Background - Smart Energy Communities Program - Regional Energy Hubs

Across Australia, well over 5 million people live under solar roofs and already over 100 innovative community energy groups have sprung up across the nation. There are thousands of Australians willing and able to get local renewable energy projects going in their communities, particularly in rural and regional areas. However, they lack the legal, technical and financial support to deliver these projects. This means communities are missing out on local jobs and opportunities to reduce power bills while cutting greenhouse gas emissions. Some people are missing out on the clean energy boom all together.

The Coalition for Community Energy defines community energy as:

"The wide range of ways that communities can develop, deliver and benefit from sustainable energy."

Regional Energy Hubs would leverage the efforts of existing volunteers, willing contributions from the private sector and community enthusiasm for renewables, to support all Australians to access innovative and emerging energy technologies such as solar + battery storage.

The Smart Energy Communities Program with Regional Energy Hubs at its core would help ensure that all Australians, no matter what they earn or where they live, are able to take control of their power bills and access affordable, clean and renewable electricity. Modelling undertaken by Marsden Jacobs and Associates found that, given time, community energy projects could leverage $17 of community funding for every $1 of government funding.

Why we need Smart Energy Communities Program?

With the renewable energy boom underway in Queensland, there is huge potential to increase the social impact of renewable energy projects. To do this requires a more sophisticated approach to community engagement and benefit sharing, brokering partnerships between renewable energy developers and the local community.

Regional energy hubs could play the role of broker between communities and developers, establishing projects that the community supports, is appropriate and the community can invest in and benefit from financially.

This is the type of sophisticated approach that is needed to grow social licence in the renewable energy sector in Queensland.

What is a regional energy hub?

Regional Energy Hubs are regional organisations, that leverage the efforts of existing community energy volunteers, willing contributions from the private sector, community enthusiasm for renewables and government funding, to support all Australians to access innovative and emerging energy technologies such as solar and battery storage.

To start off, these Hubs would have funded staff with technical, legal, community engagement and finance expertise working to develop partnerships with councils, funders, technology providers and other stakeholders to deliver a range of new renewable energy business models that would deliver a just and speedy transition to clean energy. They would also provide support and advice to local actors such as farmers, community energy groups, small business and more.

These Hubs would be connected to regional institutions such as councils and regional development organisations and would deliver programs that were relevant to their region. The Hubs would also be connected through a state-wide and ultimately national network, to ensure that the lessons learnt in one region do not have to be re-learnt elsewhere.

Projects eligible for funding in communities across Australia could include:

- 'Solar gardens' for renters
- Farmer bioenergy hubs
- Low-income energy efficiency (including retrofits of existing social housing stock)
- Solar programs using innovative finance like council rates programs
- Community wind farms
- Local clean energy fair days and open days and more

Landcare for Clean Energy

The Regional Energy Hubs can be thought of as Landcare for Clean Energy. The National Landcare program that the NSW Government has supported for more than 25years, consists of 56 NRM organisations, supporting thousands of volunteer Landcare and Coastcare Groups, connected by a National Landcare Network.

The opportunity that a similar program in the local clean energy space presents, is greater opportunities for co-funding and financing. That is for the Regional Clean Energy Hubs to become more finanically self-sufficient over time.

Box 1: A Regional Energy Hub in Practice – Moreland Energy Foundation

There are many community energy enterprises implementing innovative community energy projects and programs, but Moreland Energy Foundation is the longest running and a model many communities are trying to emulate.

Moreland Energy Foundation (MEFL) was founded as an independent NFP in 2000 by Moreland Council with revenue from the forced privatisation of the council-owned Brunswick Electricity Supply Department. The Brunswick Electricity Supply Department pioneered a range of world-leading energy efficiency and clean energy programs in the 1980s and MEFL continues that legacy to this day. MEFL is Australia's leading organisation in the implementation of clean energy programs that deliver real value to councils, communities, businesses and households, particularly low-income households.

For example, in partnership with Darebin Council and Energy Matters, MEFL implemented Australia's first residential rates-financing program for solar. The Darebin Solar $avers project installed solar on 300 low-income pensioners' roofs in Darebin (a suburb of north Melbourne). The participating households are better-off from day one. They paid zero upfront for the solar and pay back the cost through their council rates over 10 years, with the additional rate payments coming to less than the savings on their electricity bills.

How could a Smart Energy Communities program be delivered?

We envisage a Smart Energy Communities program being set-up in two phases:

- Phase 1 – piloting three Regional Energy Hubs for 2-years
- Phase 2 – scaling up operations at these three pilot hubs and establishing seven additional Hubs across Queensland

We see the Regional Energy Hubs program being complimented by an ongoing **Community Energy Grants Program** and a **Capacity Building Network**.

Phase 1

We propose the program to start with setting up five pilot Hubs. We suggest that Cairnes, Townsville and the Sunshine Coast could be good locations. These are hotspots of broader renewable energy activity and are also politically relevant.

The proposed outcome of these two year pilots would be:

- Five functioning regional energy hubs, with a well established governance structure
- At least one successful new clean energy initiative/project in each of the five regions
- A solid business plan, for how the Regional Energy Hub will secure matching funding in the 2-3 following years.

