



**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON ENVIRONMENT,
CLIMATE CHANGE AND BIODIVERSITY**

(Reference: [Inquiry Into Annual and Financial Reports 2022 - 2023](#))

Members:

**DR M PATERSON (Chair)
MS J CLAY (Deputy Chair)
MR E COCKS**

TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 12 DECEMBER 2023

**Secretary to the committee:
Mr J Bunce (Ph: 620 50199)**

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

APPEARANCES

Chief Minister, Treasury and Economic Development Directorate.....89

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Amended 20 May 2013

The committee met at 9.15 am.

Appearances:

Barr, Mr Andrew, Chief Minister, Treasurer, Minister for Climate Action, Minister for Economic Development and Minister for Tourism

Chief Minister, Treasury and Economic Development Directorate

Engle, Mr Sam, Coordinator-General, Office for Climate Action

Lloyd, Ms Lara, Acting Executive Branch Manager, Office for Climate Action Programs

THE CHAIR: Good morning, and welcome to the Public Hearings of the Standing Committee on Environment, Climate Change and Biodiversity for the Inquiry into Annual and Financial Reports for 2022-23.

The committee wishes to acknowledge the traditional custodians of the land we are meeting on today, the Ngunnawal people. The committee wishes to acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region. We would also like to acknowledge and welcome any Aboriginal or Torres Strait Islander people who may be attending today or who may be following online.

The proceedings today are being recorded and transcribed and will be published. They are also being broadcast and webstreamed live. When taking questions on notice, it would be useful if the witness could use the words, "I will take that question on notice." In our first session today, we will hear from the Minister for Climate Action. We welcome Mr Andrew Barr, MLA, the Chief Minister, and officials from the Chief Minister, Treasury and Economic Development Directorate.

I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. When you first speak, if you can confirm for the record that you understand the privilege implications of the statement and that you agree to it.

We are not inviting opening statements, so we will go to questions. Chief Minister, my first question is in respect of the Sustainable Household Scheme. It seems to continue to have high application numbers following changes in the budget. I was just wondering if you can provide an update on the number of applications and approved loans for both solar and other projects?

Mr Barr: I understand the privileges statement. As of 1 December, the number of applications were over 20,000; so 20,325, of which 17,880 have been approved and 16,596 households have had projects installed. The number of loan applications for solar is 11,870, of which 9,540 have been installed. For solar and battery there were 1,746 applications and 1,477 have been installed. Then just standalone batteries: 1,153 applications, 879 installations. Other major components of the scheme have

been heating and cooling, and a number of electric vehicle related applications and installations for charging equipment.

THE CHAIR: Has there been any shift since the budget time period in terms of more uptake, less uptake or changes in uptake?

Mr Engle: I acknowledge the privileges statement. There have been some changes since 1 July 2023. The government changed some of the scheme parameters in recognition of the changing nature of rooftop solar and the efficiency in the payback periods. So the UV threshold, which is the key eligibility criteria we use for the scheme, was adjusted down to focus on those lower value properties from \$750,000 to \$450,000. We also updated the UV year. That had previously been 2020 and we have just updated it to 2022, for all products, except for solar. You can still purchase and get finance for electrification products under the \$750,000 UV threshold. We also have a number of concession card holder grants that are included in the scheme. As a result we saw a decrease in total loans. So that shifted down to around about \$1.5 million per week, which had been down from around about \$3 million to \$4 million.

There was also a change in the nature of the appliances, as you can imagine. With the changing thresholds we have seen a greater uptake in those electrification products. We are quite happy with how that has shifted the scheme. That is in recognition of the government's announcement that we would be focusing the territory on an electrification pathway, and not be reliant on green-gas or hydrogen for household heating and cooling, and hot water heating and cooling.

