



Climate change and energy – locally owned community renewables	
Party:	Australian Greens
<p>Summary of proposal:</p> <p>The proposal would establish a new Commonwealth Agency – Australian Local Power Agency (ALPA) – to deliver the following schemes:</p> <ul style="list-style-type: none"><li>• <b>Component 1: Local Power Scheme</b> – establish 70 local power hubs to support renewable energy projects in regional communities. Each hub would distribute seed grants and forgivable loans for small-scale renewable energy and storage projects that are community-driven, have broad local support, and deliver tangible benefits to the region.</li><li>• <b>Component 2: Underwriting New Community Investment (UNCI) Scheme</b> – underwrite community owned renewable energy generation and storage projects for up to 10,000 gigawatt hours each year for 10 years in order to guarantee financial and project stability.</li><li>• <b>Component 3: Community Renewables Investment Scheme</b> – require any new large-scale renewable development to offer 20% of the project equity to local communities within 30 kilometres of the project. To administer this scheme, the ALPA would be provided ongoing funding to develop guidelines for the scheme, assess whether developers meet those guidelines, and award approvals once developers have completed co-investment funding rounds.</li><li>• <b>Component 4: Community Battery Storage Funding Program</b> – triple the funding for community batteries by allocating an additional \$342 million in funding to the Australian Renewable Energy Agency (ARENA) over 4 years.</li></ul> <p>The proposal would start on 1 July 2026.</p>	
<p>Additional information (based on further advice provided):</p> <p><b>Component 1</b> – each hub would be provided \$500,000 a year for 5 years for establishment and administration costs. These hubs would also receive administered funding each year, for 10 years, to distribute up to 10 seed grants of \$10,000; 5 grants of \$50,000; and 2 forgivable loans of \$150,000 each, at an annual concessional interest rate of 1%.</p> <p><b>Component 2</b> – subsidise eligible energy projects when the average wholesale price falls below \$100 per megawatt hour.</p> <p>Grant amounts, loan principal amounts and the target price would be indexed annually to the Consumer Price Index (CPI).</p>	

## Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$529 million over the 2025-26 Budget forward estimates period (see Table 1). The financial implications are predominantly driven by increased administered expenses to provide forgivable

grants, loans and wholesale electricity price subsidies, and departmental expenses of running the Australian Local Power Agency (ALPA).

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications over the period to 2035-36 is provided at Attachment A.

The financial implications of this proposal are uncertain and highly sensitive to assumptions about uptake of grants and loans, the extent of forgivable loan repayments, repayment patterns, expected activities under the proposal, costs and capacities of renewable technologies, and wholesale electricity prices.

**Table 1: Climate change and energy – locally owned community renewables – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-	-167.7	-176.9	-183.9	-528.5
Underlying cash balance	-	-167.7	-176.9	-183.9	-528.5

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

## Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- As a new agency, ALPA will require funding for corporate functions to support the agency's operations and its ability to deliver the proposed schemes.

### Component 1:

- All funding allocated to local power hubs for establishment and administration costs will be spent.
- Take-up rates for the seed grants, enablement grants, and forgivable loans would grow steadily from 90% in 2026-27 to 100% in 2028-29 and remain constant at that level throughout the medium term. This assumption reflects the generous terms under the proposal while accounting for the uncertainties around the economic outlook in the near term.
- Around 30% of forgivable loans would be repaid. This is informed by the average failure rate of around 50% to 70% for small businesses discussed in various research publications and the forgivable nature of the proposed loans.
- Average loan maturity would be around 7 years, consistent with the CEFC's loan management experience to date.

### Component 4:

- All funding allocated to the Community Battery Storage Funding Program will be spent.
- The additional funding to ARENA will include additional departmental funding.

## Methodology

Financial implications were rounded consistent with the PBO's rounding rules.<sup>1</sup>

### Component 1:

- Administered expenses for the local power hub establishment and administration funding, seed grants, and enablement grants were determined in-line with the specification and stated assumptions.
- Administered expenses for the forgivable loans were treated as grants for accounting purposes in line with the relevant guidance.<sup>2</sup>
  - For funding to be classified as a loan there must be a requirement that the loan principal and interest be repaid and expectation that repayment will occur. Neither of these requirements are met for forgivable loans, so these are treated as grant expenses and repayments as revenue.
- Departmental expenses were estimated using the PBO's departmental costs calculator.

### Component 2:

- The administered expenses associated with the UNCI scheme were calculated based on:
  - the specified subsidy cap and target price
  - wholesale electricity price projections from the Australian Energy Market Commission (AEMC)
  - the estimated number of new projects eligible each year for the UNCI Scheme, informed by project trends reported by the Clean Energy Council
  - estimated electricity generation by eligible projects under the UNCI Scheme, informed by the projects' capacity range, historical data on renewable energy capacity factors, and market shares across states.
- Departmental expenses were estimated using the PBO's departmental costs calculator.

### Component 3:

- Departmental expenses were estimated based on the Business Grants Hub model provided by the Department of Industry, Science and Resources (DISR).

