



# Briefing paper: Community-owned Renewable Energy

## Overview

In Australia many energy consumers through no fault of their own are unable to put solar on their roof and in turn, fully participate in the clean energy transition. This may be because they rent, live in apartments, have shaded roofs, or simply can't afford the full cost of a solar system. One of the most exciting ways to address this equity issue is through the development of community-owned renewable energy (CORE). CORE projects are where households and businesses can own shares, or a number of panels on a solar or other renewable energy system outside of the bounds of their own home, and receive a financial return on their investment. These projects also have many non-financial benefits including increased energy literacy, local economic development and resilience and more.

This briefing paper outlines the wide-ranging benefits that CORE projects typically deliver and the exciting role they could play in the Australian energy system, particularly with respect to increasing clean energy accessibility and affordability. To make CORE viable in Australia the following policy support is needed:

- Establishment of ongoing **grant funding programmes**,
- the formation of a dedicated team within government to support community energy projects, including helping to deliver elements of the National Community Energy Strategy and ensuring **regulatory barriers across all areas of government are removed**,
- funding and policy support for **capacity building training and support structures**,
- introduce supporting policies to ensure a **fair price is paid for community-owned renewable energy**, and
- help CORE projects gain **access to host sites**, particularly through **making public buildings available**.

This briefing paper has been developed as part of the Renewables for All project.

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## Description of Community-owned Renewable Energy

The greatest challenges facing Australian society are highly complex, and will require our best innovation to address. Adapting our economy to a rapidly changing world, rising to the challenge of action on climate change, addressing energy affordability: these all require more than just a 'business as usual' approach.



Community-owned renewable energy is a highly beneficial and innovative solution for people who would like to invest in renewable energy but can't do so on their own property due to renting, unsuitable roof or living in an apartment.

CORE, also known as 'community energy', refers to projects where a community group initiates, develops, operates and benefits from a renewable energy resource or energy efficiency initiative (NCES, 2015). Community groups are formed based on a common interest or geographical region such as a town or a suburb.

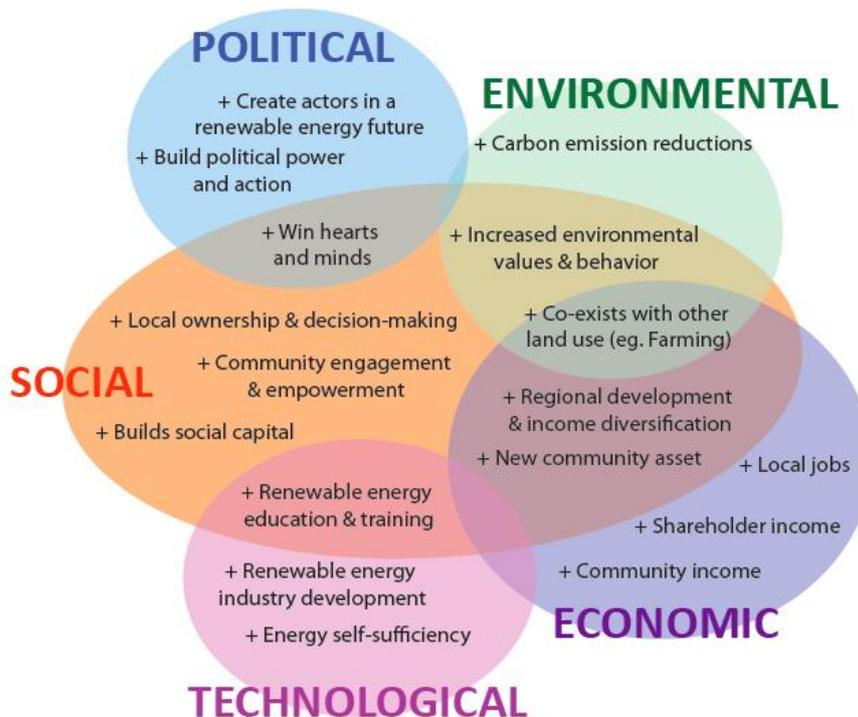
CORE projects have been developed across a range of technologies (e.g. solar PV, wind power, bioenergy), and are usually initiated by a small group of locals and offer community members but also the wider public the opportunity to engage and invest typically between \$100 to \$20,000 (though in some cases more) in a renewable energy project. As an ethical investment opportunity the projects typically yield a 4-10% dividend and as such can be quite attractive.

In Australia, CORE is the most common approach for community participation in new energy technologies beyond household scale with more than 20 CORE projects currently operating. Hosts for such projects are usually community halls, leisure centres, commercial buildings as well as farmland or other unused plots of land.