We did see a change in the proportion of loans. Solar system loans decreased from about 61 per cent to 35 per cent, from the change in that set of criteria. We have seen an increase from 15 per cent for heating and cooling to 32 per cent. Hot water heat pumps increased from five per cent to 9.4 per cent. We also introduced insulation as an eligible product in the scheme, which was in recognition of the minimum insulation standards for rental properties. So that is an eligible product. We have seen an increase from almost nothing to about four per cent of the scheme.

So, as you can see, there has been a change in the nature of the scheme. The aim is to focus it on energy efficiency and electrification, and away from solar, given that solar has now really taken off as a product that more mainstream Canberrans can afford.

THE CHAIR: What is the long-term plan for the project? Will there be further changes at next year's budget, in terms of the criteria, or more or different products added in?

Mr Barr: We will make an assessment on whether there is a further injection of capital into the scheme. We are able to attract some commonwealth funding into the scheme as well, as part of the commonwealth budget and some of the consumer-focused energy assistance measures that were jointly funded between the commonwealth and the states and territories. Early indications from the commonwealth are that they are looking at another energy support package for their budget next year. I imagine, having established a pathway and a mechanism to jointly fund with the states and territories, that they will begin that conversation with us in the new year. So we would approach that with certainly a willingness to partner with the commonwealth.

Obviously, energy prices in the ACT have not experienced the sort of increases that have occurred elsewhere because of our long-term fixed price renewable energy contracts that effectively shield ACT residents from significant market fluctuations across the Australian energy market. We will certainly look at that opportunity next year with the commonwealth, and we will consider the balance of capital remaining in the scheme and make some decisions next year. I think the direction though, to support electrification as the number one priority for the scheme at a household level, particularly for gas to electric transition, should be the main focus for the scheme going forward.

MS CLAY: Feel free to take these on notice, if that is a better way to do them. Are you collecting data on whether the applicants are owner-occupiers or whether they are investment properties?

Mr Barr: Yes.

MS CLAY: Great. I would love a breakdown of data. Probably best to take it on notice, for the products with that breakdown, owner occupier versus investment. I am also really interested in the uptake of the new things that have been added, the insulation. I think electric motor bikes?

Mr Barr: Yes.

MS CLAY: I do not know the best way for you to report on that because I do not know if you would do it month by month since they were added—

Mr Barr: Sure. Well I can. I have some data. So, e-motorbikes: one. So that is pretty straight forward.

MS CLAY: Yes.

Mr Barr: Insulation: 180 applications, 106 installations.

MS CLAY: Yes, great. Okay. So maybe the breakdown of the investment owner occupier and the product type, would be great?

Mr Engele: I will take that on notice.

MR COCKS: You mentioned the UV threshold, Mr Engele, dropping to \$450,000, I think you said—

Mr Engele: Yes, for solar systems—

MR COCKS: Is that correct?

Mr Engele: For rooftop solar—

MR COCKS: Yes, that is right. Do you have any analysis of the proportion of properties that cuts out of eligibility?

Mr Engele: Yes, I do. I have that here. For solar, originally around 92 per cent of properties in the ACT—sorry, that is non-unit properties—were eligible for the scheme. That dropped down to 19 per cent for solar. It changed from 92 per cent to 73 per cent for non-solar, so for all the electrification products. So you can see the real shift there in eligibility for solar is really much more tightly focused.

MR COCKS: It is a very big shift and that is why it jumped out at me. Looking at some of the areas it seems—across my electorate, for example, there are very few properties that will now be eligible for solar. Have you done any analysis on impacts for renters and whether rental properties in particular are going to be hit by the reduced opportunity?

Mr Engele: For solar?

MR COCKS: For solar.

Mr Engele: Yes. I mean, we have not done explicit analysis on solar. I guess we had not seen a lot of solar on rentals, but I would have to get those numbers. The key area we are encouraging landlords to focus on is energy efficiency and electrification products. So say, as your gas hot water heater breaks, we are encouraging them to replace that with an electric alternative. That is why the scheme remains at that \$750,000 threshold for those electrification items.

MR COCKS: Yes. On another related matter, how many of the loans under the scheme have been defaulted on?