### Component 4:

- Administered expenses are as specified in the proposal, less expected departmental expenses.
- Departmental expenses were estimated using the PBO's departmental costs calculator and are included within the capped funding amount.

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<sup>1</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

<sup>2</sup> [General principles for the recognition of expenditure in budget aggregates \(RMG 117\)](#)

## Data sources

AEMC (Australian Energy Market Commission) (2024) [Residential Electricity Price Trends 2024](#), Australian Government, Commonwealth of Australia, accessed 20 May 2025.

AER (Australian Energy Regulator) (2024) [Annual volume weighted average 30-minute prices – regions](#) [dataset], Australian Government, accessed 20 May 2025.

ASX (Australian Securities Exchange) (2024) [RBA Rate Tracker](#), ASX, accessed 20 May 2025.

Clean Energy Council (2024) [Clean Energy Australia 2024 Report](#), Clean Energy Council, accessed 20 May 2025.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

CSIRO (Commonwealth Scientific and Industrial Research Organisation) (2024) [GenCost 2023-24 Final Report](#), Australian Government, accessed 20 May 2025.

DCCEEW (Department of Climate Change, Energy, the Environment and Water) (2024) [Community Batteries for Household Solar program](#), accessed 20 May 2025.

Open Electricity (2024) [Facilities](#), the Superpower Institute, accessed 20 May 2025

RBA (Reserve Bank of Australia) (2024) [Cash Rate Target](#), RBA, accessed 20 May 2025.

RBA (2015) [The Economic Trends, Challenges and Behaviour of Small Businesses in Australia](#), RBA, accessed 20 May 2025.

RBA (2024) [Lenders' Interest Rates](#), RBA, accessed 20 May 2025.

The Department of Industry, Science and Resources provided the *Cost Base Determination Model for the Business Grants Hub* as at 3 July 2020.

## Attachment A – Climate change and energy – locally owned community renewables – Financial implications

**Table A1: Climate change and energy – locally owned community renewables – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Revenue</b>													
<b>Administered non-tax</b>													
<i>Repayments of forgivable loans (Component 1)</i>	-	0.9	1.8	2.8	3.8	4.8	5.9	6.9	7.2	7.4	7.6	5.5	49.1
<b>Total – revenue</b>	-	0.9	1.8	2.8	3.8	4.8	5.9	6.9	7.2	7.4	7.6	5.5	49.1
<b>Expenses</b>													
<b>Administered</b>													
<i>Local power hub funding (Component 1)</i>	-	-76.0	-80.1	-84.5	-86.6	-88.8	-51.4	-52.7	-54.0	-55.4	-56.8	-240.6	-686.3
<i>Underwriting new community investment scheme (Component 2)</i>	-	-0.7	-8.1	-11.4	-14.4	-20.8	-24.5	-24.7	-5.2	-	-	-20.2	-109.8
<i>Community battery storage scheme (Component 4)</i>	-	-83.4	-83.4	-83.4	-83.4	-	-	-	-	-	-	-250.2	-333.6
<b>Total – administered</b>	-	-160.1	-171.6	-179.3	-184.4	-109.6	-75.9	-77.4	-59.2	-55.4	-56.8	-511.0	-1,129.7
<b>Departmental</b>													
<i>ALPA (Components 1/2/3)</i>	-	-6.4	-5.0	-5.3	-5.4	-5.5	-4.8	-4.9	-4.5	-4.3	-4.4	-16.7	-50.5
<i>ARENA (Component 4)</i>	-	-2.1	-2.1	-2.1	-2.1	-	-	-	-	-	-	-6.3	-8.4
<b>Total – departmental</b>	-	-8.5	-7.1	-7.4	-7.5	-5.5	-4.8	-4.9	-4.5	-4.3	-4.4	-23.0	-58.9
<b>Total – expenses</b>	-	-168.6	-178.7	-186.7	-191.9	-115.1	-80.7	-82.3	-63.7	-59.7	-61.2	-534.0	-1,188.6
<b>Total (excluding PDI)</b>	-	-167.7	-176.9	-183.9	-188.1	-110.3	-74.8	-75.4	-56.5	-52.3	-53.6	-528.5	-1,139.5

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

**Table A2: Climate change and energy – locally owned community renewables – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b><i>Fiscal balance</i></b>	-	-3.7	-11.5	-20.0	-29.1	-37.1	-42.9	-48.2	-53.4	-58.3	-63.4	<b>-35.2</b>	<b>-367.6</b>
<b><i>Underlying cash balance</i></b>	-	-2.8	-9.6	-17.9	-26.9	-35.1	-41.5	-46.9	-52.1	-57.1	-62.1	<b>-30.3</b>	<b>-352.0</b>

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>3</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

<sup>3</sup> [https://www.aph.gov.au/about\\_parliament/parliamentary\\_departments/parliamentary\\_budget\\_office/online\\_budget\\_glossary](https://www.aph.gov.au/about_parliament/parliamentary_departments/parliamentary_budget_office/online_budget_glossary)