traditionally expect anyway—that sort of leadership to come from the council or community bodies that are supported by the council, and that is not occurring in this case.

Ms BARLOW: I think the council do as much as they can. What often happens is when a council has a project or it is given something to do it turns up and it says, 'We'll do this. Here's so and so. They're going to come and ask you what you want'. And we say, 'Look, just forget that. We know what we want. We can tell you about our street tree plan. Come and work with us'. It is like Government. This is what we keep saying to the people in the Department of Environment, Land, Water and Planning. It is hard for them because their minds are very fixed, which they have to be to a certain extent and I understand that completely. The council has been good. In some cases there are no funds for the smaller communities, and in some cases they are so hard bound by their rules and regulations and the processes they have to do. We can fast-track that process by taking responsibility for it ourselves.

Mr MORRIS: Would an organic approach to governance help in that regard?

Ms BARLOW: Well, I think governance is really important, and I understand why the taxpayer expects that. That is really important.

Mr MORRIS: They will all get chased by the Auditor-General if they do not comply, and that is fair enough, but yes.

Ms BARLOW: I think there is a big sense of fear of the Auditor-General driving things in my personal opinion actually. I should not say that on behalf of—

Mr MORRIS: He is a nice guy actually. No, but I mean it is public money and they need to comply. I always say to people you cannot equate the way the private sector works with the way the public sector must

work because it is taxpayers money and ratepayers money that they are working with so the bar is going to be set that much higher, and that comes with a cost. I was just curious about that because I agree totally with you about the importance of local leadership, but I would be reluctant to go down a path that may lead to a parallel process, and it seems to me that that is exactly the sort of thing that local government is there to do. If they are not doing it for whatever reason—and I am not necessarily suggesting that they do not want to do it, but if there is a reason that is preventing them from doing it, it would be useful to tease that out.

Ms BARLOW: Yes. I am not able to put my finger on it. So here is a little example of what goes on, which is really not connected with here but it is with the streetscape process. We had someone from the council come out and say, 'Meet together'. So we pulled people together in the community, and they said, 'Okay, we've only got this little bit of money, and you said your priorities were' and then she goes back to the council. Well, it is quite some time now—and it is that process.

Our community is working on a lot of things and then time goes, and it is like trying to keep people engaged. So sometimes that happens.

The CHAIR: Can I just bring you back to the Renewable Newstead project. You have indicated to us that you believe the township would require about 2 megawatts—

Ms BARLOW: Two to three.

The CHAIR: Two to three, with a proposal to build a 10—or up to 10 megawatts?

Ms BARLOW: Up to 10.

The CHAIR: Right, okay. So the entity that builds and owns the 5, 6, 7 megawatts of capacity that is needed that they generate in addition to the needs of the town, they would just sell that back into the market presumably. Is that how that would work?

Ms BARLOW: They may. They may come and say, 'Well, we'll build a 3-megawatt or 2-megawatt one' but we suspect they will not because financially probably they would take the opportunity and sell the rest. But we want it built in that we need to have this much for our community.

The CHAIR: And is there an opportunity for that additional excess to be sold to a neighbouring town, so your neighbouring communities might potentially be able to partner with your township for that additional—

Ms BARLOW: We would investigate that. If the commercial builder said that that is an option—that would be up to the commercial builder of course.

Mr HAMER: I have also got just a few questions about the mechanics. I am not sure if it has been specified, but does this include a battery supply?

Ms BARLOW: In fact we have just had this discussion at our last meeting because we have been talking about a battery. One of our lead proponents, Don Culvenor, who has lived locally for a long time and has businesses around Australia, has looked into the viability of this. At this stage, largely based on some information he got through a recent webinar—and I am thinking that Rob Law might even know this—the battery would not be viable at this stage, but capacity to add when it does become viable, maybe.

Mr HAMER: So in the short term—if the project was developed—you would be generating renewable energy for daytime use, but then at other times you would just be on backup grid power?

