

# **TRANSCRIPT**

## **LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE**

### **Inquiry into Tackling Climate Change in Victorian Communities**

Geelong—Wednesday, 20 November 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

Mr Adrian Ford, Co-convenor, Barwon Region Alliance for Community Energy (BRACE).

**The CHAIR:** Welcome to the Geelong hearing for the Inquiry into Tackling Climate Change in Victorian Communities. This is one of several hearings that the Environment and Planning Committee is conducting to inform itself about the issues relevant to the Inquiry. I will just run through some important formalities, which I am sure you heard earlier, before we begin. All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means no legal action can be taken against you in relation to the evidence that you give. However, this protection does not apply to comments made outside of this hearing, even if you are restating what you have said during the hearing. You will receive a draft transcript of the evidence in the next week or so for you to check and approve. Corrected transcripts are published on the Committee's website and may be quoted from in our final report. Thank you for making the time to meet with the Committee today. Could you please state your name and your title before beginning your presentation.

**Mr FORD:** My name is Adrian Ford. I am the co-convenor of the Barwon Region Alliance for Community Energy. I would just like to begin by thanking the Committee for inviting BRACE to make a written submission and to give evidence at this public hearing as part of its Inquiry into Tackling Climate Change in Victorian Communities. For the next 10 minutes, as opposed to the next 50 minutes, I am going to give an introduction to BRACE and an overview of the actions of its members to mitigate and adapt to climate change, before suggesting ways in which the Victorian Government can support these activities.

### Visual presentation.

**Mr FORD:** BRACE is a network of community groups in the Barwon region that was established in September 2018 for the purpose of facilitating cooperation and collaboration among its members to support a wide range of local community energy initiatives. The Barwon region is comprised of five local government authorities, also known as the G21 region. These authorities are the Borough of Queenscliff, the City of Greater Geelong, Colac Otway Shire, Golden Plains Shire and the Surf Coast Shire. Current members of BRACE include 100% Clean Bellarine, based in Barwon Heads; Anglesea Community Energy; Barwon Sustainable Energy Alliance, based in Winchelsea; the Birregurra Community Association; the Colac Otway Sustainability Group, based in Colac; Geelong Sustainability; Southern Otways Sustainable, based in Apollo Bay; and Surf Coast Energy Group, based in Torquay.

While some BRACE members have a singular focus on community energy and others have a broader sustainability and/or community focus, all BRACE members share a common objective, which is to act locally to increase energy efficiency and renewable energy generation and storage in order to reduce carbon emissions and address the climate crisis. In these ways BRACE members are tackling climate change in Victorian communities. It is within this context that I outline the actions BRACE members are taking to mitigate and/or adapt to climate change and the ways in which Government can best support them.

With respect to mitigation actions, BRACE members have coordinated solar and battery bulk-buy schemes for residents. The most recent bulk-buy scheme, in 2018, was coordinated by Geelong Sustainability and supported by the other groups in BRACE. Essentially Geelong Sustainability acted as kind of a touchpoint and then the other groups in the alliance fed their community interest back into the program. That program resulted in the installation of 1.3 megawatts of solar PV and 1.4 megawatts of battery storage, with over 220 households participating across the Barwon region. In addition, BRACE members have installed solar power systems for schools and aged-care homes using donation and investment models. The largest system installed to date has been a 156-kilowatt community-owned solar system at an aged-care home in North Geelong, which Geelong Sustainability referred to in their presentation earlier.

Looking forward, BRACE members are progressing plans to provide energy efficiency audits and upgrade services to low-income households; to develop a 2-megawatt community-owned solar farm; to establish a peer-to-peer energy trading platform for solar and non-solar households; to enable community co-ownership of large-scale renewable energy developments; and to make our towns 100 per cent renewable. With respect to adaptation actions, Geelong Sustainability has implemented a program that protects vulnerable citizens from

extreme temperatures—that is the Climate Safe Rooms program that Tim discussed before, so I will not spend any more time outlining that.

Looking forward, BRACE members believe decentralising electricity generation will be important from a climate adaptation perspective, as communities are concerned about security of electricity supply as bushfires become more frequent and severe. Lorne and Apollo Bay, for example, have electricity supply lines traversing difficult and heavily forested terrain. In extreme weather events the Australian Energy Market Operator has indicated it will cut supply to minimise the risk of starting fires. Also, in a significant bushfire event, there is a real risk of damage to electricity supply lines. Either scenario would challenge many residents, particularly the elderly. Southern Otways Sustainable and Mondo Power are working together to access Federal Government grant funding to address these concerns in and around Apollo Bay. They are looking for remote regional communities microgrid funding to develop a microgrid for their area.

