



Solar Rates Workshop

Monday 14th December 2015

Sustainability Victoria,
Level 28, 50 Lonsdale St Melbourne CBD



Workshop Outline

- 10am** **Welcome**
Stefan Preuss Director, Resource Efficiency SV
Stefan will welcome attendees to Sustainability Victoria and provide a brief overview of the Victorian Government's support for developing a low income programs in partnership with Local Government
- 10.10** **Introduction/Overview**
Scott McKenry, Regional Coordinator, EAGA
Scott will provide an introduction to the objectives and an overview of recent work undertaken by EAGA and NAGA to progress the development of a regional solar rates business case.
- 10.20** **Key Concepts**
Bruce Thompson Director, Major Projects, MEFL
Bruce will step through the key concepts and factors that determine household benefit, and outline the arrangements required to deliver an effective regional program
- 11.00** **Current Status**
David Meiklejohn Executive Officer, NAGA
David (or Scott) will provide an outline of current policy and program funding opportunities to advance a regional pilot
- 11.20** **Workshop**
Participants to consider capacity to participate in a regional pilot, their key requirements, contributions and limitations
- 11.50** **Next Steps**
Outline of process for progressing current business case development, policy advocacy and regional pilot development
- 12.00** **Networking Lunch**

Welcome

Stefan Preuss Director, Resource Efficiency SV



Introduction/Overview

Scott McKenry, Regional Coordinator, EAGA



Key Concepts

Bruce Thompson, Director Major Projects MEFL



Summary

Objective

What's the aim?

- > Reduce impact of energy poverty (incl climate risk) through lower cost energy
- > Proof of concept for further expansion

Benefit

Who will it help?

- > 30% receive energy concession (Gas /Electricity), 1 in 5 receive rates concession
- > Best where high daytime use, home ownership

Finance

What's the issue?

- > Costs of finance need to be lower than the savings from investment
- > Current market and micro-finance constrained due to risk – high interest

Program Design

What works best?

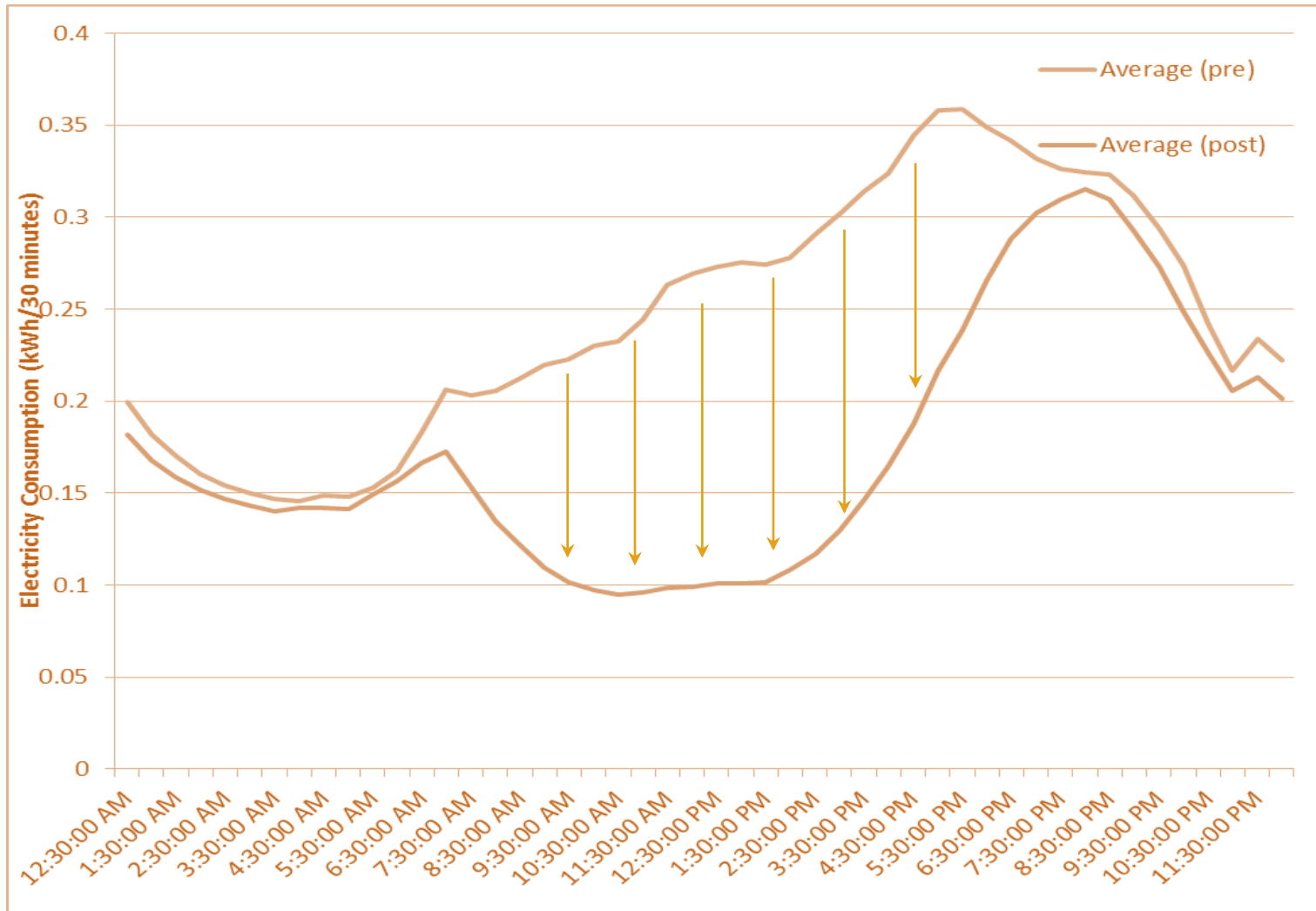
- > Needs to be scalable to achieve benefit for participants
- > Needs to be efficient, low risk to engage Councils/stakeholders