Mr Engele: I will just check with my colleague, Ms Lloyd, whether she has the default numbers. They are very low, and I may have to take that on notice.

Ms Lloyd: I have read, I acknowledge and agree to the privilege statement. Thank you for your question. Your question was in regards to the default rate?

MR COCKS: Yes.

Ms Lloyd: I do have some figures in front of me. The default rate, in the arrears snapshot, is actually quite low for the Sustainable Household Scheme—

MR COCKS: Yes, but what is that rate, sorry?

Ms Lloyd: So in terms of overdue, between one and 15 days, we have 55 accounts. But that drops down to—in terms of 91 days, we only have three accounts that are currently in arrears.

MR COCKS: That is great. I am happy, given we are a short session today.

MS CLAY: Minister, we had a chat about adaptation last time and I think where we landed—it was in the context of having a chat to some of the Education Directorate about how the schools were going through this process. They were working out quite a lot of things individually, and I think you suggested there was probably work that

needed to be done, or that was in train. Can you tell me where we are up to, in brief terms, on adaptation?

Mr Barr: Yes. Sure. Sam.

Mr Engele: In relation to adaptation, the Office for Climate Action has done two key projects. One was the climate risk assessment. That looked at the risk, as it relates to the ability of government directorates to continue to deliver services and their maturity for planning for adaptation. That was completed in—it was not in this annual report period, it was in the one before. Then this period we provided directorates with a framework to assist them with developing that maturity. What we saw was some directorates have a very good technical knowledge of the changes that will occur. They understand the NARClIM, which is the data set, and they have been able to apply it to their business. Others are at an earlier stage of understanding, so we wanted to give them an easy guide as to what those things would do, and that was sent out late last year.

As part of this year, the Chief Minister wrote to all Directors-General and asked them to provide a report at the end of the year, back to cabinet, on the steps they have taken to get a census. We have collated that report and it showed there is a number of projects that have seen improvements in planning and what we are seeing is directorates are setting up either dedicated committees on adaptation or they are incorporating into their senior executive meetings.

Then there are a number of individual projects where we are seeing a lot of testing of new concepts. There are some infrastructure projects that are going in, in response to extreme weather events. Across the board, we have seen progress in all directorates as it relates to getting a better understanding about the impacts and then putting into place management strategies for those risks.

MS CLAY: Is the climate risk assessment a public document? That is, from last year?

Mr Engele: Yes, there was a publicly released version of that document.

MS CLAY: That is interesting. So there has been the framework and that has gone back to cabinet already?

Mr Engele: The framework was—it was not—it was just a simple guide—as to the key steps to take, so I do not think—that was not a cabinet document. It was just a: what would you do? You would set up a committee, you would try and understand the risks—

MS CLAY: Got you. Process. Yes, process—

Mr Engele: Yes.

MS CLAY: That is fine. I am quite interested in what adaptation projects government is doing. Is there a list of the adaptation projects that are either being considered, or being worked up—not draft ideas, but things that are—

Mr Engele: Well there was the report to cabinet. I guess that will depend on whether we wanted to produce a publicly available version of that—

Mr Barr: I will work out what we can organise, yes—

MS CLAY: Yes, okay. So, take on notice to have a look at it.

Mr Engele: Yes.

MR COCKS: Mr Barr, the Big Canberra Battery process. I am sure you are surprised to get questions on this one.

Mr Barr: No. Well it is one of the three or four topics in this area, so I was expecting a question on it.

MR COCKS: So, page 20 of the annual report, where it refers to delivery of the project. There was a media release published by CMTEDD earlier this year that notes that the Big Canberra Battery will cost between \$300 million and \$400 million. Around budget time last year, we were seeing the Canberra Big Battery talked about as a \$100 million project. You might be able to appreciate that is a pretty wide spread of dollar figures for this project. Can you help me get a handle on exactly how much this is going to cost?

