

Community Energy Plan for Regional Australia
Helen Haines MP
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Dear Ms Haines



The Australia Institute commends your national co-design process for a Community Energy Plan for Regional Australia and is pleased to contribute in the form of this submission.

Community ownership and control of energy can bring multiple benefits to regional Australia beyond what purely commercial projects deliver. When communities invest in local energy projects the profits stay in the community rather than going to investors elsewhere in the country or overseas. Community renewable energy (CRE) enterprises generally have a greater level of commitment to creating jobs in local communities including ongoing roles in management and operations. These contributions can help diversify local employment and income and therefore boost local resilience during economic shocks (like during the current pandemic).

The Australia Institute has previously published research on CRE focusing on Tasmania, titled *People power: How Tasmania can fast-track community energy*. The report examines community co-ownership as an attractive corporate structure for commercial developers of renewable energy projects. By selling a percentage share to a community-owned energy company the commercial developer generates community buy-in.

The report contains a number of broader lessons on CRE that could be of use to this process. Key points include:

The potential of community renewable energy is vast

There are numerous examples of community ownership of energy assets and in the United States of America there are 930 rural electric cooperatives that collectively own 42% of America's distribution network, covering 75% of the country.

Community co-ownership model works and is scalable

Co-ownership is the easiest way for local communities to invest in large-scale solar and wind projects. Wind projects present significant complexity around project management, electricity network and markets, capital raising and permitting issues and are unlikely to proceed without co-ownership or government support.

Policy support mechanisms

There are three important policies that could rapidly accelerate community co-ownership and other CRE ownership models:

1. Community Power Agreements to provide long-term revenue
2. Business support to CRE enterprises
3. Community benefit added to state and federal government assessment criteria for large-scale renewable energy planning and procurement

Australia's 20 remaining aging coal fired power stations must be replaced as they come up for retirement. Based on affordability, popularity and build-times it is mostly large scale solar and wind projects will fill most of the gap, especially in regional Australia. The official energy system strategy for this transition, the Integrated System Plan (ISP), will result in multi-billion dollar Renewable Energy Zones (REZ) fast-tracked in regional areas.

The NSW Government has announced a tender for the Central West Energy Zone and a state planning agency to facilitate this as a pilot zone for the ISP nationally. It is notable that the *Memorandum of Understanding - NSW Energy Package* agreed in January 2020 between the Commonwealth and NSW Governments provides for cooperation on the Central West Energy Zone.

The Australia Institute is currently engaged in a research collaboration with the Sydney Environment Institute at the University of Sydney, looking at the social and planning processes around the Central West and New England REZs in NSW. Please see attached our joint submission to the NSW Parliamentary Inquiry into sustainability of energy supply and resources in NSW, which previews our research findings.

Our interviews in the Central West and New England REZs show that communities are quite unaware of the boom heading their way. Without proper planning and benefit sharing, there is a risk that transmission and generation projects may have unnecessary negative impacts and fail to maximise the benefits for local communities.

The preliminary findings of our research warn that regional communities must be brought along the journey and share equitably in the benefits of the clean energy transition, in order to sustain its social license. We propose that CRE is the best way of maximizing local benefits, and generating community support for clean energy in regional Australian.

CRE would also contribute to building a national consensus on energy. While Australia has had a decade of political conflict over energy policy, Denmark has enjoyed a high degree of political consensus and an accelerated clean energy transition. CRE has been a key element of Danish energy policy since the mid 1970s, which is now the mandatory model for wind projects. The Danish Wind Turbine Owners' Association represents over 2000 projects which in 2012 represented around 80% of Danish wind generating capacity.

A final point to consider is one of timing. The economic impact of the pandemic has been significant and will present a number of challenges for future greenfield energy projects. However returning to the United States' Rural Electric Cooperatives, they were actually supported as part of the President Roosevelt's New Deal. Roosevelt's government offered new cooperatives 20-year loans, at an interest rate of 2.88 percent (set to the government's borrowing rate) and they took off. At the time 90% of city dwellers enjoyed the benefits of

electrification, and 90% of country households did not. By 1940, 4 times as many rural households were electrified, in big part due to rural cooperatives. The CRE model lends itself to economic stimulus projects because of the built-in obligation to deliver a public good in way that invests in the local community.

The global renewable energy transition underway is a multi-trillion dollar enterprise which could have vast benefits for regional Australia if it is well planned. CRE should be a central part of that plan.

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