Policy Support

What needs to change?

- > Limitations to 'off-balance sheet' finance currently limits scale
- > Needs Victorian Government program support to pilot

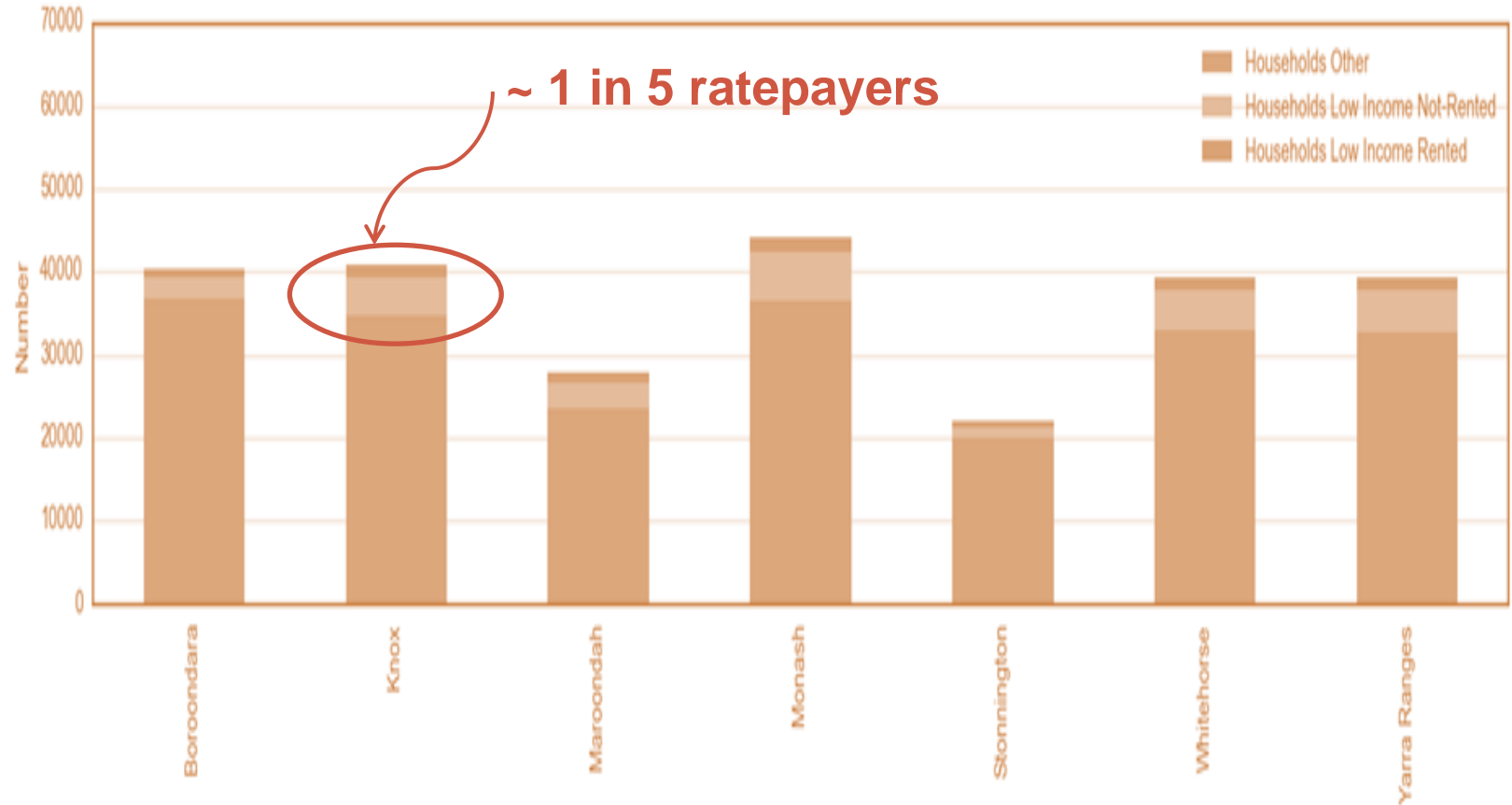
Benefit



* Modelling Tool

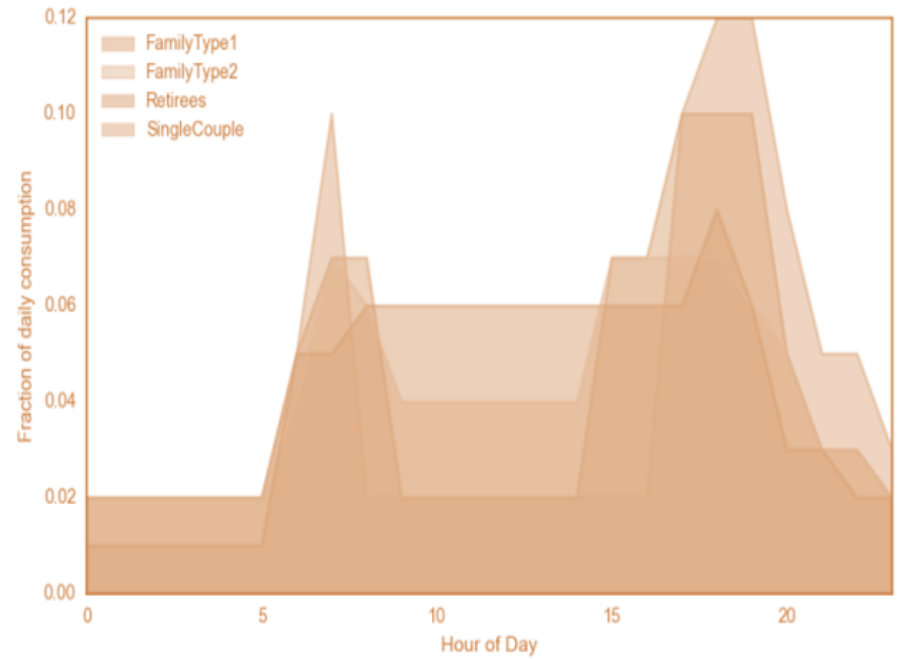
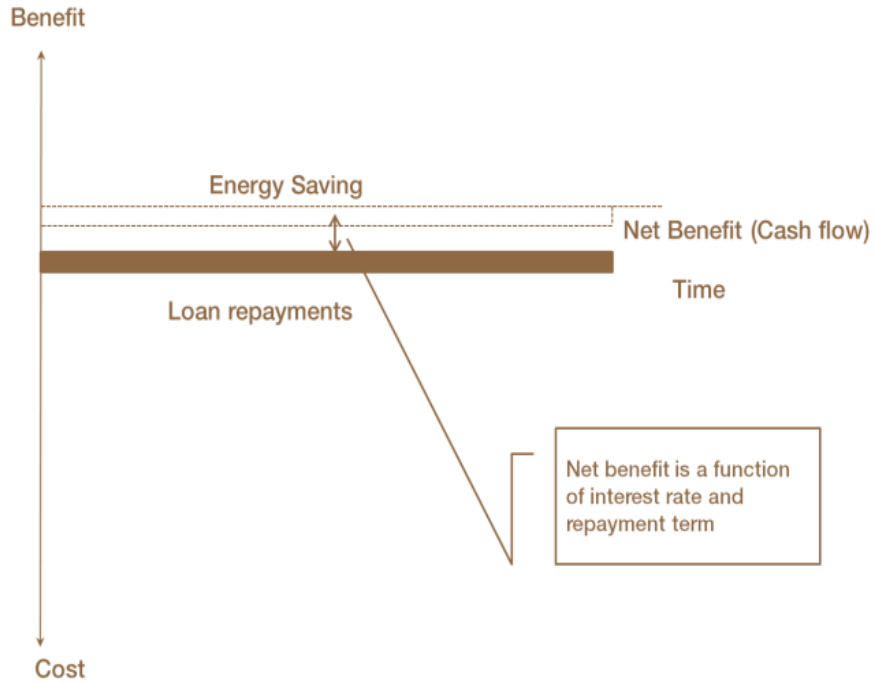
Benefit

