

9 November 2010

Medium-Scale Solar Working Group  
Energy Sector Development Division  
Department of Primary Industries  
GPO Box 4440  
Melbourne VIC 3001  
By email: [mediumscale.solar@dpi.vic.gov.au](mailto:mediumscale.solar@dpi.vic.gov.au)

Dear Medium-Scale Solar Working Group,

The Clean Energy Council (CEC) is the peak body representing Australia's clean energy and energy efficiency industries.

Its priorities are to:

- create the optimal conditions in Australia to stimulate investment in the development and deployment of world's best clean energy technologies;
- develop effective legislation and regulation to improve energy efficiency; and
- work to reduce costs and remove all other barriers to accessing clean energy.

The CEC works with members and the government to identify and address the barriers to efficient industry development in the energy efficiency and renewable energy sector.

The CEC welcomes the opportunity to respond to the medium-scale solar discussion paper and is pleased to be a member of the working group. The CEC believe there is at present a clear gap in the policy support and financial incentives required to commercialise medium and large scale solar in Australia.

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#### **Key policy objectives**

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- The Victorian Government needs to establish a clear medium- scale policy framework which will ensure that Victoria achieves its share of the National 20 percent Renewable Energy Target by 2020. .
- The Victorian Government needs to establish a clear medium-scale policy framework which supports the Victorian Government's target to reduce emissions by at least 20 percent by 2020 compared with 2000 levels.

- The Victorian Government should recognise the scale of the opportunity for medium-scale solar and the need for complementary policies to drive investment. Medium and large scale solar has been proven and is commercially viable in many countries around the world. Victoria must move quickly to cement its share of this opportunity and attract international investment to Victoria.
- The Victorian Government should undertake further analysis to determine the benefit to the electricity transmission and distribution network from distributed embedded generation.
- The Victorian Government should include development of a community engagement strategy to achieve the scale of transformation required to 2020 and the equitable opportunity of access for all Victorians.

Given that most small-scale solar installations are less than 10kW, the CEC believes the range for definition of medium-scale should be 10kW to 5MW.

With the right policy environment that provides long term investment certainty , Victorian can secure its place as a hub for medium-scale renewable energy generation.

While medium scale solar represents a significant opportunity for Victoria, the CEC believes there are a number of other medium scale renewable energy technologies such as bioenergy, mini-hydro and community size wind facilities that also warrant support from similar policy mechanisms. The CEC therefore recommends that any policy support for medium scale technology should be inclusive; and support all medium scale renewable energy technologies. .

The CEC believes it is paramount that the working group is able to educate the Government to promote the enormous benefits that such embedded generation has to the electricity market. There is both a benefit in supporting existing infrastructure by generating energy in proximity to load centres, and achieving the low carbon objective for Victoria's energy market by reducing demand on the electricity network.

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#### **Key components for an effective medium-scale policy**

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- Include supportive regulation and minimum standards to drive energy efficiency in the areas of new buildings, renovated buildings and retrofitting of existing buildings.
- Engage communities to encourage the uptake of medium-scale renewable energy technologies so that communities can understand and access the benefits.
- Be supported by robust standards, audits and verification to ensure the installation of quality equipment and service.
- Focus on contributing to achieving the national 20 percent RET by 2020; the Victorian Government's renewable energy targets; technology developments in Australia; and promoting regional growth and developing local companies with interest in this area.

- Be long term, sustainable and transparent to minimise lengthy project development and deployment and avoid boom-bust cycles.

The CEC supports the extension of existing policies to support the deployment of medium-scale systems. As has been made clear in the discussion paper, there is an untapped market for medium-scale systems (above 10kW).

The CEC's preference is for single national gross feed in tariff that supports small, medium and large scale solar projects. In the absence of this, the CEC supports the Victorian Government introducing a separate feed-in tariff that applies directly to medium-scale systems and is funded through the commercial side of the energy market. This will ensure that support is able to be directed to both households and medium size systems, ensure that support for medium-scale systems does not divert support away from household scale technologies and avoid the cross-subsidisation from householders to the commercial market.

The CEC supports the concept of introducing capacity caps in these markets, but they need to be set at levels that ensure the long-term growth of the industry and avoid a boom-bust cycle. The CEC believes additional analysis needs to be carried out to identify the potential size of the medium-scale market in order for a realistic capacity cap to be set. This would include roofing space and ground space available for such systems to be installed.

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### **Community engagement**

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- The Victorian Government should educate and raise awareness in communities to make sure that individuals understand their role and capacity in reducing emissions and the positive significant combined effect for the whole community.
- The Victorian Government should consider ways in which they can support medium-scale facilities in communities and the various organisation models that can facilitate community projects. Such community projects have demonstrated their effectiveness in positively engaging a large number of people in communities, raising awareness about the benefits of renewable energy to our society, and keep them engaged for many years.
- The Victorian Government to use its influence on Victorian universities and TAFEs to research and train workers in renewable energy generation technologies and their implementation.

There is an important aspect that community engagement can play with developing medium-scale renewable energy technologies. Giving communities the opportunity to visualise the technology operating at this scale will increase investment interest and understanding of renewable energy.

Strong policy support for medium scale renewable energy will also deliver significant benefits to Regional Victoria in terms of employment and investment. As previously stated, the Government needs to commit to undertaking work in this area to identify and quantify the potential output of project space and energy output. Additionally, as this policy will lead to

investment into medium-scale technologies it will also lead to development of skills specific to this scale of technologies.

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### **Additional Comments**

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Issues relating to the metering of such projects have not been fully explored in the discussion paper. The working group needs to discuss and identify metering appropriate for such a project. If for example, a company were to give the use of their roof to a community development for a medium-scale solar project to be installed, there needs to be a metering option for the energy to be fed into the grid and the tariff paid to the community development group. One solution would be to meter it as it leaves the site and add the amount metered on the site, thus requiring two meters.

Further, the CEC would like to see planning requirements for such projects streamlined into efficient and uncomplicated procedures. The CEC recommends that planning documents for developers are sufficient for them to be guided by during planning and approval stages. Conflicting guidance is a hindrance to such approval processes and will complicate the objective for developers. The overlapping of planning permits at local, state and federal levels needs to be reviewed to avoid delayed. Delays in planning and approval processes limit the deployment of renewable energy to meet the 20 percent RET.

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### **Closing**

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The Clean Energy Council looks forward to working with the working group in developing this future policy statement which will complement the direction of the *Victorian Climate Change White Paper*.

If you have any further questions please contact the undersigned via telephone on 03 99294100 or by email, [russell@cleanenergycouncil.org.au](mailto:russell@cleanenergycouncil.org.au).

Yours sincerely

*[Original Signed]*

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