Table 1. Suggested budget for initial phase

Item	Amount
Regional Energy Hub staff and core costs	$1million/year/hub
Energy project funding	$500k/hub/year for 2 years
State-wide network funding for capacity building, resource development and info sharing	$500k/year for 2 years
Total	**$16million**

Phase 2

In Phase 2 of the Regional Energy Hubs program, we envisage three streams of work:

1. Providing matching funding to the established five Regional Energy Hubs, if they have successfully achieved the stated outcomes of the program outlined above.
2. Establishing five new pilot Hubs across the state. These should similarly receive $1million for two years set-up plus energy project budget and then be eligible for matching funding after 2-years.
3. Continue to resource and participate in a state-wide network to support the 10 Regional Energy Hubs and grow the capacity of hopefully hundreds of local energy initatives, projects and groups (see the grants program outlined below).

We hope that the Regional Energy Hubs program can be even more successful and long-lasting than Landcare has proven to be.

Community Energy Grant Program

Community Power Agency proposes that the Queensland Government establish an ongoing grant program with more regular funding rounds to support innovative local and community energy projects across the state, not only in the pilot Regional Energy Hub locations. We suggest that the grant program should be structured into three areas:

1. Funding for **community energy pre-feasibility/feasibility studies**. This would be for community energy groups and potentially other local energy actors such as farmers to access funding to determine whether their project ideas are feasible, technically, socially and financially. These grants should be capped at $30-50k per project and may be as small as $10k per project.

2. Funding should be made available to **develop new models of community energy**. This would be for groups or organisations that have a proven track record in

delivering successful community or socially beneficial energy initiatives, who have an idea for a model that is not currently operating in NSW. Funding should be capped at $150k per new model.

3. Finally funding should be made available to consortiums of organisations to develop and implement **Zero Net Energy community plans.** Building on the success of the Zero-Net Energy Town Blueprint for Uralla and Hepburn Shire, there are communities across Queensland that are looking to become more energy self-sufficient and carbon neutral. We suggest that Queensland make grant funding available to support these communities to develop and implement plans to move their community to zero-net energy/emissions. Funding should be capped at $400,000, with work likely to be needed over at least 3-4years.

Grant funding in categories 2&3 should be milestone based, with funding only released when milestones are achieved.

Capacity Building Network

We propose that the Smart Energy Communities Program also includes a Capacity Building Network. This Network would ensure that models, business plans, implementation strategies developed are shared across the Regional Energy Hubs established, as well as more broadly to regions and communities that were not successful in receiving start-up funding. The Network would also be tasked with developing case-studies, running trainings and a bi-annual conference.

In addition, the provision of, information or education about, and the implementation of community clean energy projects to the Environmental Register criteria.

Total Program Costs

Overall, the Smart Energy Communities Program would require a minimum investment of $45 million in state funding over the forward estimates period and a total of $98 million dollars over 10 years.[1] It is critical that, as with Landcare, there is a decade-long commitment, to ensure that long-term support programs, particularly for vulnerable households, can be implemented.

In this space, it has been a case of too many pilots and not enough airplanes. A long-term, well-funded Smart Energy Communities Program would make the local transition to clean energy fly, while ensuring that all Australians, no matter how much they earn or where they live, are able to take control of their power bills and access affordable, clean and renewable electricity.

Further, modelling conducted by Marsden Jacobs and Associates suggests that the project funding provided would leverage between $10-$17 of community investment in clean energy for every $1 of government spending. Matching funding requirements in the operation phase of the Regional Energy Hubs would require *at least* $1 of matching fund for every $1 of government funding and this does not include the thousands of volunteer hours that will be leveraged through the program.

The Smart Energy Communities Program would ideally be implemented as a partnership between federal and state governments. However, in the current absence of federal leadership, states could pilot their own programs, as Victoria and NSW are. Over time, the

[1] Costings N. Ison analysis.

Smart Energy Communities Program would leverage community, local government and private investment through a range of innovative approaches.

Suggested budget

Item	Amount 4-years	Amount 10-years
Regional Energy Hub Set-Up	$20,000,000	$20,000,000
Regional Energy Hubs Matching Operational Funds	$10,000,000	$40,000,000
Grant funding program*	$13,000,000	$33,000,000
State-wide capacity building network	$2,000,000	$5,000,000
Total	**$45million**	**$98million**

Unlocking more than community energy

Just imagine if there were clean energy organisations across Australia at the scale of Landcare with the energy skills of MEFL.

The Smart Energy Communities Program would, through the Regional Energy Hubs, provide legal and technical expertise and start-up funding to help kick-start DIY clean energy projects in towns and suburbs across Australia.

As Naomi Klein puts it, when it comes to local energy “there are no hard-and-fast formulas, since the guiding principle is that every geography is different and our job... is to ‘consult the genius of the place’.” That is why we have suggested Regional Energy Hubs located in 10 places across the state and a total of 50 across the country. That way, the programs delivered can be tailored to the needs and opportunities specific to that region. It is also at a scale that is manageable, not too costly – as would be the case with hubs located in every community – but not so few as to be distant from the people and organisations on the ground. The National Network, would then act as a way to ensure information is shared across the country and reduce reinvention of the wheel.

For more information:

Contact Nicky Ison – nicky@cpagency.org.au, 0402 0345 80.