



Citizens Own Renewable Energy Network Australia

July 2021 - Submission on Australian Local Power Agency Bills

Dear House Standing Committee on Environment and Energy,

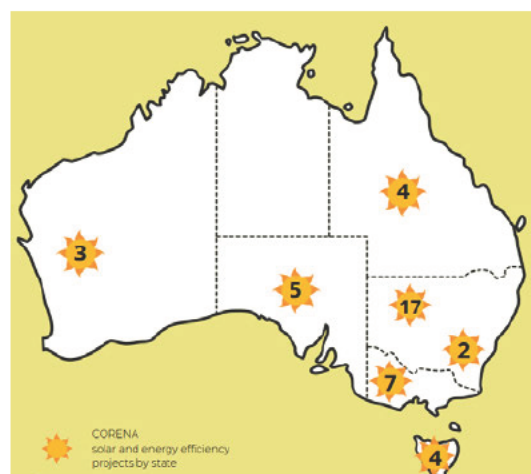
Citizens Own Renewable Energy Network Australia (CORENA) would like to thank the *House Standing Committee on the Environment and Energy* for this opportunity to make a submission regarding the *Inquiry into the Australian Local Power Agency Bill 2021 and Australian Local Power Agency (Consequential Amendments) Bill 2021*.

CORENA supports the bills and welcomes the proposals to improve the resourcing and support mechanisms available to the community energy sector. As Australia's first solar revolving fund, CORENA knows how essential it is to make finance and technical support available to community organisations around Australia. We know that our supporters work hard to help Australian communities reduce carbon emissions and speed up the energy transition and we are glad to be able to help them in turn. And we know that even with a thriving commercial sector to deliver climate projects there will be a niche for community energy organisations like CORENA to do the harder work that markets avoid and deliver community benefits.

Our submission below outlines:

- The importance of access to finance to communities that wish to participate in the energy transition.
- The market failures associated with technical advice, and hence why CORENA provides independent technical assistance.
- The value of supporting and upskilling those project champions who want to see value delivered in their community or in their organisation.

These bills may change the work that CORENA needs to do, especially if Clean Energy Finance becomes more readily available to community energy projects. CORENA welcomes the change and is confident that there will remain an important role for our revolving fund in any new funding landscape. We will continue to adapt and to target the projects that "wouldn't happen otherwise".



CORENA runs a revolving fund which provides no-interest loans for climate projects that reduce emissions. Loans are provided primarily to community organisations and other not-for-profits to install solar energy, improve energy efficiency, replace gas appliances or invest in electric vehicles. In 8 years CORENA has funded 43 projects and these are growing larger and more diverse as we develop.

Over \$808,000 has been lent from a revolving fund of around \$480,000. The fund has been built up from numerous modest donations - many less than \$50. The smallest loan to a community organisation has been \$4,000 and the largest, \$92,000. All projects reduce greenhouse gas emissions and have a positive payback, including tenant-landlord loans. CORENA recently reached 2GWh of clean energy generated from projects equivalent to 660kW of solar installed. CORENA projects have been installed on childcare facilities, community houses, healthcare, sportsclubs and service organisations around Australia. We love supporting organisations that do important work in their communities and our donors love it too.

Access to finance

The level of investment to reduce carbon emissions across the not-for-profit sector remains significant and finance is only one barrier. In 2021/22 the Federal Government will spend \$10.2m on its Powering Communities program¹, offering to support only 12 organisations in each electorate with an average grant of less than \$7,000. CORENA's funding occupies a niche between grant funding and commercial loans. We have supported organisations when grants are available by topping up the grant and allowing the organisation to make a suitable and larger investment. Commercial loans are generally not a consideration for community organisations. CORENA offers a "process-light" application process and our creditworthiness checks are based on project economics rather than detailed counterpart credit checks.

Access to independent technical advice

All CORENA applications are subjected to a technical assessment by CORENA volunteers to ensure that the quality of the proposed equipment is robust and to check the installer assumptions about the savings a project can expect. CORENA sets its loan repayments at a level that will ensure the community organisation saves more on its energy bills than it needs to find to repay the loan. (After full repayment all savings accrue to the organisation). Our assessors find that installers often overstate savings and oversize equipment, so our independent assessment is necessary to ensure that the benefits to the community organisation are optimised. We also find that these organisations lack the skills and time to make technical assessments on their own and are grateful for the help that CORENA provides. To date, CORENA has operated solely with volunteer time and effort so our ability to offer technical advice relies on access to suitably trained volunteers.

Support for community builders

Finance is not the only barrier to climate projects, but many believe it is. Knowing that a finance source is available motivates project champions to investigate the technical viability of projects and to advocate for potential projects with key decision makers. A common thread in many CORENA projects is that we supported the community advocates that brought us the project, as much as we supported the organisation itself. In Tarremah Steiner school, for example, a group of students committed to sustainability - the Sustainerbles - helped get the \$70,000 project up and running. As a second example, the community group Totally Renewable Yackandandah had already fundraised for solar panels on the local hospital but the lighting upgrade was a step too far. CORENA lent the hospital an additional \$20,000 to complete this work. CORENA has inspired a number of communities to develop their own revolving funds and continues to work closely with these groups when additional funding is required.

Conclusion

The Local Power Agency Bills represent an important step forward in Australia's energy transition. CORENA welcomes all initiatives that improve the resources available to climate projects and we request that you support these bills.

Briony O'Shea, Chair, CORENA, [REDACTED]

¹ <https://www.energy.gov.au/government-priorities/energy-programs/powering-communities-program>