**Mr HAMER:** Sorry, what would you be looking at as the power source for that? Solar or—

**Mr FORD:** Probably, although for that part of Victoria, its best renewable energy resource is wind.

**The CHAIR:** It is always windy there.

**Mr HAMER:** Yes, it is always windy. Not necessarily always sunny!

**Mr FORD:** Yes, it certainly is on the southern side of the Otways. Perhaps on the northern side of the Otways you could go solar, but the other option is virtually connecting distributed household solar systems. So there are multiple options, and it does not have to be a one-technology solution; you could have a small wind turbine, you could have a small solar farm and you could have the household solar systems inputting into, for example, a battery storage system. The technological options are many, but the idea would be to have enough capacity locally and also storage capacity to enable the township to survive the period in which it might be isolated from the grid. How long that would be—I am guessing a few days—but as we have seen in New South Wales and Queensland, some of those bushfires can last for longer than that, a week or two. But that is something that that project will wrap its head around if it receives that grant funding.

I am now going to outline ways BRACE members believe the Victorian Government can support their efforts to tackle climate change. Given the Victorian Government's desire to maintain its forecast budget surplus, these suggestions are divided into two categories: those that require no additional State Government funding and those that do. Beginning with suggestions that require no additional funding, the first is that the Victorian Government—in fact the Victorian Parliament—signal its commitment to the community energy sector by establishing a community energy target of 100 megawatts by 2025, as proposed in the written submissions of the Coalition for Community Energy and the Community Power Agency. The question that was asked earlier today was whether that needs to be a carve out from the Victorian renewable energy target. In my view it does not need to be a carve out. It is a target. To a large degree it is a symbolic statement of where we want to go.

**Mr FOWLES:** But in terms of the Victorian Government's purchasing of power, we would have to create a carve out there to mandate that it be from a community project, and we would need some criteria around that.

**Mr FORD:** Certainly. Yes, you are absolutely right about that. That leads into my next comment, which is: having set the target, if you like, what are the mechanisms by which you would seek to achieve that target? What you have just proposed is certainly one mechanism. I believe the C4CE and Community Power Agency submissions have outlined a set of criteria that they have proposed that you might consider to that end. Another mechanism—

**Mr HAMER:** Sorry, can I just ask on the community energy target: that would be proposed across the state as a total target or is that by region?

**Mr FORD:** The idea is that it is a statewide target. You could have regional targets, but that rather depends on where the resources are and where the community energy groups are and how those two things connect. At an early stage I probably would not go for regional targets. I would be more inclined to go for a statewide target; that gives you greater flexibility as to what projects are implemented where.

**The CHAIR:** I am just thinking through this a little bit. If you had 100 megawatts and you set a criteria of 10 megawatts per application, over that period of time you could potentially do 10 projects.

**Mr FORD:** Sorry to interrupt, but your community energy projects are likely to be smaller than that.

**The CHAIR:** Okay. What sort of scale do you suspect?

**Mr FORD:** At the moment I would say they are between 1 and 2 megawatts.

**The CHAIR:** Okay. What is Daylesford's—or Hepburn's?

**Mr FORD:** Hepburn? Well, obviously they are wind. They only have two turbines, and they are older turbines so that would not be much more than 4 megawatts. I believe they are installing a solar farm.

**The CHAIR:** Solar as well.

**Mr FORD:** Yes that is 5 or 6 megawatts. We call that mid scale. Small scale is the household level, and large scale is probably 20 megawatts and above. There is this thing in the middle called mid scale, and that is where community energy typically sits. The reason for that is if you are trying to develop a solar farm, you are looking at roughly \$2 million a megawatt, so can you raise \$2 million from your community for a 1-megawatt solar farm? Obviously it depends on the size of the community. The smaller the community, the less able you are and so—

**The CHAIR:** I am just thinking this through. Apollo Bay has, what, a permanent population of about 2000 people or something like that?

**Mr FORD:** It is pretty small.

**The CHAIR:** How many megawatts would they need through a microgrid to effectively be able to disconnect themselves from the grid if they needed to? I am thinking a bit about your bushfire scenario in particular.

**Mr FORD:** I would suggest that it depends on how long you want to be isolated for, and the longer the period the greater the storage capacity you are going to require. Those numbers would have to be crunched to provide you with an answer. I am not sure that anyone has crunched those numbers yet, but the sort of project that Southern Otways Sustainable and Mondo Power are proposing would certainly address that question.

So we were talking about mid scale and 1 to 2 megawatts. You are suggesting we might have 10 projects.

