



Hon. Lily D'Ambrosio  
Minister for Energy and Resources  
Department of Economic Development, Jobs, Transport and Resources  
GPO Box 4509  
Melbourne VIC 3001

26 September 2015

Dear Minister,

*Re: Victoria's Renewable Energy Roadmap*

The Northern Alliance for Greenhouse Action (NAGA) welcomes this opportunity to comment on the Victorian Government's *Renewable Energy Roadmap*. NAGA is a network of nine metropolitan councils operating across the northern metropolitan region of Melbourne working to achieve significant emissions abatement and energy cost savings by delivering effective programs and leveraging local government, community and business action. Our members include Banyule City Council, Darebin City Council, Hume City Council, Manningham City Council, City of Melbourne, Moreland City Council, the Moreland Energy Foundation, Nillumbik Shire Council, City of Whittlesea and the City of Yarra.

NAGA congratulates the Victorian Government for setting out an agenda to set the state on the path to a future that better supports the production and consumption of renewable energy. In particular, NAGA supports the objective to create a low-emissions future through a range of initiatives, including the establishment of solar power purchase agreements in Victoria, legislation to allow for environmental upgrade agreements and ensuring fair compensation for distributed generation. The recommendations set out in this submission are designed to strengthen the *Renewable Energy Roadmap*, including:

1. A more ambitious target than the current 20 per cent production of renewable power by 2020 and a 2025 target of at least 50%;
2. A plan to transition Victoria away from a reliance on fossil fuels, aligning with a more ambitious target;
3. Alignment with climate policy and science;
4. Support for battery storage options;
5. Accounting for other state government regulations and legislation, such as planning;
6. Identification of areas of current market failure and subsequent commitment to measures to overcome barriers created by these failures to the take up renewable energy;
7. Combining the power of the Victorian Government with local government to guarantee supply of and investment in renewable energy;
8. The establishment of a Renewable Energy Advocate to act as a public coordination point for the delivery of the Roadmap;
9. Victoria to play an active role in influencing national energy market regulations to support renewable energy; and
10. The establishment of a forum to drive collaboration between local government and state government in efforts to maximise the deployment of renewable energy in Victoria.



1. *A more ambitious target than the current 20 per cent production of renewable power by 2020 and a 2025 target of at least 50%;*

Given the recent establishment of strong renewable energy production targets by other jurisdictions, including a 90 per cent by 2020 target by the Australian Capital Territory and a 50 per cent by 2025 target for South Australia, as well as a national Labor Party commitment to a 50 per cent target by 2030, NAGA believes that the current targets set by the Victorian Government do not reflect our potential or our leadership role in the transition to a future facing economy. We would recommend exceeding or matching the 50% targets set by South Australia and the federal Labor Party to demonstrate both our commitment to and our potential for a low carbon future whilst maintaining a healthy economy.

2. *A plan to transition Victoria away from a reliance on fossil fuels, aligning with a more ambitious target.*

In order to meet more ambitious targets, NAGA believes that the *Renewable Energy Roadmap* needs to more fully set out how the state is to develop clean energy sources that will provide benefits for years to come and eliminate our current reliance on fossil fuels. We believe that it is not enough to just support the growth of renewable energy, as valuable as that is, but that Victoria needs to set out a policy pathway that provides certainty about our future energy generation capacity in which fossil fuel reliance is eliminated and replaced by renewables in a way that maximises economic opportunity and does not allow for future policy reversals.

Without such a policy pathway that locks-in gains in renewable energy production and consumption, it may be more difficult for the government to make the case that Victoria is undergoing an energy transformation as renewable energy may continue to be regarded as a marginal energy source, when compared with fossil fuels, to deliver current base load power. NAGA believes that the *Renewable Energy Roadmap* should be more explicit about what a low-emissions future with no or minimal reliance on fossil fuels might look like, in part to sell that vision to the community and in part to establish the policy and programs to achieve it.

3. *Alignment with climate policy and science*

The development of the Renewable Energy Roadmap takes place in conjunction with a review of the *Climate Change Act*, with a view to better aligning Victoria's policy response to the science of climate change. NAGA believes this presents the Victorian Government with a tremendous opportunity to ensure that the development of and support for a renewable energy industry takes place in a manner that will help Victoria meet ambitious climate change goals.

Referring to the two previous points regarding the need for a more ambitious renewable energy target and a clear statement to move away from fossil fuels, NAGA recommends that the policy directions and ambitions of both the review of the *Climate Change Act* and the *Renewable Energy Roadmap* should reflect what science is telling us is required to respond adequately to the threats of climate change as well as helping deliver each other's objectives.

4. *Support for storage options*

NAGA notes that the *Renewable Energy Roadmap* proposes a review of the market status and regulatory settings for energy storage. We believe that energy storage is at the same market development point that solar was ten



years ago with technology costs reducing rapidly and households with existing rooftop solar systems likely to supplement those systems with home storage at a growth rate similar to that seen in solar.

However, this will only take place if there is sufficient government support, whether in the form of reducing individual cost barriers or regulatory barriers imposed by distribution networks. NAGA believes that the current focus of the review on the “technical and safety components of either the storage technologies or how (and by whom) they are installed, maintained and operated” is too narrow. We would recommend that the focus of the review be broadened to ensure that storage plays its full role in helping meet the broader objectives of the Roadmap and fulfils the economic potential this technology can deliver.