Ms BARLOW: Our goal is to go 100 per cent renewable, and that is why we are really keen on the battery, but we are also keen on commercial viability. So we are always keeping an eye on it, and maybe by the time—the pace is a bit slow—we get closer, it will become more viable.

Mr HAMER: That is a good segue into the financial viability, which is obviously a really key component. With the \$1 million from the Government—and I notice the wording is to underwrite the construction—is it the intention that there is a payback, or that it is included in the total project cost? I guess the reason I am asking is—and understanding that it is a pilot—that particularly if this were to be rolled out in other communities,

understanding whether that would need to be a requirement or whether it is almost like a loan which over time would be covered and the money would just come back, because obviously it has different implications.

Ms BARLOW: We do not have it built in as a loan that we pay back to the Government at this stage; that is not the arrangement. The arrangement is for us to do the work, so create the process so that it is easier for other places to pick up. The payback is having a model that works, I guess. We would envisage that ultimately there would not be a subsidy required in other communities. We do a lot of voluntary work to get it going, so I guess it depends how well communities are geared. There are places like Yackandandah, for example, where they are very active and their community is completely engaged and they are doing lots of things as well. There are other places, Wedderburn even, small scale, that are doing things. So some places are town-ready. But maybe the model is the commercial builder gets the experience and they understand what happens and how it happens and then they are able to replicate that. There is a lot of water to go under the bridge.

Mr HAMER: And you are right, the pilot always has a bit of an added cost in trying to work out some of those things, and then if it can be rolled out on a grand scale, then that seed funding is not required.

Ms BARLOW: Tackling the contract issue is one of those things as well.

The CHAIR: Just picking up really in terms of what Paul was saying, so the million dollars is seed funding to prove the model. It seems to me from what you are saying, you are of the view that once it is proven, the commercial realities will be attractive sufficiently for the private sector and communities to partner in this way to deliver it. I think that is useful information.

Ms BARLOW: Yes, I think that is the case. I think we have great relationship with Powercor, and that is very useful too because they are working alongside us. I think that particular aspect will also be important as a demonstration model to see how that works. So the market in fact and the regulator will be looking to see how this works out.

The CHAIR: Terrific. Any other questions, David? Paul?

Mr HAMER: I do have one more question just about the pricing model. Obviously the full details would have to be worked out once the cost is known but the model being a set distribution tariff and then perhaps a lower demand cost. You talked about previously that there are some members of the community who are struggling and who would opt not to use some of their appliances at some points of the day or times of the year. How would that cost model, particularly with a higher fixed tariff, impact on those people, because I suspect that is more likely to advantage those who are the high-use, high-demand customers, which may not be the same customers as—

Ms BARLOW: The lower use customers.

Mr HAMER: that are currently the lower use customers.

Ms BARLOW: I cannot give you the detail of this. I am really not the expert on the pricing, I have to confess. I am sorry that Don and Geoff are not here to explain that to you. But I think that because that is our mission really, whatever we work out with the retailer that has to be part of the deal. We see that the price will be low enough that people will use it much more freely. In fact we think people who use wood now, for example, might switch to electricity or bottled gas, because we only have bottled gas in our community. So I am sorry I cannot give you this; this is where I need to get better at communication. But I am more than happy to supply you with those particular details as well and to give that to the Committee to ensure that that part of the project comes through, because that is really at the bottom of it; that is really driving it—the fairness for everybody.

The CHAIR: Yes, I think if you are able to provide that information to the secretariat, that would be of some use.

Ms BARLOW: Sure. I would be happy to do that.

The CHAIR: Thank you for coming along. We very much appreciate what you have described to us and we look forward to further looking at any material you might provide to us. Thank you for your time.

Ms BARLOW: Thank you. Thanks, Mr Chairman, and to your Committee.

Mr MORRIS: And looking forward to it progressing as well.

The CHAIR: Yes. It is certainly exciting.

Ms BARLOW: Yes, well, you are all welcome to come along to the opening.

The CHAIR: Thank you.

Witness withdrew.