**The CHAIR:** 20.

**Mr FORD:** I am suggesting it is more like 50.

**The CHAIR:** Or 50. Okay.

**Mr FORD:** A number of these proposals interconnect and interlock. I will go through them one by one, but I think by the end we will probably have a greater appreciation of those interconnections. Another mechanism for helping achieve a community energy target is a community energy feed-in tariff, and again the Coalition for Community Energy and the Community Power Agency have in their submissions proposed a 6- to 7-cent per kilowatt hour feed-in tariff to improve the financial viability of community-owned mid-scale renewable energy projects across the state. Like the current feed-in tariff for solar households, the cost would be passed on to all electricity consumers and capped to minimise any impact on retail electricity prices. Community energy projects that support social access objectives could also address social equity concerns. A third suggestion is that the Solar Homes rebate rules be revised to allow renters and apartment dwellers to invest in social access solar farms, rather than rely on the cooperation of their landlord or body corporate. These changes would not affect the program's budget allocation but would better align interests, increase participation rates and improve social equity.

This slide outlines suggestions that require additional Government funding—that is, funding not currently allocated in the budget. The first suggestion is to build on Victoria’s successful community power hub pilot program and establish six regional community power hubs across the state, one in each DELWP region. In the Barwon South West region, BRACE members developed a community power hub proposal that Mark Butler and Libby Coker pledged to fund if Labor won the 2019 federal election. Obviously that did not happen, but our proposal remains and we will continue to advocate for it.

The second suggestion is based on the collective experience of BRACE members, which is that community energy projects are far more likely to succeed if they can access strategic grant funding to employ program or project management personnel, as you heard from Geelong Sustainability, and to access specialist technical financial and legal expertise and to finance projects in their early feasibility and planning stages.

The third suggestion is to fund a pilot social access solar garden. A solar garden is a large solar PV array, in this case 1 or 2 megawatts, in which individual panels are owned by electricity consumers. So a 2-megawatt social access solar garden, for example, would accommodate 500 households who would effectively own notionally 4 kilowatts of generating capacity. The electricity generated by the solar panels is credited to the owner’s household electricity bill even though the panels are not located on their property. While any electricity customer can participate in a solar garden, social access solar gardens specifically enable renters and low-income energy users to participate in and benefit from renewable energy. Currently the Surf Coast Energy Group is in dialogue with a landowner near Geelong who is willing to host a 2-megawatt social access solar garden. Currently the project is not a viable proposition, but a community energy feed-in tariff, revised rebate rules and pilot funding could make all the difference.

While that concludes my brief recap of BRACE’s written submissions, I would be happy to answer any questions the Committee members may have.

**Mr HAMER:** I just wanted to confirm this feasibility study—that is currently a submission for some grant funding to actually undertake that with the Federal Government; is that where that is that, or is it more advanced?

**Mr FORD:** The application for funding that will be submitted tomorrow involves Southern Otways Sustainable in a project with Mondo Power to develop a microgrid down near Apollo Bay.

**Mr HAMER:** So the submission is to develop an actual project, like a pilot project? Is that right or is it about the feasibility of developing that?

**Mr FORD:** I believe that initial study will be a feasibility study. There may be a second component, but obviously you would not advocate for that until—

**Mr HAMER:** Until you have done the initial work.

**Mr FORD:** Yes.

**The CHAIR:** In terms of the community renewable energy thoughts that you have put together for us, I am just sort of thinking through: if you have a normal kind of competitive round, there is a lot of energy invested by different community groups in making applications of which, to be frank, a vast majority of them are going to fail. Not necessarily because they are bad projects, it is just—

**Mr FORD:** The funding can only go so far.

**The CHAIR:** the funding envelope only goes so far. I am wondering, from your perspective, if we were to set a community renewable energy target whether we should be mindful of not wasting a lot of energy and being realistic and perhaps having an expression of interest process—you get shortlisted and then there is a supported application process where the department will work with the shortlisted applicants to put together the necessary planning arrangements, the business case, how these things are owned, how they are going to be operated, all of that, so that is a very detailed supported application, so that we do not see a whole truckload of applications fail not because they are not well thought through, just that there is a limited bucket. We could just focus it more and perhaps get, particularly early on, some really good wins that develop some really strong

business models that then might be replicable in other communities, if that kind of makes sense. What do you think about that?

**Mr FORD:** Completely, I agree.

**The CHAIR:** I know it is picking winners early on.

**Mr FORD:** Yes and no. The reason I agree is that actually there are elements of that suggestion that resonate and align very closely with both the experience of BRACE members and also the proposal for the community power hubs. I will come back to the community power hubs, but just to reiterate the experience of our members, although Geelong Sustainability is the largest and the most active of BRACE members, largely by dint of the fact that it enjoys a larger population, being Geelong based, than—

**The CHAIR:** Apollo Bay?

**Mr FORD:** Yes, for example. But what we find is, as you would know, the energy space is very complex. It is highly regulated. It is fast moving. It is not like an average volunteer can come into this space and hit the ground running. It takes a long time to build that knowledge and the expertise required to navigate your way through the rules, regulations, the economics, the technicals, the planning. There is a vast array of issues.

