

‘Decentralised generation and efficiency: how can solar PV and cogeneration play a major role in energy service projects?’

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RENEWABLE ENERGY ROADMAP

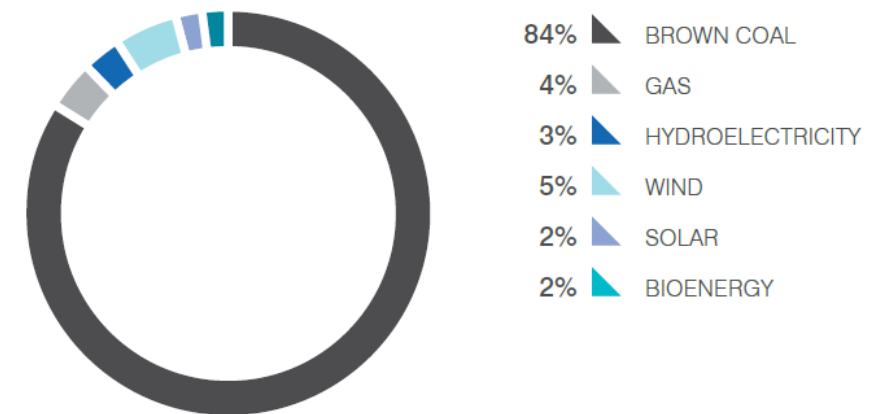
- **Victorian Government Objective**

- Accelerating development of renewable energy generation in Victoria to reduce emissions, create jobs, and put downward pressure on energy prices

- **Priority Areas**

- Transforming Victoria's generation stock towards renewable energy
- **Addressing barriers to distributed generation and storage**
- Encouraging household and community renewable generation
- Government support of renewable energy development, with a focus on job creation in Victoria

FIGURE 1: Electricity generation mix in Victoria, 2014

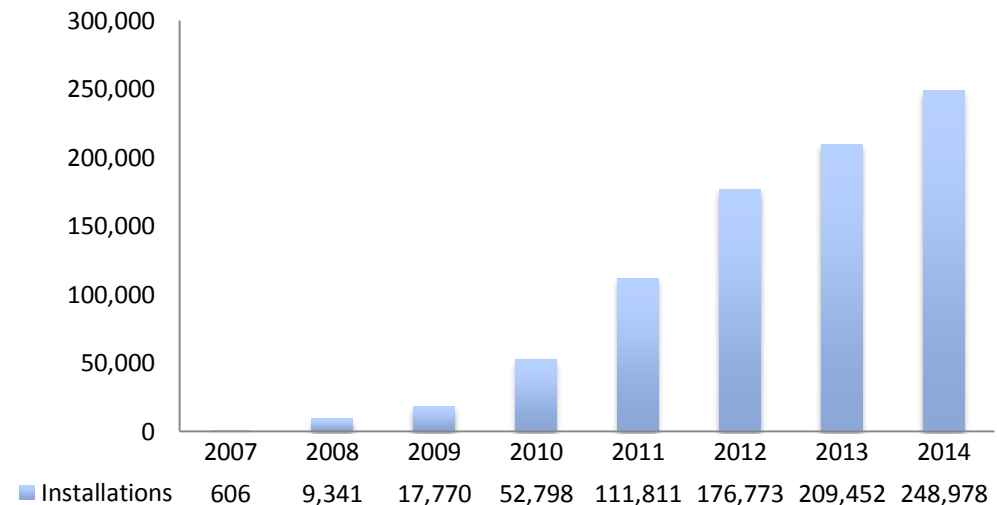


- Consultation on the Roadmap will inform the development of the Victorian Renewable Energy Action Plan. The Action Plan will establish renewable energy generation targets for Victoria for 2020 and 2025.

DISTRIBUTED GENERATION (DG) IN VICTORIA

- Significant uptake of rooftop solar in the last 7 years due to government support, rapidly declining solar panel prices and high electricity prices
- Victorian household solar capacity has passed 750 MW (18% of Aus total)
- Growth in solar PV has continued despite reduction in feed-in tariffs and government incentives
- Energy storage presents many opportunities to customers, networks and local business

**Victorian cumulative solar installations
2007-2014**



BARRIERS TO DG UPTAKE IN VICTORIA



- **Connection issues**
 - Current Victorian process for connecting DG to the grid is not transparent, consistent or customer-friendly (particularly for generators between 30 kW and 5 MW)
- **Regulatory barriers**
 - Innovative business models, such as solar PPAs, that can spread the benefits of DG to low-income households and renters not adequately supported by regulation

ROADMAP INITIATIVES – ADDRESSING BARRIERS TO DG

- Improve connection process for DG and investigate technical grid constraints impacting on DG
- Address barriers to precinct-scale generation including difficulty with on-selling electricity due to a complex licencing framework
- Investigate new DG business models, including solar PPAs and Virtual Net Metering, and consider actions to support their development
- Review market status and regulatory settings for energy storage

DEMAND MANAGEMENT

Helps to reduce demand on the network through energy efficiency measures or by encouraging a change in electricity use by consumers

- **Network tariff reform:**
 - Distribution businesses have submitted their draft tariff structure statements to the regulator
 - Victorian Government considering its position
 - Important that consumers are supported through any reform process so that they can make the decisions that are best suited to their circumstances
- **Incentives framework:** current framework is not adequately incentivising distribution businesses to contract for demand management. Improved framework will not take effect in Victoria until 2021
- **Ring fencing:** Arrangements need to ensure a level playing field for regulated and non-regulated businesses and enable innovation by both networks, third parties and retailers – AER ring fencing review

Next steps

- Renewable Energy Action Plan
- Energy Efficiency and Productivity Statement
- New Energy Technologies Strategy