

Latrobe Valley New Energy Jobs and Investment Prospectus

Consultation paper



Minister's Foreword: New Energy Opportunities for Families, Businesses and the Community



Victoria, along with the rest of the world, is in the midst of a major energy transition. The way people use, generate and share energy is changing rapidly.

The Latrobe Valley has recently experienced the effects of energy transition firsthand through the retirement of Hazelwood. This has brought both challenges and new opportunities for local businesses and communities to save money and create jobs.

The Andrews Labor Government is working hard to ensure that Victoria makes a smooth transition to the use of new energy technologies. We will make sure communities such as the Latrobe Valley, that are most affected by the changes can share in the benefits and opportunities of transition.

That is why we are consulting with the community and industry about the creation of the New Energy Jobs and Investment Prospectus for the Latrobe Valley. We need to identify how local families, businesses and communities can make the most of the opportunities.

There has never been a better time to invest in new energy technologies in Victoria. We have ambitious and achievable renewable energy targets of 25 per cent by 2020 and 40 per cent by 2025. Our policy environment includes the New Energy Technologies Sector Strategy, which seeks to enhance research and development of new technologies, and the forthcoming Energy Efficiency and Productivity Strategy and Renewable Energy Action Plan, which both make a range of commitments for lowering costs, modernising the system and improving the competitiveness of Victorian households and businesses.

The Latrobe Valley is well placed to capitalise on Victoria's new energy technology opportunities, with an unmatched history and knowledge of energy and engineering. The region has a skilled workforce, relevant industry capabilities, excellent infrastructure such as electricity transmission lines, and local governments and communities who are committed to building on the Valley's reputation as the centre of Victoria's energy sector. Now is the time to grow that capability, by making sure that investors and technology developers know about the benefits of establishing in the Valley.

We must take a long-term approach to growing our new energy technologies sector in the Latrobe Valley, and the key to this is understanding the future opportunities that can emerge in the region. We need to anticipate the next wave of technologies, innovations and solutions and understand how these relate to the Valley, from the potential role of offshore wind investment to advanced manufacturing opportunities.

But we can't do this without your input and support. This consultation paper is the first step in working with the community, local industry and sector experts to identify the biggest barriers and the best ideas for how to showcase what the Valley has to offer, and what households and businesses can gain by taking up new energy technologies.

Consultation process

The Andrews Labor Government has announced a comprehensive suite of renewable energy and energy efficiency policies and programs, including initiatives specific to the Latrobe Valley. The consultation process for the New Energy Jobs and Investment Prospectus for the Latrobe Valley seeks to complement existing policies by identifying the biggest opportunities for the Valley to benefit from these policies, and the most important barriers preventing uptake and growth of new energy technologies or investment in new energy businesses.

The jobs and investment prospectus will help set out how the Latrobe Valley can position itself as a key exporter and attract investment in new energy technologies. Development of the prospectus will occur under six themes, covering issues related to investment, skills and innovation, competitiveness for businesses, development of new markets, growing supply chains and the best examples of supporting regional communities in transition.

You are invited to respond to any or all of these questions, as well to comment generally on anything you think we've missed or that you'd like to highlight. All feedback received will be used to develop a draft prospectus, and will be the basis for targeted consultation with leaders, experts and the community.

Development timeframes

JUNE

- Latrobe Valley Roundtable (2 June 2017)
- Consultation paper released
- Consultation opens

JULY

- Consultation closes (14 July 2017)

DECEMBER

- Latrobe Valley New Energy Jobs and Investment Prospectus released

Making a submission

Responses to the questions posed throughout the consultation paper and/or feedback on other related issues you would like to raise can be submitted by 5:00pm Friday, 14 July 2017 to: contact@lva.vic.gov.au.

If you wish to discuss your submission to this consultation paper or any other matters, please contact the LVA via contact@lva.vic.gov.au or 1800 136 762. For further information or to download an electronic version of the consultation paper please go to: www.lva.vic.gov.au/new-energy-prospectus.

The policy environment

Latrobe Valley based initiatives

Latrobe Valley Renewable Energy Roundtable - brings together local energy technology providers, project developers and financiers to accelerate investment. The consultation process was officially launched at the first meeting.

Latrobe Valley Home Energy Initiatives - \$5 million initiative to deliver solar installations and energy upgrades to 1,000 vulnerable households over two years in Latrobe City, Wellington and Baw Baw local government areas, and a further \$2 million to seed and provide working capital for solar rooftop PV on 30 schools and public buildings over the next two years.

