# Submission to the Inquiry into the Australian Local Power Agency Bill 2021 and Australian Local Power Agency (Consequential Amendments) Bill 2021

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## RE-Alliance

RE-Alliance, formerly known as the Australian Wind Alliance, is a community based organisation of around 500 financial members, with an extensive online and social media following. Our members include landholders, farmers, small businesses, climate campaigners, environmentalists and members of the community. Our vision is helping to deliver a renewable energy transformation in Australia filled with sustainable, long-term community benefits for regional communities.

## Key Points

RE-Alliance:

- **Welcomes** the House Standing Committee on the Environment and Energy's Inquiry into the Australian Local Power Agency Bill 2021 (the Bill) and Australian Local Power Agency (Consequential Amendments) Bill 2021.
- **Notes** that the introduction of the Bill was preceded by the release, in May 2020, of a Discussion Paper Unlocking community energy in Australia authored by the Independent Federal Member for Indi, Dr Helen Haines MP. This was followed by the release of the Local Power Plan in September 2020.
- **Thanks** Dr Helen Haines for instigating a co-design process with experts and regional communities to "unlock the potential of community energy[1]"
- **Supports** the Australian Local Power Agency Bill 2021 (the Bill) and Australian Local Power Agency (Consequential Amendments) Bill 2021.
- **Supports** the concept of the **Community Renewable Investment Scheme** however RE-Alliance **does not** recommend a specific percentage of project ownership or a specific km radius to designate eligible communities. We recommend greater flexibility, particularly as in regions that host Renewable Energy Zones (REZs), there will be a large number of projects in a concentrated area, likely with diminishing capacity for local co-investment and co-ownership within the currently dictated parameters..

## Introduction

RE-Alliance welcomes the House Standing Committee on the Environment and Energy's Inquiry into the Australian Local Power Agency Bill 2021 (the Bill) and Australian Local Power Agency (Consequential Amendments) Bill 2021. Dr Haines is correct to note that the transformation to renewable energy is a once-in-a-lifetime opportunity for regional Australia. We thank Dr Haines for centring community engagement, benefit sharing and community investment and ownership in the Local Power Plan.

Our goal is to make sure the transition to renewable energy delivers meaningful opportunities for community enhancement to communities across regional Australia. Our work assists in creating the policy settings, the expectations and best-practice knowledge on how to deliver a just transition for regional communities.

Our submission will predominantly focus on the Community Renewable Investment Scheme, and the establishment of legislation that supports and encourages community co-investment and co-ownership in utility-scale renewable energy projects, as this is where our work most strongly aligns with the Bill.

[1] Local Power Plan, p.8

## Community co-ownership and co-investment

Perhaps the most direct way to develop a sense of ownership in the community around a new industry, is to literally enable them to become owners through co-ownership or co-investment. Co-investment describes a model in which a community investment vehicle buys rights to a portion of the earnings of the renewable energy project but has no decision-making power or control over the operation of the asset. Co-ownership, however, is where a community-owned vehicle owns a portion of the renewable energy development and plays an active role in decision making[2].

Overseas, community ownership, community co-ownership and community co-investment are commonplace for renewable energy projects, particularly wind farms, and these models enjoy high levels of community support.[3] For example, in Denmark in 2001, 86 percent of the wind turbines in the country were cooperative owned, and in 2013, 46 per cent of Germany's 63 GW of renewable energy was locally owned.[4] In the Danish private sector there has been a long established requirement of all new developments that a minimum of 20 per cent ownership is offered to the local community.[5] In general, the European wind industry found its feet through community investment and provides many examples of how the sector could be opened up in Australia.

By their very nature, such projects deliver substantial benefits to their local communities, through ownership and decision-making roles. The support for and engagement with renewable energy projects that incorporate co-ownership or co-investment opportunities show that the benefits of renewable energy go far beyond a cleaner environment, and can be enjoyed by a wide cross-section of stakeholders when an emphasis is placed on inclusion of all stakeholders, and community led development.

