

Leading Community Energy

Victoria is the national leader in community energy. Across the country, there are 105 community energy groups and 50 of these are based in Victoria. Responsive policies and programs have enabled these groups to learn about community energy and plan projects that will benefit them. These programs have unlocked a massive volunteer effort across the state that will strengthen local economies, grow clean energy capacity and improve the social license of renewables. As the peak body for the community energy sector, we commend the State Government for its efforts and encourage further action so our sector can reach its full potential.



What are the benefits of community energy?

Community energy projects are unique. They: provide proportionately large direct and indirect local benefits i.e. community funds and employment opportunities; create new pathways for environmental volunteering and climate action with strong economic and community development outcomes; and, offer a new model of engagement around renewable energy, benefitting the broader renewable energy sector.

Where are we now?

The Victorian State Government has taken commendable action over the last two terms to encourage community energy projects. Since 2015 the state government has:

- commissioned the Guide to Community-Owned Renewable Energy (2015)
- delivered the New Energy Jobs Fund (2015)
- instigated the Parliamentary Inquiry into Community Energy Projects (2016)
- funded and delivered the Community Power Hubs Pilot (2017-2019)
- created a new PiLoR methodology for community generators (2018)
- funded the Z-NET Community Transition Pilot (2018)
- funded the Renewable Communities Program (2018)
- initiated the Parliamentary Inquiry into Tackling Climate Change in Victorian Communities (2019)

Many of these initiatives have enabled the sector to become more developed and strengthened community efforts. However, we now have a large number of pilots and pre-development projects that, in the absence of federal energy policy, do not have financial or logistical support needed to reach maturity. To ensure these policy investments facilitate the development of community energy projects, the state government needs to refine its policy approach.

Our plan to mature the community energy sector involves the following aims: to ensure access for all Victorians to participate in and benefit from the energy transition; unlock mid-scale community energy projects which benefit communities, the distribution network, the environment; and, to support community-led action on climate change.

A plan to mature the sector

C4CE has consulted with community energy groups in Victoria and various affiliated organisations and recommends the following set of policies and programs to ensure the Victorian community energy sector is on a pathway to maturity.

1. Community Energy Target

- a. *Determine a carve-out of the Victorian Renewable Energy Target (VRET) for community energy of 100MW by 2025*
- b. *Establish a Feed-in-Tariff (FiT) for mid-scale community energy projects of 6-7c premium above PPA/wholesale rate for 15 years*

The proposed criteria for the CE FiT is:

- community-led project or community/developer partnership
- local shareholding inclusive of community investment (minimum 20%), including council, water authority, etc (> 50% total)
- project scale > 1MW - 10MW
- local control and decision-making power related to the project
- local distribution of the social and economic benefits generated through the project.
- project is appropriately scaled to the local environment and/or community
- project harnesses the skills and capital of the local community

2. Smart Energy Communities Program

- a. *Scale up the regional Community Power Hub Pilot*

Deploy 6 x Community Power Hubs in each DELWP region to the value of \$10m over 4 years.

- b. *Deploy strategic community energy grant funding*

\$13m over 4 years, split into:

- first projects stream for small-scale and replicable projects (~\$30k per group)
- mid-scale community renewables stream for development phase milestone-based grants for community renewables (~\$150k per grant)

- c. *Scale up the Community Transition Pilot for lighthouse communities*

Enable 5 x lighthouse communities to deploy zero-net emission masterplans and programs over 4 years to the value of \$5m (LGA scale or smaller).

- d. *Support a collaborative Community Energy Capacity Building Network*

Fund \$2m over 4 years to share the learning of these activities and build capacity across Victorian communities with the support of Sustainability Victoria.

3. Solar for All Program

- a. *Develop a Solar For All Pilot*

Fund \$750k for a Solar For All Solar Gardens pilot project for 1000 households.

- b. *Create a Solar for All Rebate*

Expand the Renters Solar Rebate program delivered by Solar Victoria to ensure locked-out energy users across Victoria can access solar at scale via a *Solar For All Rebate*.

C4CE commends the strong track record of Sustainability Victoria in supporting our emergent sector and recommends Sustainability Victoria as the state government agency that hosts the community energy portfolio on behalf of the state government.