



Community Energy Efficiency Program
Consultation paper on Program design options
Consultation Feedback template

Contact details

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Do you want this submission to be treated as confidential? Yes No

Submission instructions

Submissions should be made by **5pm AEST on Friday, 21 October 2011**. The Department reserves the right not to consider late submissions.

Where possible, submissions should be lodged electronically, preferably in Microsoft Word or other text based formats, via the email address – **lowcarboncommunities@climatechange.gov.au**.

Submissions may alternatively be sent to the postal address below to arrive by the due date.

Community Energy Efficiency Program
Low Carbon Communities Team
Department of Climate Change and Energy Efficiency
GPO Box 854
CANBERRA ACT 2601

Program overview

- Clarity of program structure, objectives and benefits
- Process for assessment and management of applications

Consideration of Council budgetary cycles

The Grants scheme is in the form of matched funding, requiring contributions from Councils and community organisations. Preparing applications for matched funding grants requires Councils to consider projects within context of overall capital and operational budgets. This requires provisional allocation of funds in future budget years. Few Councils carry contingency funds enabling unbudgeted projects in an existing budget year. The grant program timeframes should therefore consider these needs. Importantly, applications should open following the completion of provisional capital budgets (3rd quarter) and announcements should be made in time to enable Councils to sign contracts within the required periods. The discussion paper identifies that parties will have ninety days in which to execute funding agreements from the time an offer is made. To facilitate this, offers should not be made earlier than late in the 4th quarter, when Council budgets are typically approved.

Projects

- Clarity and appropriateness of eligibility and merit criteria
- Types of projects

Council operations

We would welcome the opportunity to apply for funding through this funding program for projects that achieve long term ongoing savings and demonstrate innovation such as energy efficiency in our facilities, switching to low or no carbon fuel sources (such as co/tri-generation, solar panels) and street lighting upgrades for example. To this end CoM supports the broad nature of the criteria, however suggests the program should be aimed at projects which require medium to long term payback periods rather than projects with short payback periods which are more likely to be undertaken by Councils without additional funding.

Community programs

In addition to funding projects in our own operations through this program, local government is uniquely placed to engage with and deliver programs to its communities to assist with a transition to a low carbon economy. CoM is a member of the Northern Alliance for Greenhouse Action, a member organisation of nine municipalities representing 25 per cent of metropolitan Melbourne's population. Through NAGA CoM contributes to the development of programs that support residents reduce their greenhouse gas emissions. To this end, CoM supports the opportunity of this grant program to support the delivery of programs by local government that engage with local communities about their carbon impacts and opportunities to reduce the impact.

Additional information

- Roles and responsibilities
- Reporting, payments and audits
- Industry participation

Australian Companies.

The proposed merit selection criteria contained in the discussion paper include criteria requiring projects of over \$1 million to demonstrate benefits to Australian companies (2.4 4.). This criteria presents several challenges to Councils. Many companies offering large scale energy efficiency solutions in Australia are international firms which lead the industry in expertise and ability to implement large scale projects. These firms include major engineering firms, technology suppliers and energy services companies. Many electricity distribution networks (streetlight owners and operators) are foreign owned, as are lighting suppliers.

Restricting the number of companies entitled to tender for or participate in projects establishes barriers which may prevent the lowest cost or best quality solutions from being adopted. Of the firms which tendered for a major energy performance contract undertaken by the City of Melbourne to reduce energy and water consumption across 12 of its major buildings, both were internationally owned firms operating locally and employing locally based staff. Precluding such firms from tendering for major works would have severely restricted Council's ability to undertake major energy conservation retrofits efficiently and to high standards.

Such companies should be entitled to compete for projects in order to achieve innovative and leading practice or best practice solutions. It is suggested that the restrictions aimed at favouring Australian companies be removed.

Eligible expenditure (Attachment A)

- Is the draft guidance on eligible expenditure easily understandable?
- Is there any expenditure item listed as ineligible that should be eligible?
- Are there any barriers in relation to project expenditure that you want to tell us about?

Possible unintended exclusion of streetlights in Victoria -

The scheme is intended to provide extend to energy efficiency initiatives undertaken by Councils, including streetlight initiatives. It is possible that the eligibility criteria in the scheme will inadvertently exclude Victorian Councils from being able to attract grants for streetlight efficiency projects. This is due to wording in the scheme and the regulatory framework relating to streetlights in Victoria,

Under the Victorian *Public Lighting Code*, local governments are '*public lighting customers*' who pay for the operation, maintenance and replacement of streetlights which, in turn, are owned by electricity distribution businesses. The distribution businesses are private entities which do not meet the eligibility criteria of the scheme (ie, not local government bodies or community organisations).

The discussion paper, (2.2.1 b)) states that the applicant will need to be the owner, operator or lessee of a building facility or site that is subject to the project proposal. This may have the effect of excluding public lighting efficiency projects from the eligibility requirements of the grant scheme. Councils nevertheless bear the costs of streetlight operation, maintenance and replacement. The scheme is clearly intended to apply to streetlight operations funded by Councils and the scenario described above appears to be an unforeseen anomaly with an adverse, unintended consequence.

Recommendation:

The scheme should be reframed to enable streetlight projects to be included where councils bear the costs of streetlight operations, even where the streetlights are not owned or leased by council.

Suggestions for other support materials

e.g. notes on how to complete an application form, frequently asked questions, case studies)

No comment.