



Date: 16 October 2015

Submission to: Department of Economic Development, Jobs, Transport and Resources,
Victoria, Australia

From: Mildura Development Corporation and Mildura Rural City Council

Re: Victoria's Renewable Energy Roadmap - Delivering jobs and a clean energy future

Thank you for the opportunity to provide feedback on the Victoria's Renewable Energy Roadmap. The Mildura Development Corporation in conjunction with the Mildura Rural City Council would like to provide the following details to inform your decision making process:

A: The objectives and priorities of renewable energy policy outlined in this Roadmap;

The Victorian Government's target for power generated from renewable energy sources by 2020 is 20 per cent (At present 12%). Representatives from Mildura Development Corporation (MDC) and Mildura Rural City Council (MRCC) believe this target should be, at a minimum, the same as the Federal Government at 23 per cent by 2020¹.

For close to ten years, there has been significant interest in renewable energy by households, businesses and organisations in this area. The knowledge that has been gained in large scale solar projects in the Mildura region, the understanding of what benefits the energy source could provide to the community and the significant interest that has been received from investors within Australia and overseas, places Mildura leaders in an position of authority on what is possible with the right environment and support.

The region is the Victorian centre for renewable energy innovation (especially solar) and we are confident with the right incentives and community support that the target could be higher, at 23 per cent, to ensure Victoria is the lead State for renewable energy.

¹ <http://www.theage.com.au/victoria/victoria-aims-for-20-per-cent-renewable-energy-target-by-2020-20150821-gj4o0v.html#ixzz3oDdz5Z78>

B: The actions and initiatives identified as priorities; and

3.1. Advocate for strong Federal Government policy on renewable energy

The Mildura region has the optimal environmental conditions for renewable energy projects in Victoria with 8.6 hours of sunshine per day, annual average temperature of 23.7°C, 132 clear days per year and on average of 18.9 MJ/(m²*m) in solar exposure per day(5.3kWh/m²).

The region currently has the only established large scale solar project in Victoria with investment by BELECTRIC, a German based company, in a 5 MW solar development at Thurla, close to Red Cliffs. The region has the potential for additional large scale solar projects with publicly announced interest from Australian Solar Group with proposed \$70M 28 MW Photovoltaic (PV) Solar Plant and SSE International \$55M which will start with a 5 MW PV solar plant leading to 50 MW PV facility. There are also three other potential investments for total of 90 MW PV solar plants.

The MDC and MRCC have contributed significant time, energy and money in promoting the benefits of solar array projects to investors, with many of the proponents internationally based. This includes the \$100 M Silex (previously Solar Systems) concentrate solar power technology "dense array" dish technology, which had the potential to create 100 MW of renewable power in the region with support of up to \$35 M from the Victorian Government. Uncertainty around the renewable energy targets was cited as a contributing factor by the Silex investors for the withdrawal of the project.

Regional support was also provided to TRUenergy to obtain funding through Federal Government Solar Flagships for the investment in an initial 180 MW solar farm at Yatpool and a subsequent bid for 173 MW solar power station which were unsuccessful through ARENA.

It is imperative that investors, particularly international companies, have consistent government policy both at State and Federal levels to ensure confidence in projects. Advocating for strong, forward-looking outcomes for Federal renewable energy policies is vital for the future of renewable energy.

3.4. Review policy options to transition generation stock in Victoria

The MDC and the MRCC support the review of policy options to transition generation stock in Victoria, given the outcomes that renewable energy affords including additional jobs that can be attached to the industry, the environmental benefits and the importance for the Victorian Government to meet targets.

The desire to transition Victoria's wholesale generation stock to renewable energy will assist the region with a solar project that has been stalled. The \$70 M Australian Solar project will see a partnership with Melbourne City Council and the Melbourne Tram Authority, with potential to cut 100,000 tonnes of greenhouse gas emissions per year from running trams, has taken four years of discussion with the Victoria Government has not progressed due to an evaluation by the former Government.

In October, 2014 former Transport Minister Terry Mulder sent a letter to the Melbourne City Council saying Public Transport Victoria was interested in the project which fitted well with its environmental goals, however had to be "measured against the availability of brown coal and natural gas that for many years have given Victoria a relatively cheap source of energy."²

This type of project should stand on its own merits and not be assessed against brown coal generated power. The solar farms if successfully implemented will span across 80 hectares at Swan Hill and Red Cliffs and use 130,000 panels to track the sun throughout the day.