There is increasing interest in co-ownership and co-investment in renewable energy projects within Australia. Developers around the country are actively working with communities on this model and we anticipate that interest will keep growing.

Social licence at a local level for renewable projects is a critical pillar of the transition to clean energy. All new electricity infrastructure brings impacts for local communities. Engaging effectively and ensuring significant financial benefits accrue to impacted

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[2] Lane, T. and Hicks, J. (2017) Community Engagement and Benefit Sharing in Renewable Energy Development: A Guide for Applicants to the Victorian Renewable Energy Target Auction. p 26. Available at: https://www.energy.vic.gov.au/__data/assets/pdf_file/0027/91377/Community-Engagement-and-Benefit-Sharing-in-Renewable-Energy-Development.pdf

[3] Rueter, G. (2012) The global boom in wind energy. Available at: http://p.dw.com/p/15NVm

[4] Farrell, J. (2013) Half of Germany's 63,000 megawatts of renewable energy is locally owned. Available at: https://ilsr.org/germanys-63000-megawatts-renewable-energylocally-owned/

[5] World Wind Energy Association, (2018). Policy Paper Series: Denmark. Available at: https://www.wwindea.org/wp-content/uploads/2018/06/Denmark_full.pdf

communities are essential first steps to securing social licence. Community co-investment and co-ownership options for generation, storage and transmission infrastructure could substantially improve renewable energy project social licences.

Our team is currently focused on how the roll-out of Renewable Energy Zones (REZs) across NSW, VIC and TAS can bring meaningful, ongoing benefits to regional communities. While we can see that co-investment and co-ownership options would benefit communities in the REZs, we note that REZs create a particular context for how these options might be adopted by local communities.

The one large-scale renewable energy project to successfully deliver a crowd-funded co-investment model is the Sapphire Wind Farm, a $590 million, 270 megawatt wind farm located 28 km east of Inverell[6]. Investment was initially opened in 2017/18 on "a first-come-first-served opportunity which is only open to residents located in the Federal Division of New England. Priority will be given to wind farm neighbours and residents of the Inverell and Glen Innes Shires."[7] This call out was successful, with pledges of $7.4 million (1.2% of the project value) received from local residents. However, by the time the product offer closed, drought had hit the New England hard and many local residents were not able to proceed with their investment pledges. The investment offer was extended to all residents of NSW and the ACT[8] and ultimately, only $1.8 million (0.3% of the project value) was invested[9]. To be clear, a project of this scale completing a co-investment offer for the first time in Australia is a huge achievement which points the way to the success of such offers in the future. Nevertheless, the difficulties of obtaining sufficient community investment in such offers are real and any scheme promoting these programs needs to take these lessons on board.

A region hosting a REZ will expect to see a large number of projects in a concentrated area, with a corresponding per capita reduction in the capacity of local residents for local co-investment and co-ownership within the currently dictated parameters. Given the challenges outlined above to secure 20% co-investment in just one large scale project, it is clear that a 20% threshold for a number of co-located large projects in a REZ will be even more challenging. We recommend the Committee consider these issues.

We welcome the opportunity to share our expertise with Dr Haines, the Standing Committee on Environment and Energy, and the Federal Government to further this

[6] Other, smaller wind projects have been delivered using different models, such as Hepburn Wind, which is wholly community owned and controlled, and Kiata and Coonooer Bridge Wind Farms which have gifted investment options to local landholders. See Building Stronger Communities: Wind's growing role in regional Australia.

[7] https://domacom.com.au/syndicated-campaigns/commercial-properties/sapphire-wind-farm/

[8] https://us4.campaign-archive.com/?u=2f95c55b6364dadbfcbd689da&id=ac453fa506

[9] https://www.adviservoice.com.au/2019/07/sapphire-wind-farm-crowdfunding-completes/

goal. We would happily assist further with the inquiry into this Bill if that would be of use to the Committee.