Households Low Income	3567	6075	4203	7664	2120	6317	6446
Households Receiving Rebate	5950	11259	7841	13500	3503	6317	11313
People Aged Pension	10373	16771	12162	20605	6291	18203	15574



* Modelling Tool

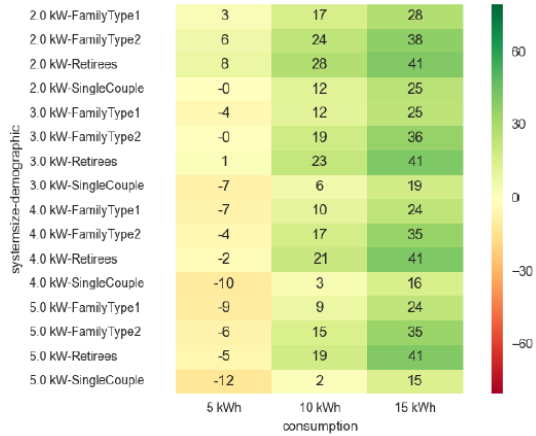
Finance



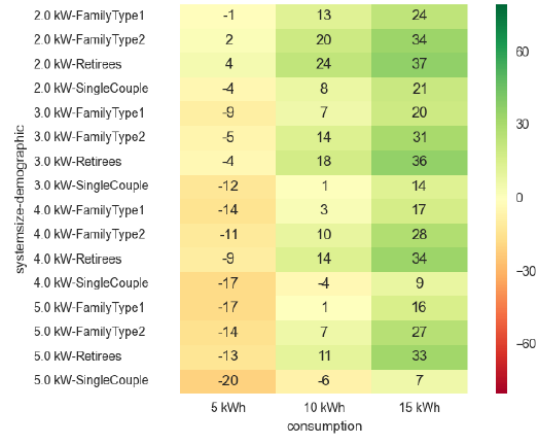
- > **Cost** : Capital Cost, Interest Rate, Term
- > **Income** : Tariff, Energy profile

Finance

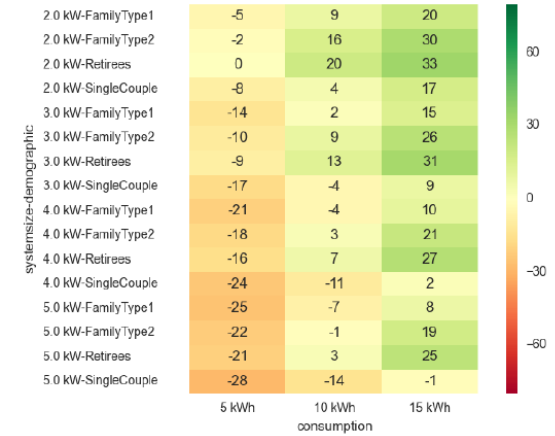
Darebin Solar Saver (0.0%pa., 10yrs)



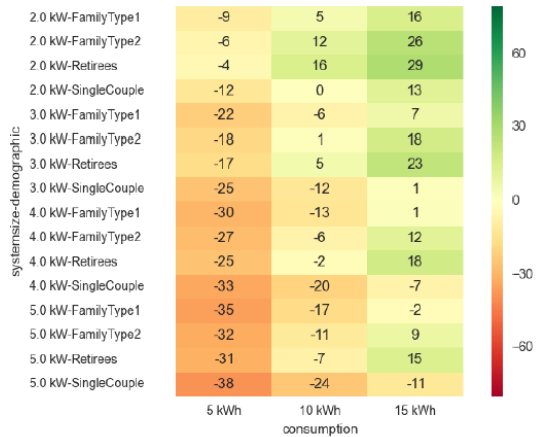
Low Council Rate (2.5%pa., 10yrs)



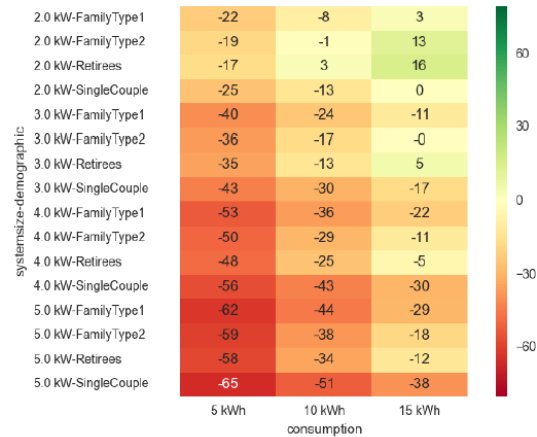
Rates/Govt. Guarantee (5.0%pa., 10yrs)



