



COMMUNITY RENEWABLE ENERGY AN UNTAPPED RESOURCE

The Greens' plan to give communities control over their energy future

People everywhere care about climate change and want to be part of the solution. Community owned renewable energy cuts pollution, creates local jobs, lowers powers prices and gives people control over their energy future.

Community-owned renewable energy is already powering many parts of the world. The global wind power industry was born in Denmark out of farming communities coming together to develop and invest in local sources of renewable energy. Similarly in Germany, many rural villages jointly own small run-of-the-river hydro systems or bio-energy. In the United States, apartment dwellers without roof space invest in solar panels installed in parks and on community buildings.

Australia has examples of successful community owned renewable energy projects, and there is a track-record of community-owned infrastructure in other sectors (e.g. dairy farming, irrigation), but the enormous potential for communities to come together and take charge of their own energy production has barely been tapped.

Community-owned renewable energy allows farmers, city residents and local communities to invest in clean energy with benefits such as:

- Sustainable regional development, with local jobs and profits staying in the area.
- Greater community participation in the project – improving agreement about site installations.
- Access for groups (especially renters for example) that are unable to benefit from their own renewable energy.
- Community support for renewable energy through direct involvement, experience and ownership.
- Reduced greenhouse gas emissions and local air pollution.

> UNLEASHING COMMUNITY ENERGY

The Australian Greens will help overcome a range of barriers by creating a \$100 million Australian Community Renewable Energy Program.

Our Community Renewable Energy Program will:

- **Help local groups access specialist expertise** in the early stages of a community energy project, from feasibility studies to project management;
- **Help communities find finance for their project** and negotiate power purchasing agreements to make sure their energy is used.

This seed-funding program will open up the opportunity **for hundreds of thousands of Australians to own and benefit from a wide range of renewable energy opportunities** – from rural areas with good wind resources to community solar parks for inner-city renters.

The program will allocate \$100 million over five years from 1 July 2014 to the existing Australian Renewable Energy Agency (ARENA) to run a competitive tender program supporting the development of community-owned renewable energy projects through feasibility grants, project management and specialist expertise to a point where they have a solid business model and are ready for community investment.

This will open up the chance for hundreds of thousands of Australians to own and benefit from a wide range of clean energy opportunities.



Once community groups demonstrate that their project is feasible, ARENA could work cooperatively with the existing Clean Energy Finance Corporation (CEFC) to assist them to source concessional finance. Both ARENA and the CEFC would be able to assist individual proposals as well as clusters of community renewable energy projects.

> OVERCOMING THE BARRIERS

A recent 'Expert Review' by the CEFCⁱ noted community and regional generation projects could play an important role in building renewable energy capabilities and in the transition to a low-carbon economy.

However, there are major barriers to community renewable energy projects. For example, it can be very challenging for communities to raise the upfront capital prior to planning approval as they are viewed as high-risk by debt providers and the scale of capital requirements is too small for institutional investors like superannuation funds.

The CEFC expert review noted:

"They require early stage development work and lack a strong balance sheet and a performance history to attract the necessary bank financial support. Community based projects may need a package of assistance where the project initially progresses through local community efforts and seeks to attract grant funding. At the later stage of project development, when the community organisation is ready to apply for bank finance, the CEFC could work with a financial institution to aggregate a number of community projects."

Hepburn Community Wind Park

The Hepburn Community Wind Park is Australia's first community owned wind farm, near Daylesford in Victoria. The 4.1 MW wind farm comprises two turbines and started operating in 2011.

Red Energy, a retailer owned by Snowy Hydro, purchases the output of the wind farm. A proportion of the revenue from the sale of electricity, plus a contribution from Red Energy, goes to community projects through the Hepburn Wind Community Fund. Per turbine, the fund is the most generous community fund of any wind farm in Australia and is projected to provide well over \$1m to local sustainability projects over the next 25 years.