Mr Barr: Sure. It is principally private equity, but Sam, do you want to take—

Mr Engele: There has been an evolution of how we have accounted for that project, and I guess our understanding about where the government could interact in the battery ecosystem on the NEM. Originally, we thought that when the government made the commitment about encouraging a large-scale system in the ACT for reliability and other purposes, we would need to do what other states and territories have largely done, which is essentially provide a grant to set up. So originally, we booked that as a possible \$100 million, either to own and operate the system itself, or alternatively to provide it as a grant. That was a very high-level estimate at the beginning of the process.

As we have worked through the details of that, and the government clarified its objectives to also include generating revenue for the territory, we looked at other ways of engaging with network operators and the battery providers and have come up with essentially a new way of doing PPP in Australia, which is a revenue share contract. The way it works is that we provide essentially an availability payment on a quarterly basis to a battery system operator and owner. The private partner owns the asset, and in return for that availability payment, we get a share of the total revenue of the battery.

The reason that it was a new type of contract, and the reason we decided to do that, was, as part of the industry consultation and developing the project, we learned that the key challenge those operators were having was with batteries having a very irregular revenue stream. They make a lot of money in a very short period of time, but then they can just tick along and not make much revenue. That makes it a challenge for them to get private finance. So there was a bit of a market opportunity for the ACT

to provide an assured level of revenue, which then decreased the battery operator's cost of capital, and then essentially the benefits of that are shared back. So, now, when we book that, it is a revenue back to government. So it is of no cost and in fact, generates revenue.

The media release that related to the \$300,000 to \$400,000 million was the total capital cost that would be incurred by the private sector partner for that battery system.

It will not cost the ACT government over the life of the battery, and we are expecting it—subject to commercial risk—to generate a return for the government.

MR COCKS: Okay. Those quarterly payments, how much are they?

Mr Engele: They are commercial in confidence as part of their contract.

MR COCKS: On what basis is that considered commercial in confidence, in terms of government information because that is—

Mr Engele: As part of the—

MR COCKS: —an agreed contract.

Mr Engele: Yes, so as part of the agreed contract that was—

MR COCKS: So it has simply been declared commercial in confidence?

Mr Engele: No, that is the redacted text component of the contract as that would impact on Eku Energy—who are the private partners—on their ability to do other contracts of that nature with other commercial partners.

MR COCKS: Okay. So what then is the expected revenue to the ACT government across the 15-year period?

Mr Engele: It is net present value positive, and the total amount also relates back to that revenue share contract. Over the four-year period, they will be included in the budget parameters.

MR COCKS: Sorry, so you are saying you cannot tell me how much it costs, and you cannot tell me how much revenue it is going to bring in.

Mr Barr: We will report revenue in the budget—

MR COCKS: Yes, but have you done any—

Mr Barr: —and every year—

MR COCKS: Have you done any analysis on—

Mr Engele: Yes.

Mr Barr: Yes.

Mr Engele: It is completed—

Mr Barr: There has been a complete analysis, and we will publish every year the revenue—

MR COCKS: So can you give the committee the analysis of what is expected in terms of revenue?

Mr Barr: Well there are commercial in confidence elements to that. I will take on notice what we can provide.

MR COCKS: Okay.

THE CHAIR: Is this one battery or is this a network of batteries?

Mr Barr: It is a network of batteries, and this is one component of it.

THE CHAIR: So when will the implementation of this start?

Mr Barr: It is already underway. Contracts have been signed. There are other elements of the Big Canberra Battery that are a series of smaller batteries and other components that all come together in effectively a networked battery for the city. They range in size from relatively small institution level batteries to some of these large-scale ones that are located either with major renewable energy generators or on the interconnectors between the ACT and New South Wales.

There are also some private projects that were procured under the large-scale renewable energy generator contracts before the Big Canberra Battery Project was announced. So there are more and more batteries being added, of varying scale, under a number of the different procurement programs the government has had in place over the last 10 years.

THE CHAIR: With storms, like last Friday where we had power outages across Canberra, will the batteries buffer that a bit?