Public housing upgrade - \$78 million to upgrade 224 public housing properties in Churchill, Moe, Morwell, Newborough, Sale, Traralgon and Wurruk, including energy efficiency improvements to reduce heating and cooling costs.

Community Power Hub - a Community Power Hub pilot in the Latrobe Valley, as well as in Bendigo and Ballarat, will enable community groups to access renewable energy expertise and services. Further, there is a Community Energy Inquiry into supporting the development of community-owned energy projects led by the Economic, Education, Jobs and Skills Committee of Parliament.

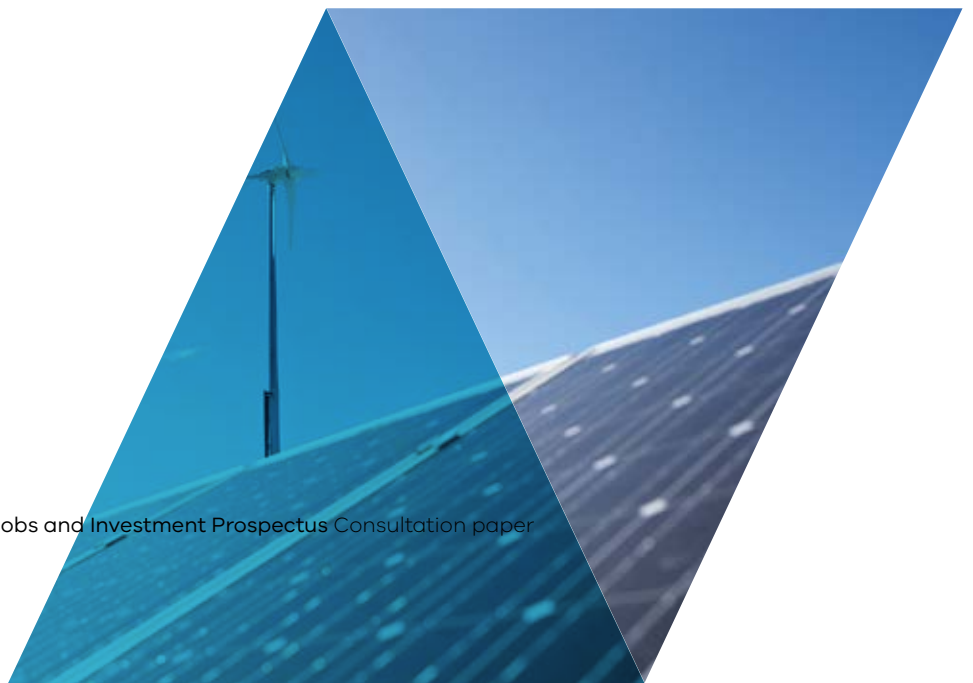
Renewable energy initiatives

Victorian Renewable Energy Target (VRET) - increase renewable energy generation to 25 per cent by 2020 and 40 per cent by 2025, designed to deliver a sustained pipeline of investment.

New Energy Jobs Fund - \$20 million fund to facilitate Victorian-based projects that create long term sustainable jobs, increase uptake of renewable energy generation, reduce greenhouse gas emissions and drive innovation in new energy technologies.

Renewable Energy Purchasing - the Andrews Labor Government has committed to using its purchasing power to boost investment in renewable energy in Victoria. We have set aside funding to underpin the implementation of renewable energy purchasing, including powering Melbourne's fleet of 410 trams through solar energy.

Victorian Renewable Energy Advocate - we have established the position of Advocate to promote the state's renewable energy sector, provide independent advice to the Government and assist in meeting our renewable energy targets.



Energy efficiency and productivity

Energy Efficiency and Productivity Statement:

Saving energy, growing jobs - the Statement sets out our six priority areas for action, to help households save money on their power bills, to improve the competitiveness of business and to reduce greenhouse gas emissions.

Victorian Energy Efficiency Target (VEET) - provides discounts on efficient lighting, water heating and other appliances to help households and businesses reduce their energy use. The scheme will also provide incentives across industry, from large manufacturers through to dairy farms, via new, flexible pathways for recognising electricity and gas upgrades.

Boosting Business Productivity - Sustainability Victoria is administering the Boosting Business Productivity program, which will provide \$3.6 million over three years to work with industry associations to help more than 1000 businesses achieve energy productivity and materials efficiency benefits. This is estimated to save participating businesses approximately \$84 million over 15 years.