**The CHAIR:** And they certainly cannot compete in the VRET against the big global providers, can they? There is no chance.

**Mr FORD:** Not at all, no chance whatsoever. Out of that experience was born this proposal for community power hubs, because essentially their role as envisaged is to facilitate communities who want to implement projects to help them transition from that groundswell of support into actual implementation. That journey is long, it is complicated and, as Vicki said earlier, a lot of volunteers burn out in the process. It takes years. I am a member of the Surf Coast Energy Group; I have been for maybe six years now. I have seen many people come and join, excited initially by the prospect, but then over time nothing happens, in their mind, and they lose interest and leave.

**The CHAIR:** So those community power hubs, what does the process look like in terms of securing State Government support? Because they have largely been State Government funded to date. Is it an invited application process? Is it a short-listing? Is it a supported application process? Or is it completely competitive and you have got to fund a business case and all of those elements yourself with no support? How does it work, and does it have a broader application for community energy more generally?

**Mr FORD:** The Victorian Government ran a community power hub pilot program which ends this year—or no, it has ended already, it ended this year. There is no ongoing funding for that pilot. However, there is a report as to an assessment of that pilot, I believe, currently sitting on Lily D'Ambrosio's desk. I am sure she will get to that in due course. I understand there are a number of suggestions in there for how the pilot could be improved. I guess our concern at the moment is that was a great and useful exercise that now has an uncertain future.

Although the Barwon south-west region did not have a hub in its region, as there were only three—our closest was in Ballarat, although we tended to work more closely with the Bendigo hub. That is largely due to just personal connections. We have imported the mid-scale community-owned solar farm model that the Bendigo-based hub developed, and we are seeking to apply that in this 1- or 2-megawatt solar farm that we are looking to develop near Geelong. We are tweaking it because the Bendigo model was not a social access model, it was just a community-owned solar farm model, but we would like to achieve greater social equity outcomes with our project. So it layers another level of complexity because you have to have a retailer; you cannot just sign up a PPA because you need the retailer to credit the generation off the household electricity bill.

In the past, the role the community power hubs have played has been to take groups like the Surf Coast Energy Group and say, 'Look, this is the work that we have done and the collective knowledge that the sector has developed over time', and rather than start from scratch and us having to essentially reinvent the wheel, we can basically take a model and tweak it to suit our circumstances. It is probably not quite as good as having Sustainability Victoria or DELWP or whoever else in Government work very closely with us, because

obviously they have their own expertise and resources and so on as well, and I think in future a tripartite arrangement could very well work.

So coming back to your question, community energy groups have struggled to get these projects off the ground because they are complex in many ways. The community power hubs have certainly helped, but more could be done, and working closely with Government to get things lined up in ways that work for Government, I am sure the sector would be open to it.

**The CHAIR:** We have the community energy hub, which is largely solar. Should we make a recommendation potentially for one to two turbine-type programs for wind?

**Mr FORD:** Yes, it comes down to economies of scale and also the region that you are operating in. Obviously south and south-west Victoria have very strong wind resources and so—

**The CHAIR:** Sunraysia have strong solar.

**Mr FORD:** Solar, yes. So you cannot ignore that. But if communities in our region want to invest in wind, my thoughts on the matter are: would it make more sense to negotiate what is called community co-investment with larger scale developers?

**The CHAIR:** Buy a wind turbine off a—

**Mr FORD:** Exactly. So take the Golden Plains wind farm which, if it proceeds, would be a 1-gigawatt wind farm. That is massive. In fact the wind turbines themselves are huge, each individual one is huge and would cost—we are talking millions of dollars just for one turbine. So you could conceivably—and they have done this in New South Wales with the Sapphire Wind Farm—have a situation where you strike an agreement with someone like WestWind, who I think is developing that site. And we have in fact initiated discussions with them on this—and they are open to those discussions; we have not concluded them, but they are certainly willing to have dialogue—whereby we might invest a portion of the equity that is essentially community sourced and achieve much the same outcome in a more cost-effective manner.

**The CHAIR:** Adrian, you have got a minute or two to conclude, if you like.

**Mr FORD:** Thank you. I guess I would just like to say thanks for initiating this Inquiry, and for your interest and your time. I guess in concluding, BRACE is a regional alliance. It was formed because we knew there were lots of community energy groups in the region, and it is just crazy to reinvent the wheel. By coming together what we do is we share and pool our resources. We do that where we can, but the sector is complex, as I have said, and so that only takes us so far. Community power hubs, community feed-in tariffs—these are the sorts of support mechanisms that we think will help us overcome some of the barriers and the hurdles we face.

**The CHAIR:** Terrific. Thank you. That concludes our submissions for this morning, so thanks everyone for coming along.

**Committee adjourned.**