The project's financing comprises:

- capital from its ~2000 members— \$9,640,225
- Sustainability Victoria RESF grant — \$975,000
- Regional Development Victoria RIDF grant — \$750,000
- Bendigo and Adelaide Bank loan (10 years, not fully drawn) — \$3,100,000
- a debt guarantee from Embark Australia — \$1,000,000

> OUR AUSTRALIAN COMMUNITY RENEWABLE ENERGY PROGRAM

Like all early-stage technology, seed funding is required to demonstrate and kick-start a community renewable energy sector.

The objective of the \$100 million Australian Community Renewable Energy program is to develop a pipeline of many community renewable energy projects of different scales, technologies and ownership models for the CEFC to aggregate, provide concessional finance and negotiate loans with banks.

The program would work as follows:

- The Australian Renewable Energy Agency (ARENA) would be allocated \$20 million each year for five years for the Australian Community Renewable Energy Program. Unspent funds could be rolled into future years, noting that ARENA will be in place until 2020.
- Community groups would apply for funding from ARENA through rounds of competitive tenders.
- Staged funding would be provided upon completion of project milestones from pre-feasibility through to planning approval.
- The program would also fund external service providers to support projects with technical expertise and project management support.
- Once project feasibility has been demonstrated ARENA could collaborate with the CEFC to locate finance. In addition the CEFC could, for example, provide power purchase agreements. The CEFC Expert Review noted they could take on some 'electricity price risk'. Community Renewable Energy projects are low-risk as they generate small amounts of power, a fact which also makes it extremely difficult for them to negotiate a power purchase agreement with electricity retailers.

> OTHER PARTIES

Neither of the old parties is prepared to commit to facilitating the development of a thriving community renewable energy sector.

The Coalition in particular has created significant uncertainty for clean energy investors.

Tony Abbott claims to support the Renewable Energy Target but refuses to answer the crucial question: will the Coalition support the current RET for 41,000 gigawatt hours of clean energy by 2020?

Further, the Coalition has stated that they want to abolish the Clean Energy Finance Corporation and dishonour the contracts it signs with investors.



> THE GREENS' 100% CLEAN ENERGY ROADMAP

The Greens' are the only party with a plan to get to a 100% renewable Australia. We know that much more must be done to encourage clean energy investment in Australia.

While the old parties chop and change their plans on pollution pricing and clean energy, the Greens' 100% Clean Energy Roadmap sets out a framework to build an Australia powered by the wind, sun and waves.

The Roadmap has three pillars:

- **Power Australia with at least 90% renewable energy by 2030**, by increasing the Renewable Energy Target. This will give investors the certainty and stability they need to plan.
- **Increase Clean Energy Finance to \$30 billion**, \$3 billion per year for ten years, to drive more change and private investment.
- **Frame a national energy grid** to make planning clean energy possible.

The Greens also have detailed plans to:

- **Make sure solar owners are paid a fair price** for their clean power.
- **Put downward pressure on energy bills** by saving energy and reforming our tired grid.
- **Connect clean energy hotspots** in our regions to the national energy grid.
- **Help energy-intensive farmers install clean energy** to power their operations, and save money & energy with efficiency.
- **Invest more in preparing for extreme weather events**, funded with a \$2/tonne levy on thermal coal exports.

The Australian Renewable Energy Agency and the Clean Energy Finance Corporation

ARENA's objectives are to provide financial assistance for:

- *the research, development, demonstration, deployment and commercialisation of renewable energy and related technologies*
- *the storage and sharing of knowledge and information about renewable energy technologies.*

ARENA is an independent statutory authority; no Government should dictate how it should allocate its funds. The Greens' will reverse Labor's budget cuts to ARENA and protect the CEFC from an Abbott Government.

The CEFC's objective is to "accelerate Australia's transformation towards a more competitive economy in a carbon constrained world, by acting as a catalyst to increase investment in the clean energy sector."

It has guaranteed financing of \$10 billion over five years and it will operate like a traditional financier, working collaboratively with co-financiers and project proponents to seek ways to secure financing solutions for the clean energy sector. By working with private sector co-financiers, the CEFC aims to both leverage the total amount of funding available and to enhance the expertise and capacity of the financial sector to fund clean energy.

ⁱ<http://www.cefcexpertreview.gov.au/content/Content.aspx?doc=report/default.htm>