Mr Barr: Well in the instance of Friday's storm, obviously the interruption to power supply was localised with particular lines being damaged either by winds or falling trees, for example. The great value in the batteries will be at periods of peak usage across the NEM. So when it is really hot everywhere and the ageing coalfired plants are not producing enough energy, obviously on really hot days solar contribution is peaking right across the NEM, and there is more and more of that, but the advantage the batteries have is being able to provide instant dispatchable power into our network. So it significantly reduces the risk of brownouts. To the extent that, for example, a storm incident interstate interrupted the supply of power into the ACT, then the batteries could be deployed to provide a localised power boost whilst, for example, a network disruption in New South Wales, in the hypothetical example, was being repaired.

MS CLAY: I am interested in the commercial confidentiality of the contract. I would imagine theoretically any contract that is on the procurement register with a declared price might affect that company's ability to get a different price somewhere else. So what is it that makes this one—we understand commercial confidentiality when it is in negotiation, but usually, once it is procured, it is declared. Why is this one so unique that it cannot be declared?

Mr Engele: The process, as part of that redacted text, is that some of those contracts will have components of them that will not be released at all. So I think it is not an unusual process to have certain parts of the contract removed from public release where it would impact on the private partners commercial rights. It is a five-year contract. It has not been done before. We are seeing variations of it being picked up by the commonwealth. I think the commercial party has put to us that they believe some of those elements should not be released and we have agreed with that rationale.

MS CLAY: So typically though, for instance, with our bus contracts we do not get a unit price for the buses, but we get the whole price for the whole amount. There is not any aspect of it that you could release?

Mr Engele: There is a little bit—

Mr Barr: We have taken on notice the question from Mr Cocks. We will report the availability payments and the revenue it generates for us in the budget every year.

MS CLAY: I understand the revenue, but the revenue is not the same as the cost. It sounds like the cost will not be—

Mr Engele: The payments will be accounted for, as a part of the budget, so that would be released—

Mr Barr: So the availability payment and the revenue will be reported—

MS CLAY: So the total ones, okay—

Mr Engele: Yes.

Mr Barr: Yes.

Mr Engele: I guess how that comes together in the contract is the commercial in confidence component of it—

THE CHAIR: The commonwealth government recently announced details of their community solar banks projects. Are you able to provide details of that program in the ACT?

Mr Barr: Sam, are you able to—

Mr Engele: I am not. Ms Lloyd, will have the specific dollar values for the contribution.

Ms Lloyd: The solar banks initiative, what it looks like in the ACT, is the recently launched Solar for Apartments Program. It is a \$1.8 million contribution from the commonwealth and the ACT government is matching that with \$1.8 million from the Sustainable Household Scheme. The Solar for Apartments Program will enable eligible owner corporations to apply for \$100,000 in funding, which will be up to \$50,000 in a grant and \$50,000 in a no-interest loan through the Sustainable Household Scheme. The program opened to registrations from owners' corporations over the last couple of weeks and we have had quite a bit of interest already. I can tell you, as of today, how many applications we have received: 22 applications received and those applications are being assessed for eligibility currently.

THE CHAIR: And when do the applications close?

Ms Lloyd: Applications do not close at this stage. We are receiving the applications and assessing them for eligibility against the terms and conditions. The next process will be the Brighte marketplace, which will be ready to accept vendors that are interested in providing solar on apartments. Those owners' corporations that are deemed eligible will be able to go to the Brighte marketplace and select their quotes and proceed with their application.

THE CHAIR: I think we are done. On behalf of the committee, I would like to thank Chief Minister Barr, and officials, for your attendance today. Thank you to Broadcasting and Hansard for their support. We look forward to receiving the answers to any questions taken on notice. Please provide your answers to the committee secretary within five business days of receiving the uncorrected proof of *Hansard*. Members, we have five days to lodge our questions on notice. Thank you very much.

The committee adjourned at 9.45 am.