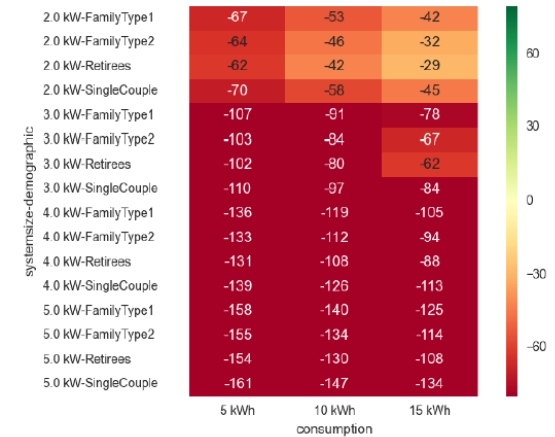
Secured (8.0%pa., 10yrs)



Unsecured Loan/Lease (15.0%pa., 10yrs)



Unsecured Micro-Finance (6.0%pa., 3yrs)



* Modelling Tool

Program Design

Objective

What's required?

- > Clear trusted process for participant
 - > Low resource requirements for coordination
 - > Low risk for lender
-



Finance



Participant



Supplier



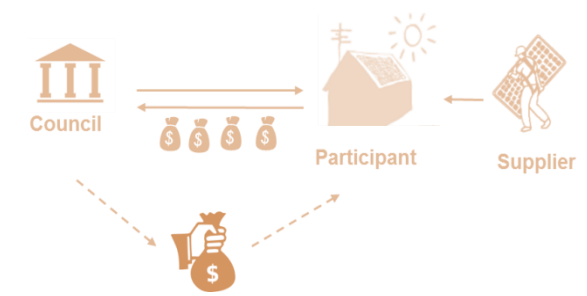
Council

Options

Model #1 Council Rates Program (Recommended)

Requirements

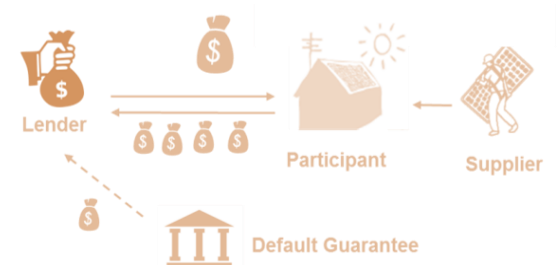
- 'Off balance sheet' finance to scale
- Regional program/shared service model



Model #2 Private Finance Gov't Guarantee (Alternative)

Requirements

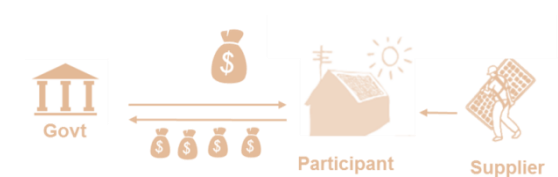
- Forgo profit to provide low interest finance
- Ability of Victorian Government to underwrite risk



Model #3 State Government Program (Uncertain)

Requirements

- Ability of Victorian Government to fund state-wide program
- Ability to coordinate regional implementation with partners



Status

David Meiklejohn, Executive Officer NAGA



Business Case

What's to best model?

Establish key factors for regional program design

- > Stage #1 Report Benefit, Finance, Program Design, Policy December
 - > Stage #2 Report Legislation, Default Fund, Shared Service March
-

Funding

How can we trial?

Identify resources to support a regional pilot

- > New Energy Jobs January
 - > Other Victorian Government Initiatives TBC
-

Policy Support

What needs to change?

Highlight key opportunities to remove legislative and regulatory barriers

- > Victorian Government Energy Efficiency Strategy
 - > Victorian Government Renewable Energy Road Map
 - > Review of Local Government Act
-

Workshop

Information

What do you need?

Identify additional information needed for Council consideration

- > What are the most important factors for Council to understand?
 - > What's missing, needs more detail?
-

Participation

What do you need?

Identify requirements to support/participate in a regional pilot

- > Expectations (eg. how much involvement/benefit locally)
 - > Resources (eg. staff time/\$)
 - > Timeframe for commitment
-

Next Steps

Business Case

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