### What are the benefits?

*It is now possible to support clean energy so that thousands of local people have a financial stake in each project, thus becoming vocal champions for new energy.*

CORE projects offer a range of economic, environmental and social benefits. Every project is different, being tailored to each community's specific needs. From local job generation, strengthening of 'community connectedness', local ownership of energy production, to action on climate change, CORE delivers a wide range of benefits back to the community where it needs it most. People can invest into medium-scale renewable energy projects and receive a return on investment from favourable interest rates. Furthermore those projects offer an option to participate in community activities and help to increase energy literacy and knowledge about renewable energy. Being community-owned, or part community-owned, increases the social licence to operate, especially for large-scale developments. As shown in the diagram below, CORE provides a wide range of tangible benefits across many aspects of society:



J Hicks & N Ison (2012) "Community Energy Generation", in Shepherd, A., Allen, P. and Harper, P. *The Home Energy Handbook: Powys*, Centre for Alternative Energy.

Over the last five years various models of community energy have emerged in Australia as primary enablers for diverse segments of our communities to come together to access clean energy solutions by reaching beyond the bounds of a property.

## Status

The community energy sector in Australia is large in both potential and ambition. With the right policy support at all levels of government, the sector has the potential to engage millions of Australians in future energy issues, bringing the benefits of the clean energy transition to as many Australians as possible.

- There are currently over 70 community energy groups in Australia, having grown from just one group in 2010 (Hepburn Wind).
- Similar levels of growth have been observed in countries such as Scotland and Germany.
  - Germany's energy transition of the last 15 years has resulted in 33% of their energy production capacity being based on Clean Energy ([Bundesverband Erneuerbare Energien, 2015](#)). 46% of Germany's clean energy capacity is owned by citizens and communities (Renewable Energy Agency, 2013).
  - Scotland has over 290 community energy groups ([Community Energy Scotland, 2015](#)), starting from a base of close to zero just 11 years ago.

At present, CORE is supported by State government policy in New South Wales, and most recently in Victoria. At the time of writing, details of Victoria's New Energy Jobs Fund have been announced, including priority support criteria for community-based new energy initiatives like CORE.



In NSW, supporting CORE projects was identified as a key action in the State's Renewable Energy Action Plan. As a result there are eleven operating CORE projects within NSW and more than 28 groups developing projects. To date, the NSW Government has provided over \$1.2million in funding for CORE pre-feasibility and feasibility studies spread over 25 groups. While the NSW Government has been very supportive of community-owned renewable energy, there remains a number of significant barriers, and the same can be said and magnified when examining conditions for community energy in other States.

## Barriers to CORE

Despite the significant cultural and regulatory barriers facing CORE projects, strong momentum from a vibrant and growing CORE sector continues. However, several significant regulatory and other barriers still exist, including issues around CORE projects gaining access to host sites, achieving affordable grid-connection, lack of start-up funding, a fair price for the energy they generate, access to 'host sites' and investor limits and disclosure issues associated with ASIC regulations.

Many community energy groups also suffer from capacity constraints and would benefit strongly from access to capacity building training and mentoring, and standardised legal documents, financial modelling tools and shared administrative services. The provision of funding and policy support to increase the capacity of the sector will enable CORE groups to harness the best expertise and experience available and share this knowledge and insight with communities developing new projects. The community energy sector is an extremely collaborative, meaning any capacity building will have significant reach across the sector. Specifically, capacity building programs would aid existing groups to:

- minimise duplication of effort, share information, build capacity and grow the community energy sector as efficiently and effectively as possible; and
- leverage public, private and community finance and funding for the sector; and ensure that the community energy sector does not stall due to shifting Federal policy environments

## Examples of CORE in Australia

**Repower Shoalhaven One** – is a small-scale community-owned solar array on the Shoalhaven Heads bowling club on the South Coast of NSW. The Repower Shoalhaven model uses a proprietary limited company Special Purpose Vehicle (SPV) legal structure to enable up to 50 community members to co-invest in a project (though no more than 20 per year). For the first project 20% of the system was financed and owned by Shoalhaven Heads Bowling and Recreation Club, with the remaining 80% financed and owned by community members/shareholders.

**Hepburn Wind** - Australia's first CORE project Hepburn Wind is co-operatively owned by 2000 members, the majority of whom are local. With 2 x 2.05 MW turbines on Leonards Hill, near Daylesford, Central Victoria, it produces approximately 11,000 MWh per year; equivalent to 2000 homes. Its 'Benefit Sharing Model' includes a Community Fund, focused on sustainability with more than \$1m over 25 years pledged to go back in to the local community.



## Specific asks

- Establishment of an ongoing **grant funding programme** including the formation of a dedicated team to support community energy projects, help deliver elements of the [National Community Energy Strategy](#), and ensure that **regulatory barriers across all areas of government are removed**
- Funding and policy support for **capacity building training and support structures**
- Introduce supporting policies to ensure a **fair price is paid for community-owned renewable energy** (see Renewables for All Solar Gardens Policy Briefing),
- Help CORE projects gain **access to host sites**, particularly through **making public buildings available**. The potential for public buildings local to community solar projects to be utilised by these iconic projects is significant and remains an exciting untapped opportunity.

## For further information contact:

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