

**Submission
No 28**

COGENERATION AND TRIGENERATION IN NEW SOUTH WALES

Organisation: Sustain Northern Rivers Energy Working Group
Name: Ms Natalie Meyer
Position: Convenor
Date Received: 5/09/2013



Dear Mr Jonathan O'Dea,

Thank you for the opportunity to provide input on the cogeneration and trigeneration inquiry. Sustain Northern Rivers is a collaboration of peak regional organisations working together to improve the sustainability of the Northern Rivers. There are four working groups within the collaboration including one which specifically addresses projects on energy. Over the past three years the energy working group has secured funding and produced the Future Energy Skills Report and the Bio Energy Scoping Study. We have also worked closely with the North Coast Energy Forum to deliver two highly successful events drawing together over 100 energy industry, government and community stakeholders.

From the work of the Sustain Energy Working Group it has become apparent that bio energy will be an important part of the mix in meeting the region's future energy needs. As you can appreciate this bring cogeneration and trigeneration into sharp focus.

Currently this technology (whilst mature elsewhere) is an emerging tool for our region and as a result we are keen to learn more, conduct trials and support investment in this area. A key barrier that we have identified to the viability of renewable energy projects such as bio gas powered cogeneration and trigeneration is the ability to sell excess power at a reasonable rate back to the grid. We are currently investigating the possibility of Virtual Net Metering in our region to help mitigate this barrier. This would allow an owner of a cogeneration/trigeneration plant to export power to the grid and use that power at another facility nearby (owned by the same party). For example you may already be aware Ballina Shire Council has secured Federal Funding to build a 4000sqm slow-pyrolysis plant which will be a first of its kind in Australia. This project could increase its viability and likelihood of success if it could secure a way to sell power to other neighbouring Council owned facilities. Virtual Net Metering is neither allowed nor restricted under current retail regulations but the ambiguity over how it would be implemented leads to a culture of inaction from the relevant stakeholders.

With reference to Bio Energy which is of major interest to our region, the decision by the NSW State Government to remove a prohibition on the use of forest residue for the generation of renewable energy is a positive step for renewable energy, but must proceed with caution to ensure biodiversity and conservation principles are upheld. It will encourage greater investment into bio energy projects in this region and provide a significant boost to the regions timber industry. Extending this legislation to include wood waste from uncontaminated construction and demolition waste and timber pallets would provide other feed-stocks. Current legislation prevents this in most circumstances. Obviously Sustain Northern Rivers insists that biodiversity principles and adequate environmental protections are written into any regimes which would access these resources.

There has historically been no feed-in-tariff for bio energy as for solar & wind, and creating a targeted, limited tariff for mid to large bio energy producers would encourage investment in new projects and make currently non-viable projects cost effective.

Sustain Northern Rivers

+61 2 6622 4011 +61 2 6621 4609 snr@rdanorthernrivers.org.au www.rdanorthernrivers.org.au

Level 3, Rous Water Building 218-232 Molesworth St, Lismore 2480 | PO Box 146, Lismore NSW 2480



The current difficulty in negotiating power pricing agreements and customer connection agreements for large scale bio energy projects is not conducive to encouraging large projects in NSW. Sustain Northern Rivers experience is that the wholesale purchase price and the retail price offered to proponents who are both generators and consumers can severely affect the economics of a project. Offering a much fairer and more realistic price at either the wholesale purchase or retail selling end would provide a better rate of return on large scale projects and encourage investment in new projects. As would simplifying the process for renewable energy generators to negotiate customer connection agreements and the acceptance of virtual net metering for grid transfer of excess energy to selected users over short distances.

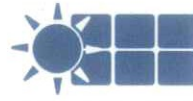
The current prohibition by the Commonwealth of native wood waste to contribute to the Renewable Energy Target (even where there is a genuine emphasis on environmental protection) is also having a detrimental impact on new investment in bio energy projects in Australia and NSW. Whilst this remains the case it will act to discourage small scale projects from proceeding in NSW.

Thank you for taking the opportunity to receive input from Sustain Northern Rivers on these matters

Sincerely



Natale Meyer
Convenor
Sustain Northern Rivers Energy Working Group



ATTACHMENT A – List of Sustain Northern Rivers members

1. ACE community Colleges
2. Ballina Shire Council
3. Byron Shire Council
4. Byron Region Community College
5. Clarence Valley Council
6. EnviTE Inc
7. Kyogle Shire Council
8. Lismore City Council
9. Local Community Services Association – Far North Coast Regional Group
10. North Coast TAFE
11. North East Waste Forum
12. Northern NSW Local Health District
13. Northern Rivers Catchment Management Authority
14. Northern Rivers Social Development Council
15. Northern Star Pty Ltd
16. Northern Rivers Tourism Inc
17. Northern Rivers Youth Advisory Council
18. NSW Department of Education and Communities
19. NSW Department of Primary Industries
20. NSW Department of Trade and Investment, Regional Infrastructure and Services
21. Regional Development Australia-Northern Rivers
22. Richmond Valley Council
23. Southern Cross University
24. Tweed Shire Council
25. University Centre for Rural Health-North Coast
26. Youth Environment Society

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ATTACHMENT B – SNR Sustain Energy Working Group

SNR Sustain Energy has a goal *'to empower and enable the North Coast to reduce greenhouse gas emissions by 20% and increase the proportion of renewable energy sources to 20% by 2020'*. SNR has developed an action plan to reach this goal and recognises that in order to achieve significant and sustainable emissions reduction, an integrated and targeted program is required that combines demand management, energy efficiency and distributed energy strategies with increased supply of renewable energy.

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