

Senders: Central Victorian Greenhouse Alliance and Goulburn Broken Greenhouse Alliance

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To: Hon. Lily D'Ambrosio

Minister for Energy and Resources

Address:

Department of Economic Development, Jobs, Transport and Resources GPO Box 4509

Melbourne VIC 3001

By email: renewable.energy@ecodev.vic.gov.au.

30 September 2015

Dear Minister,

Re: Victoria's Renewable Energy Roadmap

We welcome the opportunity to comment to respond to Victoria's Renewable Energy Roadmap and congratulate the government on its ambition to establish Victoria as a leader in a clean energy future, who supports jobs and innovation.

This letter is a joint submission of the Central Victorian Greenhouse Alliance (CVGA) and the Goulburn Broken Greenhouse Alliance (GBGA). Collectively, these alliances represent a consortium of 21 regional and rural councils working collaboratively for a more sustainable low carbon future. These councils are spread across northern and central Victoria including Ararat, Benalla, Buloke, Campaspe, Central Goldfields, City of Ballarat, City of Bendigo, Gannawarra, Greater Shepparton, Hepburn, Loddon, Macedon Ranges, Mansfield, Mitchell, Moira, Mt Alexander, Murrindindi, Northern Grampians, Pyrenees, Strathbogie and Swan Hill shires.

The views contained in response represent to opinion of CVGA and GBGA and do not necessarily reflect the views of all member councils, due to the diversity and geographic spread of the membership base we represent. These views though are representative of the strategic goals of the two alliances, of which all members councils have endorsed.

Renewable Energy Target

We believe that the government should set an ambitious renewable energy target that signals the state's commitment to a clean energy future, to both the members of the Victorian business and residential community but also to the federal government.

We recognise that a short term target of 20% by 2020 may be appropriate to allow time for

the establishment of appropriate policies and programs but advocate for a more ambitious target of 50% renewable energy by 2025. We believe this target is consistent with those of other Australian states and territories and should be considered as a minimum.

Support for achieving the target

Successful achievement of the renewable energy target needs to be supported by:

- Victorian government policy which sets out a clear pathway for how the state's current dependence on fossil fuels will be replaced by renewable energy, reinforced by outcomes of the *Climate Change Act* review process
- A clearly stated vision with programs that provide incentives and support to achieve it
- Addressing the market and regulatory barriers to the uptake of energy storage
- Government advocacy to drive changes to energy market regulations - a critical aspect of this is reform of the National Electricity Objective to reflect broader consumer interests including specific emission reduction and social outcomes
- Monitoring of progress toward achieving the target and meaningful ways of communicating this progress
- Transparency of information regarding constraints and throttles in the distribution network, including capacity of transformers to inputs from excess solar generation
- Address market failures in the uptake of solar PV particularly in low income and rental households.

In addition, CVGA and GBGA encourage the Victorian Government to specifically target those market failures that lead to an under-representation of renewable energy in sectors, such as low-income residential and small businesses. These include the relatively high upfront costs of investing in renewable energy, the restricted benefits provided by current low feed-in tariffs and the split-incentive in which the benefits gained from installing renewable energy in rental properties (whether residential or commercial) are not shared equally between a building owner and the tenant.

We note the submission from the Eastern Alliance Greenhouse Action and endorse their request for state government support to develop a business case for the expansion of the Darebin Solar Savers project, of which CVGA is a project partner.

Feed-in tariffs

We support a review of the feed-in tariffs (FiTs) as a mechanism that drives positive change, as proposed by the Roadmap. The FiT should reflect a fair price that assesses all benefits of distributed generation and the value it returns to the grid, including the downward pressure on wholesale energy prices, reduced transmission and distribution costs and avoided greenhouse gas emissions. We do not believe this is achieved by the current FiTs.

