

## **CEFC Expert Review**

I understand that the CEFC is inviting input to the design of the \$10 billion program and wish to submit the following comments for your consideration.

My submission is made in an individual capacity although I note that I am a member of our small, though enthusiastic, Trentham Sustainability Group, and Secretary of our Community FORUM which brings together the twelve major community groups and initiatives in Trentham and oversees the implementation of our Community Plan. My wife and I are also members of SHARE (the Hepburn Sustainability Group), the Macedon Ranges Sustainability Group and also own shares in Hepburn Wind. I led the establishment of a Community Bank in our town. Time hasn't allowed for our Sustainability Group to make a submission but I hope the above establishes my claim to speak with some credibility for our community.

[Note that Trentham has a current population of 1286 – Hepburn Shire Council figures, Nov 2011.]

The core of my submission is that local generation of renewable energy, even at a relatively small scale,

- (i) maximises efficiency, and
- (ii) addresses important equity issues

and therefore should be given encouragement in the mandate of the CEFC.

### **Maximising efficiency – transmission and investment**

Local generation which in our community can really only be based on renewable sources is efficient both in distribution costs and by maximising individual investment. I have no expertise regarding distribution costs although I recall alarming loss-in-transmission figures when I was involved with economic development activities in Bendigo and the northern Victoria region extending to Mildura.

I believe that the willingness of individuals to invest in local generation has been more than impressively demonstrated with the Hepburn Wind development and our experience in establishing our community bank, when local people oversubscribed the capital required by nearly 22% to restore a service lost to the town more than 15 years previously. A return on investment could be many years away (although community benefits will start flowing next year) so this is an outstanding example where nearly 300 people have invested in the good of their community for both the short and long term. The other line of argument for investment efficiency is also very small scale and relates to how this local community has been able to maximise the value of Council dollars through local tendering and project management – we can cite examples where added value up to 25-40% has been achieved on projects brokered or managed by the local community. My submission on efficiency therefore is that CEFC needs to engage with investment across the spectrum and that relatively small dollars can deliver disproportionate results.

### **Equity issues**

The importance of social inequality, the difference between rich and poor in any society, has become much more widely appreciated since the publication of *The Spirit Level: why equality is better for everyone* (Wilkinson & Pickett, first published 2009) and given recent profile through the 'Occupy Movement'. Income inequality is getting worse in Australia and other English-speaking countries (OECD as reported in the AGE, 6 December 2011).

Energy costs are increasing as a proportion of total household costs with greater impacts on lower income households, which are also much more likely to be in rented accommodation with minimal energy efficiencies. Whereas middle and upper income households have greater capacity to absorb or mitigate rising energy costs it seems almost certain that these costs will therefore increase social inequity and the many associated social dysfunctions demonstrated by Wilkinson & Pickett. The further costs of these impacts, borne initially by poorer members of our society will ultimately impact on everyone. But these costs and the policy imperatives they rightly generate fall into the domain of other, completely remote, government departments. The only remedy is for all policy to be put through an 'equity test'.

In terms of the CEFC charter, small community-wide energy generation initiatives offer a realistic means for promoting and delivering both energy and social equity.

The equity argument extends beyond the case for within community (or total society) equity. Policy that ensures some minimal levels of equity across viable communities will make far-reaching contributions to their long-term viability and the contribution they make to the overall diversity of our society. [Some communities will decline, and their settlements may even ultimately fail, for any of a number of reasons resulting in small numbers of ‘internal refugees’ whose relocation and readjustment can also impose significant costs on all of society (e.g. what are the total, long-term, real costs of every rural household that relocates to a large urban settlement?).] Again, this is a policy area that falls into areas of government a long way from energy policy – and again the need for an ‘equity test’ on policy. Local communities can best recognise and act to address the needs for affordable, energy-efficient housing. This cannot be done by central government. In community we don’t operate in ‘silos’, our community plans are becoming increasingly integrated and, with the added financial efficiencies we can deliver, the return on investment can be further enhanced. Our local ‘return’ is a more diverse and consequently resilient community: if we can do this together with locally-generated renewable energy then everyone, including Australian society in total, is a beneficiary.

### **Trentham – prospects and plans**

Trentham is currently growing rapidly, albeit from a low base, and might be anticipated to level-off at 2,500 based on its location ~ one hour from Ballarat, Bendigo and Melbourne, a reliable spring-fed water supply, rich volcanic soils and a natural environment conducive to an attractive lifestyle. Agriculture, tourism (including nature-based) and aged care are the main economic activities. The town has an active volunteer culture with numerous highly-skilled early retirees and young families building a strong sense of community: it is a crucible for transition to an energy-efficient future.

Trentham does not have access to natural gas and most heating is from burning firewood.

The Sustainability Group has begun preliminary investigations into what options we have for generating renewable energy with wind and biomass being our most likely prospects. We would like to hope that the emerging plans for the CEFC program will allow for our town and others like us to have access to funding to invest in renewable energy so we can make our contribution to a better future.

### **In summary:**

1. Small-scale local generation is an important element of the total ‘mix’ for a renewable energy future.
2. Community-level investment (and ownership) can greatly extend the return on central funds.
3. Energy equity, at both individual and community levels, is fundamental for social equity and broader social outcomes: energy policy (and all areas of policy) should be put through an ‘equity test’.
4. Small communities (1,000 – 3,000) offer a crucible for a total, integrated approach to maximising local generation of renewable energy and should be eligible for funding under the CEFC program.