



PO Box 275
Waverley NSW 2024
www.embark.com.au
ABN 76 140 094 882

27 January 2016

GreenPower
Sustainable Energy Unit | Operations & Programs | Division of Resources & Energy
NSW Department of Industry
Level 11, 323 Castlereagh Street
Sydney, NSW 2000

By email: greenpower.admin@industry.nsw.gov.au

Submission for GreenPower Rule Changes

Embark welcomes the opportunity to provide a submission to the GreenPower Program Rules Version 10 consultation.

Embark is a not-for-profit body established to facilitate the development of a vibrant community renewable energy sector in Australia. Inspired by the success of Hepburn Wind, Australia's first community owned wind farm, many other communities are keen to participate in, and benefit from, the transition to a low carbon economy. A list of [current projects and groups](#) can be viewed on the Embark Wiki.

Embark has reached financial close for a pilot community solar project, Sydney Renewable Power Company (SRPC). A feature of the renewed harbour, the forthcoming International Convention Centre, Sydney (ICC Sydney) will host a 520 kW community solar project. The community solar project will be built as an integrated aspect of the entire site development, due for completion in 2016. For this project, Embark has led the commercial negotiation and structuring, and has commenced design and implementation of the issue of shares to community investors.

What is Community Energy?

Significant community ownership of renewable energy infrastructure has been integral to the broad acceptance and therefore deployment, of clean energy technologies in countries such as the UK, USA, Germany, Canada and Denmark.

Community Energy ("CE") projects are initiatives that empower communities to invest in local solutions which help mitigate the global challenge of climate change. Such projects create environmental 'leadership by example' and provide lasting economic benefits to regional and urban communities.

CE models are motivated by more than commercial success. Whilst CE projects need to be financially sound and many (though not all) provide a return on investment, they are not purely commercial projects. That is, CE projects aim to provide outcomes and benefits beyond just financial returns.

Given the multiple (i.e. financial and non financial) aims of CE projects, the fact that they are often one-off and the small size, these projects typically require a degree of volunteer time, pro-bono and in-kind contributions to be successful.

There are a number of key components which contribute to the financial viability of a CE project:

- Size of project (in Kw of generation capacity)
- Level of volunteer contributions;
- Level of costs incurred in establishing a project;

- Method and cost of raising project funds;
- Level of costs once the project is operational; and
- Level of project income.

Proposed Rule Change: Support for Community-owned GreenPower Generators

Many projects are designed and managed by volunteers. The resources, both in terms of time and cost, to deliver a GreenPower Generator application and adhere to the compliance activities over the life-cycle of a project (25 years plus), is onerous for a community group developing a relatively small project and in many cases impacts the financial viability.

Embark strongly supports the proposal that eligible renewable energy generators that demonstrate community ownership will have their annual accreditation fee waived or reduced by 50% depending on the generator size.

In regards to the proposed definition of a Community-owned GreenPower Generator, whereby no single investor in the GreenPower Generator should own more than 20%, Embark does not support this classification. In particular, mid-scale community energy projects may have an underwriting facility or an impact investor that may equate to over 20%. Given that the application must include details of the ownership structure and governance model, GreenPower will be able to analyse the authenticity of the application without the 20% classification. Many projects are utilising a co-operative model, or a company model with a co-operative constitution underneath it to ensure that all members are democratically equal, regardless of shareholding size.

Embark also refers to the Hepburn Wind submission to the GreenPower Review in 2015, whereby they discuss fee options for becoming a GreenPower Provider and having accredited LGC products. We support the following recommendation of removing the annual fees for CE projects and utilising Option 5 from the [GreenPower Transition to Full Industry Funding Consultation Paper December 2012](#) as a suitable formula for CE providers.

“Option 5 incorporates a volumetric fee charged to each GreenPower Provider based on their proportion of the aggregate GreenPower sales volume in the Program for a particular year (\$ per MWh). With an indicative fee \$0.24 per MWh this is a viable pathway for inclusion of community energy projects in the GreenPower program. A threshold could also be incorporated into this model.


Quarterly reporting and annual auditing could be replaced by a simpler process that incorporates the community energy projects annual audited accounts with an annual GreenPower report to reduce the administrative and financial burden for both parties.”

We hope this additional rule change will be considered in the near future as another way to increase community energy participation in the GreenPower program.

Conclusion

We commend GreenPower on proactively reducing the barriers faced by the community energy sector and enabling broader participation in the GreenPower Program.

We strongly believe that a vibrant community energy sector is an economically efficient way to unlock the power of the community to support the roll-out of renewables. The potential of community energy to deliver this is an untapped opportunity and we welcome the accessibility that this rule change generates.

A handwritten signature in black ink, appearing to read 'Andy Cavanagh-Downs', is centered within a light gray rectangular box.

Andy Cavanagh-Downs
Embark Australia Ltd
Executive Director