Environmental Upgrade Agreements (EUAs)

We welcome the recent passage of legislation extending the availability of Environmental Upgrade Agreements (EUAs) across the state. Climate change alliances are well positioned to play a role in promoting EUAs to their member councils, however there is likely to be low uptake without (financial) assistance from the state government.

Rate capping is a significant challenge currently facing our councils and may well limit local government innovation and uptake of EUAs. The cost of administering and investing in such schemes poses a significant barrier for regional and rural councils operating within constrained financial frameworks.

The CVGA and GBGA area comprises the major regional towns of Ballarat, Bendigo and Shepparton. We believe these towns could provide useful pilots for the implementation of EUAs outside of metropolitan Melbourne and would welcome further discussion with the state government on this matter.

Bioenergy

Spanning a large area of regional Victoria, the CVGA and GBGA membership area has a diverse range of secure biomass feedstock available that could be used for energy production. Use of these biomass resources (which exist as a by-product of agricultural and manufacturing activities in our region) can provide positive environmental outcomes as well as assist with the disposal of waste products.

We encourage a strengthening of the relationship between the regional alliances and the regional waste management groups to pursue collaborative projects in this space. Both CVGA and GBGA have received significant interest from health services in adopting this technology and would welcome financial assistance from the state government to progress this further.

Virtual Net Metering (VNM)

VNM provides a mechanism for addressing barriers to precinct scale generation. There are a number of examples within the combined alliances areas where local generation schemes are currently being considered including the Newstead Community Energy Project, the Woodend renewable energy project as well as pilot investigations underway within the Swan Hill Rural City and Moira Shire Councils.

The northern Victorian landscape encompassed by the CVGA and GBGA has a high potential for solar generation. Not surprisingly, there are a number of other communities and private sector groups within the combined alliance area who are keen to kick-start community energy generation for local use. Incentives to assist the establishment of these projects would further leverage the work being done by volunteers in these communities. Again, the greenhouse alliances are well positioned to play this facilitation role and to share learnings between different communities.

Government role in facilitating the uptake of renewable energy

CVGA and GBGA supports the proposed initiative to update the state's renewable energy project and resource maps, but recommend that the scope should be extended beyond large scale wind and solar to the residential level. Specifically, we request the release of state-wide LiDAR data (held by Department of Environment, Land, Water and Planning) and related data sets and support to process this data into a GIS solar radiation layer.

Government leadership

Creating a low-emissions future is the responsibility of all levels of government, and this objective is more likely to be attained through cooperative approaches. We believe the Victorian government as a large user of electricity can show leadership by:

- (i) purchasing from renewable energy sources to encourage renewable energy generation
- (ii) installing renewable energy generation on government building stock, including government owned housing.

We would welcome collaboration between the Victorian Government and existing local government purchasing groups to create a bigger pool of users and demonstrate best practice governance at different levels of government.

We further recommend the development of a process that supports collaboration between state and local government, aligning relevant strategies and creating opportunities for common reporting mechanisms with support for further renewable energy productions and consumption.

Renewable energy advocate

We believe that the creation of a position that would provide a single, clearly identified point of contact for the further development of the renewable energy industry would be beneficial. This role could play a central part in coordinating government departments and project, addressing barriers to investment, as well as overseeing and reporting on the implementation of the Renewable Energy Roadmap.

Education and awareness

Finally, the roll out of the Renewable Energy Action Plan needs to be supported by a neutral communications and engagement program that:

- Explains climate change in clear and simple language
- Educates householders that they can make a difference
- Provides real life examples on the economic benefits of renewable technologies for industry and businesses
- Assists Victorian residents from a range of backgrounds to make informed decisions about the uptake of renewable energy technology, including understanding of different financing options.

We firmly believe the geographic location of our member councils host unique and positive opportunities to achieve Victoria's renewable energy targets and look forward to working with the state government to achieve these outcomes.

Further inquiries regarding this submission can be directed to Melanie Tranter by email at eo@cvga.org.au or by phoning (0417) 032 115.

Yours sincerely

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