4. Addressing barriers to distributed generation and storage

The MDC and MRCC applaud the Victorian Government for determining strategies to address the barriers to distributed generation and storage. Given Mildura is located over 700 km from the electrical energy source at Yallourn, the region incurs a higher cost due to power losses through the distribution lines. The Corporation advocates for a more balanced pricing structure or the emergence of a regional energy distribution entity. Mildura also has the ingredients to establish an offline community renewable energy project with solar/battery storage and biomix processing accessible.

The Australian Solar Group \$70M proposed 28MW PV solar plant has potential to offset all of Melbourne's tram power requirements. This project is reliant on support from the Victorian Government and constraints imposed by retailers over the finalisation of Power Purchase Agreements (PPA) are hindering establishment.

4.1. Improving connection processes for distributed generation

Initiative 1 – Improved process for distributed generation connections

MDC and MRCC view the streamlining of connection processes as an excellent initiative that should be advanced given investors need clear understanding of the connection requirements and costs involved. Timeframes can be critical in this region due to the seasonal factors in many of the industries where potential investment may occur. Red tape can often frustrate investors and given the Mildura region is on the border of three states with competitive regions adjoining, the decision to locate to Victoria can be compromised.

² <http://www.theage.com.au/victoria/renewable-energy-group-bids-to-turn-melbournes-trams-solar-20150517-gh3ime.html#ixzz3oFR1Fndc>

4.2. Removing barriers to innovative projects and business models

Initiative 1 – Address barriers to precinct-scale distributed generation

Addressing barriers to precinct-scale distributed generation is important in this region given the potential for new renewable energy through biomass processing of agriculture waste produced in the region and the potential to feed energy/steam into current operations or establish additional industries adjacent to plants. Balfour Beatty is currently planning to develop an approximate 17 MW plant to power Olam's almond processing plant and there is potential for other organisations to utilise the power generated at the site.

Initiative 2 – Enable solar purchase agreements in Victoria

Given the low social economic demography in the region, initiatives to support access to solar panels will reduce the energy costs and allow householders increased disposable income for family needs.

The MDC in particular recognise significant merit in co-operative/ community joint ventures with a range of entities other than those entities that hold the retail licenses. The MDC supports Victorian Government process for gaining an exemption from retail licensing, to ensure that new innovative business models are not being unfairly restricted.

Initiative 4 – Legislate to allow for Environmental Upgrade Agreements

MRCC would not support EUA's prior to further consultation with the local government sector regarding the initiative.

5.1. Provide support for pioneering community energy projects

The MDC and MRCC welcomes the support the Government will be providing in community energy projects given the past projects the Mildura region has been involved in and the strong community support in advancing renewable energy for a sustained future.

The Mildura Community has been very proactive in community renewable energy projects over many years. This has included:

Mildura Region Solar Hubs which promoted rooftop solar in the local area. During the two years 2010 – 2012 the project ran, the amount of solar photovoltaic (PV) installed across the entire region increased from just 356kW, to 2,750kW.

The Mildura Eco Village was developed with an objective to assist the Sunraysia community move toward a more sustainable and prosperous future. The Mildura Eco Village, on a four hectare site, provides an area for the community to come together and share ideas about sustainable living.

Projects include:

The Education Centre - a multipurpose community facility displaying sustainable design elements, building practices and technologies and is helping to educate the community on sustainable practices to drive future environmental opportunities.

The Sustainable Demonstration Eco House - a working educational tool for the community to understand the ease and value of domestic energy and water efficient retrofit options including draught proofing, insulation, window treatments and lighting.

The Solar Distillation Demonstration Site - produces distilled water from contaminated water using the sun. The project aims to provide a demonstration and education facility to showcase solar distillation as a potential water recovery and reuse technique for water dependent local industries.

The Community Garden – gives the local community a place to grow their own fresh fruit and vegetables and provides educational opportunities for school aged children/youth/adults.