5. *Accounting for other state government regulations and legislation, such as planning.*

Just as the *Renewable Energy Roadmap* needs to take account of current reviews of legislation, such as the Climate Change Act and the Local Government Act, it should also seek to influence existing legislation not currently under review, such as planning legislation.

In particular, the barrier faced by some households with solar facing overshadowing from neighbouring developments due to uncertainty in the planning provisions. NAGA believes that this needs clear guidance to ensure that households gain the maximum potential from their solar systems individually while contributing to a low-emissions future.

6. *Identification of areas of current market failure and subsequent overcoming of barriers created by these failures to take up renewable energy.*

NAGA welcomes the specific actions set out in the *Renewable Energy Roadmap* to deal with current market failures regarding the delivery of renewable energy to potential customers. These include legislating to allow for Environmental Upgrade Agreements (Initiative 4.2.4), a review of technical constraints (Initiative 4.1.2) and support for innovative financing models (Initiative 4.2.1).

NAGA would encourage the Victorian Government to specifically target those market failures that lead to an under-representation of renewable energy in sectors, such as low-income residential and small businesses. These include the relatively high upfront costs of investing in renewable energy, the restricted benefits provided by current low feed-in tariffs and the split-incentive in which the benefits gained from installing renewable energy in rental properties (whether residential or commercial) are not shared equally between a building owner and the tenant. An example of the solution to these issues has been highlighted by the Darebin Solar Saver program which specifically targeted low income houses using innovative financing options. We would recommend that the Victorian Government investigate what it might be able to do to support innovative financing options, such as extending Environmental Upgrade Agreements to the residential sector.

The Victorian Government’s upcoming New Energy Jobs Fund could provide an ideal vehicle for the further development of such programs; we would recommend that local governments are eligible to apply for funding when this Fund commences.

7. *Combining the power of the Victorian Government with local government to guarantee supply of and investment in renewable energy.*



Action 3.3 of the *Renewable Energy Roadmap* notes that the Victorian Government as a large user of electricity is in a position to use its “electricity purchasing power to promote investment and jobs growth in the renewable energy industry.” NAGA notes that three of its member councils (Melbourne, Yarra and Moreland) are exploring the potential for a large scale renewable energy-purchasing group, comprising both public and private large-scale energy users.

This project, led by the City of Melbourne, can act as a model for purchasing renewable energy to a scale that provides investor confidence in the market. We would urge the Victorian Government to meet the objectives of this action in collaboration with existing local government purchasing groups to create a bigger pool of users, driving further investment in renewable energy production, both as a player within these initiatives as well as supporting the creation of future purchasing groups.

8. *The establishment of a Renewable Energy Advocate to act as a public coordination point for the delivery of the Roadmap.*

NAGA believes that the further development of the renewable energy industry would be enhanced by the creation of a single, publicly identifiable point of contact for the industry, working to coordinate projects and remove barriers to investment.

We do not believe it is necessary to create a new agency, as has been the case in South Australia, but do think that having a public position of focus would be useful in ensuring joined-up thinking across government departments as well as overseeing and reporting on the implementation of the *Renewable Energy Roadmap*.

9. *Victoria to play an active role in influencing energy market regulations to support renewable energy.*

NAGA recognises that the development and implementation of the *Renewable Energy Roadmap* takes place within a contentious and changing regulatory environment for the energy industry. As the industry shifts from fossil fuels to renewables, this has proved problematic for companies with large standing investments in fossil fuel power production and grid development and maintenance.

NAGA believes that Australian regulators have generally been slow to develop appropriate rules to encourage the uptake of renewable energy. We would encourage the Victorian Government to play an active role in fora such as COAG Energy Council to drive changes to energy market regulations that will make it easier to achieve the objectives of the *Renewable Energy Roadmap*. A critical aspect of this is to advocate for the National Electricity Objective to be reformed to include the need to reduce greenhouse gas emissions across the electricity system. Without this common sense of purpose, the different actors and regulators of Victoria’s electricity market will continue to be in conflict.

In addition, NAGA recommends that the Victorian Government play an active role in the development of a renewables market through price influences under its direct control, including ensuring a fair price for solar.

10. *The establishment of a forum to drive collaboration between local government and state government in efforts to maximise the deployment of renewable energy in Victoria.*

NAGA believes that creating a low-emissions future is the responsibility of all levels of government, and that this objective is more likely to be attained through cooperative approaches. To this end, we recommend the development of a process that supports collaboration between state and local government, aligning relevant



strategies and creating opportunities for support for further renewable energy production and consumption. Local government in Victoria has been active in supporting renewable energy in recent years; NAGA believes that working with state government will further these efforts and help achieve the objectives of the *Renewable Energy Roadmap*.

As stated, NAGA believes the *Renewable Energy Roadmap* is a good starting point to encourage the development of renewable energy in Victoria. We offer these recommendations as ways to strengthen and better ensure the likely success of the *Renewable Energy Roadmap*.

If you have any specific questions regarding this submission, please do not hesitate to contact me at [paul@mefl.com.au](mailto:paul@mefl.com.au) or (03) 9385 8507.

Yours sincerely,

Paul Murfitt  
NAGA Chair