



EASTERN ALLIANCE
FOR GREENHOUSE ACTION

C/O - MAROONDAH CITY COUNCIL
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15 February 2019

Committee Secretary
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

By email: fairdinkumpower.sen@aph.gov.au

Dear Sir/Madam,

Re: Inquiry into Fair Dinkum Power

The Eastern Alliance for Greenhouse Action (EAGA) is pleased to provide this response to the Federal Government's *Senate Inquiry into Fair Dinkum Power*.

EAGA is a formal Alliance of eight councils in Melbourne's East, committed to delivering mitigation and adaptation projects and advocating for initiatives that support sustainable, low carbon communities. Our members include:

- City of Boroondara
- Glen Eira City Council
- Knox City Council
- Maroondah City Council
- City of Monash
- City of Stonnington
- City of Whitehorse
- Yarra Ranges Council

EAGA urges the Federal Government to consider the following matters in formulating their report:

The National Energy Market Objective (NEO) should support social and environmental interests and foster a transition to renewable energy.

EAGA recommends that the National Electricity Objective (NEO) should be revised to recognise the interests of the community at large. The NEO should consider the long term consumer interests and go beyond economics to reflect both social and environmental factors. The NEO's current focus on 'price' rather than the 'total cost' is often at odds with the 'long term interest of consumers', and has driven short-term decision making throughout the market's various institutions. For example, the NEO should support the integration of reliable and secure renewable energy sources into the electricity grid.

Support for distributed energy or other non-network solutions is identified as an important mechanism to support the transition to reliable and renewable energy.

EAGA understands that our communities are largely disenfranchised in with the Australian energy market and have almost no representation in decision-making processes in the NEM. Whilst the establishment of Energy Consumers Australia (ECA) is a step in the right direction, there is a significant opportunity for improving engagement with communities in designing the energy future they want.

Align energy and climate policy to ensure the electricity sector does its fair share in assisting Australia to meet its international obligations

Urgent action is required to drive Australia's emission trajectory in the right direction. EAGA therefore urges the Government to develop a clear plan, underpinned by a suite of complimentary policy measures, that maps out how Australia can meet its Paris obligations and transition the energy sector to zero emissions by 2050.

Ensure other voluntary actions are additional to Australia's international obligations, specifically GreenPower

The Government should adopt a transparent and verifiable ongoing process to retire any international units that are freed-up by GreenPower purchases to ensure the associated emissions reductions are additional to Australia's international obligations.

The absence of a legislated process to ensure Kyoto units are retired will mean that the voluntary action taken by 300,000 households and 25,000 businesses will not provide additional abatement as this voluntary action allows other sectors to contribute less. This issue is also likely to undermine the future decisions of individuals, businesses and local governments across Victoria who wish to take action. In particular, a number of local governments across Victoria are currently investigating a range of large scale renewable energy projects for the purposes of meeting their emission reduction goals. Our communities will expect these initiatives to be additional and not simply give others a free pass to pollute.

Accelerate transition through incentives and smart pricing

Under existing regulatory arrangements, there are no mechanisms for local governments (and others) share energy across property boundaries. Instead, councils are incentivised to duplicate electricity network infrastructure instead of sharing electricity with neighbours. Many councils have exhausted the potential for solar PV on their own sites where they prioritise size systems for self-consumption only. Councils own many buildings with large roof spaces that have little daytime energy demand, despite nearby facilities with poor solar potential having high demand.

Current pricing structures favour behind the meter consumption, with exports only receiving a very small feed in tariff. This limits the uptake of new technologies (such as battery storage) and in-turn restricts the ability of these technologies to provide security of supply and other services to the grid. In our view, it is critical that a mechanism is developed to incentivise customers to use the existing electricity network to share local energy and incentivise forms of distributed generation that can be optimised for network value (i.e. micro grids with storage that address network constraints or reduce bush fire risk). If designed correctly, consumers can be supported to generate and share their own low carbon energy in new ways whilst minimising risks of mass defection from the grid. These risks should not be underestimated and could result in particularly poor social, environmental and economic outcomes for all consumers.

We consider the electricity network to be an important asset in a low carbon energy future, but reform is required to facilitate optimal integration of new energy technologies and efficient utilisation of existing assets.

If you have any questions or queries relating to this letter, please contact Scott McKenry, EAGA Executive Officer

Yours sincerely,

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Cr Josh Fergeus
Executive Committee Chair
Eastern Alliance for Greenhouse Action
Councillor, City of Monash



This submission has been approved through EAGA's formal governance structure as described in the EAGA Memorandum of Understanding 2017-21. The submission may not have been formally considered by individual member councils.