System modernisation

Microgrids - we will invest \$15.8 million in microgrid, smart grid and renewable energy storage demonstration projects, spanning sites across Victoria that apply new technology in innovative ways to deliver integrated local energy solutions, and encourage renewable energy uptake.

Centre for New Energy Technologies (C4NET) - will support collaboration between industry, universities and government, and take a data driven approach to developing a more flexible, resilient and integrated energy ecosystem.

Investing in energy storage - we will provide \$25 million to support commercial investments that aim to provide Victoria with at least 40 megawatts of battery storage and over 100 megawatt hours of capacity by summer 2018.

Learn more at:

www.delwp.vic.gov.au/energy

www.lva.vic.gov.au/latrobe-valley-home-energy-upgrade/

www.parliament.vic.gov.au/eejsc/inquiry/440

Consultation questions

Theme One: Growing investment and jobs in energy generation and energy efficiency

1. What are the key advantages for new energy investors in the Latrobe Valley?

Theme Two: Strengthening sector skills, collaboration and innovation

2. How can we best assist local businesses to engage effectively in government tenders such as the home retrofit project or other initiatives?
3. What design features of the Gippsland Hi-Tech Precinct would make it a more attractive location for collaboration between the energy industry, education providers and/or researchers?

Theme Three: Making businesses in the Valley more productive and competitive

4. Are there financial, regulatory, cultural or information initiatives specific to the Latrobe Valley that would encourage small and medium-sized enterprises (SMEs) to take-up renewable energy and/or energy efficiency technologies or invest in new business models?

Case Study: Markets for demand management

Melbourne-based start-up GreenSync are leaders in the emerging demand aggregation market. The company received a grant of \$554,886 from the Victorian Government's New Energy Jobs Fund.

The funding will support the first stage of the five year Community Grids Mornington Peninsula project, which in partnership with electricity distribution company United Energy, is aimed at saving \$30 million which would be otherwise spent on 'business as usual' investment in new poles and wires.

GreenSync will install two battery systems at community centres which already have solar PV systems, and will pilot around 250 innovative Demand Response Enabled Device control units in households. This technology allows for the power demand of air conditioners to be better managed to reduce peak demand pressures on the grid.

Case Study: Solar Power Purchase Agreements (SPPAs)

Individual homes, housing body corporates and businesses can now take advantage of new rules passed by the Victorian Government in December 2015 that allow for solar PV panels to be installed with no up-front cost.

A SPPA is a contract to purchase the electricity generated by the panels, at a lower cost than a standard retail electricity agreement, until the panels are paid off.

This can help people on lower incomes, or who are not owner-occupiers. Victoria now has the most supportive regulations for SPPAs in Australia.

Theme Four: Encouraging the development of new consumer-driven markets

5. Are there financial, cultural or information opportunities or initiatives specific to the Latrobe Valley that would encourage households or community organisations to take-up renewable energy and/or energy efficiency technologies or other new energy solutions?
6. Which sites in the Valley are best placed to become new energy technology demonstration projects that could explore the potential of: financial models (such as community investor models), new business models and emerging technologies?

Theme Five: Deepen local industry capabilities and links to Victorian supply chains

7. Are there any significant new energy supply chain gaps that businesses in the Latrobe Valley, and across Gippsland more widely, should be looking to fill?

Theme Six: Build on world's best practice research on regional economic transition

8. Can we draw on the experience of regions that have undergone similar economic transitions, or have taken a leadership position in an emerging industry?
9. Are there any other ways for the Government to further encourage large scale project developers or investors to choose the Latrobe Valley?

Case Study: Community-investor model

ClearSky Solar Investments is a volunteer-run organisation that facilitates community-led investments in commercial scale solar. The most recent example is a 230-kilowatt solar PV array installed on the Bakers Maison building in Western Sydney.

Twenty 'mum and dad' investors contributed around \$400,000 to fund the installation, and through the scheme Bakers Maison will pay the investors for the solar energy it uses over a period of between seven to ten years. The investors will receive a 7 per cent return on their money.

ClearSky Solar Investments say there aren't enough projects available to meet the enormous demand of potential investors.

© The State of Victoria Department of Environment, Land,
Water and Planning 2017



This work is licensed under a Creative Commons
Attribution 4.0 International licence. To view a
copy of this licence, visit creativecommons.org/licenses/by/4.0/

Printed by Officeworks, Traralgon. Printed on paper made in the
Latrobe Valley.

ISBN 978-1-76047-618-2 (Print)
ISBN 978-1-76047-619-9 (pdf/online)