

Policy Brief: Smart Energy Communities Program - Community Power Hubs

The Energy Transition

Across Australia the transition is underway, well over 6 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.

A range of actors are looking to participate and benefit from the transition to clean energy from farmers to local councils, community groups to small business. Unlocking the resources – land/roof-space, finance, staff time of these organisations will not only speed up the transition to clean energy in Australia, it will build social and political support for doing so.

Community Power 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 Community Power 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.

Already we have evidence of the value of this approach. Sustainability Victoria's two-year trial of three regional Community Power Hubs delivered 15 community energy projects, 1.35MW of renewable energy and generated \$14.5million of value equating to a 13-1 leverage of government investment.¹

Why we need Smart Energy Communities Program

With the renewable energy boom underway across Australia, 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.

Community energy – bringing together families, communities, small business and landholders to develop, own and benefit from local renewable energy projects – offers broad opportunities for participation in the transition to a clean energy future.

Community Power 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 regional areas.

¹ Sustainability Victoria, 2019, Community Power Hubs Pilot Program final evaluation
https://www.energy.vic.gov.au/data/assets/pdf_file/0028/464914/CPH-Evaluation-Summary-Report.pdf

What is a Community Power Hub?

Community Power Hubs provide the coordination, expertise and funding needed to implement clean energy initiatives. They would leverage existing on the ground organisations, and provide dedicated 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. They would also provide support and advice to local actors such as farmers, community energy groups, small business to take up renewable energy and energy efficiency initiatives.

These Hubs would be connected to regional institutions such as councils and regional development organisations and would deliver programs that are relevant to their region. The Hubs would also be connected through a national Smart Energy Communities 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 Community Power Hubs can be thought of as Landcare for Clean Energy. The National Landcare program that the NSW Government has supported for more than 25 years, 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 Community Power Hubs to become more financially 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 City 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 Savers project installed solar on 300 low-income pensioners’ roofs in Darebin (a suburb of 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.

Proposed Smart Energy Communities program costings

We envisage a Smart Energy Communities Program being delivered in two phases across 10 years:

- Phase 1 – piloting 10 Community Power Hubs over 2-years across Australia,
- Phase 2 – scaling up operations at the pilot Hubs and establishing additional Hubs across Australia to a total of 50 Hubs for a period of 8 years.

Additionally the Community Power Hubs program should be complimented by an ongoing **Smart Energy Communities Network** to build capacity to ensure the that models, business plans, implementation strategies developed are shared across the Community Power Hubs established, as well as more broadly to regions and communities that were not successful in receiving start-up funding.

The Smart Energy Communities Network would also be tasked with developing case-studies, running trainings and a bi-annual conference.

Phase 1 – Pilot stage

We propose the program to start with setting up a total of 10 pilot Hubs with two each in regional areas of Queensland, New South Wales, Victoria, and one each in Tasmania, South Australia, Western Australia and Northern Territory.

Each Hub would receive funding to administer a grants program offering:

- Seed grants for small-scale renewable energy projects by new or early stage community groups between \$5,000 to \$20,000 per grant
- Enablement grants up to \$50,000 for pre-feasibility/feasibility studies or development costs of new projects
- Milestone based grants for up to \$150,000 for groups or organisations that have a proven track record in delivering successful community or socially beneficial energy initiatives, to pilot a model that is not currently operating.

The proposed outcome of these two year pilots would be:

- Ten functioning regional energy hubs, with a well established governance structure
- At least one successful new clean energy initiative/project completed in each of the twelve regions
- A solid business plan for least one additional renewable energy project in each region.

Suggested budget for initial phase

Item	Pilot phase (2 years)
Community Power Hub staff and core costs	\$600k/hub/year
Grants program	\$500k/hub/year
Smart Energy Communities Network staff & program costs	\$500k/year
Total	\$23million

Phase 2 – Expansion stage

In Phase 2 of the Community Power Hubs program, we envisage three streams of work:

1. Providing matching funding to the established Community Power Hubs, every two years for the following eight years if they have successfully achieved the stated outcomes of the program outlined above.
2. Establishing twelve new pilot Hubs across the country every two years until 50 Hubs are in operation. These should similarly receive \$1million for two years set-up plus energy grants budget and then be eligible for matching funding after 2-years.
3. Continue to resource and participate in a national network to support the 50 Community Power Hubs and grow the capacity of hopefully hundreds of local energy initiatives, projects and groups. Funding for the Network to expand with additional Hubs is required

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

Total Program Budget

Overall, the Smart Energy Communities Program would require a minimum investment of \$46 million in federal funding over the forward estimates period and a total of \$292.2 million dollars over 10 years.² 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, recent evidence from the Sustainability Victoria Hubs pilot program demonstrated that for every \$1 of government funding equated to \$22 of value³.

Suggested costings

Item	2 year pilot costs	Total over 10-years
Community Power Hub Set-Up	\$12million	\$139.2million
Grant funding program	\$10million	\$116million
National Smart Energy Communities Network, expanding every 2 years	\$1million	\$10million
Total	\$23million	\$292.2million

Imagine if clean energy organisations were across Australia at the scale of Landcare with the energy skills of MEFL. This is the potential of a Smart Energy Communities Program.

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² Costings K. Walters analysis.

³ Sustainability Victoria, 2019, Community Power Hubs Pilot Program final evaluation
https://www.energy.vic.gov.au/data/assets/pdf_file/0028/464914/CPH-Evaluation-Summary-Report.pdf