As mentioned previously, the environmental conditions this region enjoys are the best in Victoria for renewable energy with 8.6 hours of sunshine per day, annual average temperature of 23.7 C, there is also significant green waste produced with over \$2 B worth of Victorian horticulture exports derived from the Mildura, Wentworth and Swan Hill region that could fuel biomix facilities and the cold evening and warm days are also conducive to heating/cooling exchange projects.

Given these environmental advantages, Mildura is well placed for further community projects for renewable energy and would welcome interaction with government to provide insight that this community has gained, increase knowledge from community projects elsewhere and also work with Government to see more projects come to fruition.

5.2. Ensure fair compensation for distributed generation

The inquiry through Essential Services Commission is particularly important to the householders and businesses, given Mildura is located over 700 km from the electrical energy source at Yallourn and incurs additional costs incurred due to the power losses through the distribution lines. The feed-in-tariffs should reflect this and the price should be the same as the electricity retailers purchase power from generators.

6.1. Promoting new energy jobs and technologies

The Smarter Business Smarter Resources business program that was run through Sustainability Victoria over the past two years provided incentives to businesses to improve business practices and incorporate new energy technology. The program encouraged businesses to explore opportunities to improve processes and reduce costs and in many cases there were enormous benefits. In this region Devillee's Air conditioning saved 17% on energy costs through the installation of new steel folding equipment and through another program Australian Tartaric Producers saved 75% on energy costs through biomix processing. Programs such as this should be

developed offering incentives for businesses to investigate and invest in new plant, equipment and technology to innovate and reduce energy costs.

Businesses need to be informed on the outcomes from the previous program and funds need to be provided to ensure the knowledge is transferred. Websites play a vital role, however funds need to be found for insight visits in metropolitan/regional areas, industry association forums, business newsletter and media articles.

6.2. Providing information to support renewable energy uptake

Initiative 2 – Update renewable energy project and resource maps

The Mildura Development Corporation, engaged Sunrise 21 (a community based organisation specialising in mapping and spatial information services) to complete maps that assist investors interested in solar arrays in the region to determine the sites which have the correct infrastructure for establishing facilities.

The maps include details on:

- Identification of the 220 kV power line and the 66 kV power lines,
- Land that may meet the site criteria based on:
 - within 10km of 220kV & 66kV lines and
 - within 10km of 66kV lines and also land that
- Land that does not meet the Site Criteria:
 - Irrigated
 - Developed, Slopes >3%, Native Veg &/or House on <1,000ha
 - Crown or Public Land
 - Subject to inundation &/or has Saline surfaces
 - Parcels <100ha or over10km from 220kV or 66kV lines

6.3. Renewable energy project facilitation

Initiative 2 – Investigate new models for renewable energy project facilitation

The MDC and MRCC would support the appointment of an independent Renewable Energy Advocate for Victoria. In addition, appointments of facilitators in areas of high need in regional areas would provide meaningful support to further projects and would also assist to spearhead developments. There are many gateways for investors and there needs to be a collaborative approach to ensure Victoria benefits from the expansion of renewable energy.

C. Whether there are other actions that should be considered in supporting renewable energy development in Victoria.

The MDC, as the lead economic entity in the region, key messages in developing renewable energy is as follows

- Alternative energy generation represents a significant revenue opportunity for rural and regional Australian communities. It is also an opportunity to diversify business where agriculture is often the main source of income.
- Decentralised or distributed energy supply has the potential to avoid huge grid losses and reduce peak demand from the grid. This may defer the need for costly major grid upgrades of ageing infrastructure.
- Adoption of alternative energy generation and changes in business practices will result in reduction of energy costs.
- Industry waste has the potential for reuse through industry symbiosis and generation of energy through biomass production.
- A major consideration, at the forefront of the 'renewable energy' decision making process, should not necessarily be centred around the ideologies on how to increase the uptake of renewable energy systems, but should, in the first instance, focus on how to gain the maximum amount of benefit (i.e. renewable energy production & storage capacity) for each and every dollar invested, (whether it be household, private & all public funds) whilst genuinely reducing the reliance on fossil fuels
- We need a simplified national energy system to avoid confusion.

Any actions that support our key messages should be embraced and the MDC and MRCC would welcome the opportunity to engage with the Victorian Government to support common objectives.

For further information, please contact:

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