

4.2 PROPOSE SPECIAL CHARGE SCHEME FOR SOLAR SAVERS PROGRAM

Responsible Director: Deb Cailes

RECOMMENDATION

That Council:

Gives notice of its intention to declare a special charge in accordance with section 163 of the Local Government Act 1989 (Act) as follows:

1. A special charge is declared for the period commencing on the day on which Council issues a notice levying payment of the special charge and concluding on the eighth anniversary of that day.

i. The special charge be declared for the purpose of defraying any expense incurred by Council in relation to the provision of solar energy systems on residential properties participating in the solar savers scheme, which project:

a) Council considers there will be a special benefit to those persons required to pay the special charge (and who are described in succeeding parts of this resolution); and

b) arises out of Council's functions of promoting economic and environmental sustainability, advocating and promoting proposals which are in the best interests of the community and ensuring the peace, order and good government of Council's municipal district.

ii. The total:

a) cost of performing the function described in paragraph 1(ii) of this resolution be recorded as \$52,993.52; and

b) amount for the special charge to be levied be recorded as \$52,993.52, or such other amount as is lawfully levied as a consequence of this resolution.

iv. The special charge be declared in relation to all rateable land described in the table included as Attachment 1 to this report, in the amount specified in the table as applying to each piece of rateable land.

v. The following be specified as the criteria which form the basis of the special charge so declared:

- ownership of any land described in paragraph 1(iv) of this resolution.

vi. The following be specified as the manner in which the special charge so declared will be assessed and levied:

a) a special charge calculated by reference to the size of the solar energy system being installed and the particular costs of installation at each property participating in the solar savers scheme, in respect of which a householder agreement has been executed, totalling \$52,993.52, being the total cost of the scheme to Council; and

b) to be levied each year for a period of 8 years.

vii. Having regard to the preceding paragraphs of this resolution and subject to section 166(1) of the Act, it be recorded that the owners of the land described in paragraph 1(iv) of this resolution will, subject to a further resolution of Council, pay the special charge in the amount set out in paragraph 1(vi) of this resolution in the following manner:

a) payment annually by a lump sum on or before one month following the issue by Council of a notice levying payment under section 163(4) of the Act; or

b) payment annually by ten instalments to be paid by the dates which are fixed by Council in a notice levying payment under section 163(4) of the Act.

Notes that there will be a special benefit to the persons required to pay the special charge because there will be a benefit to those persons that is over and above, or greater than, the benefit that is available to persons who are not subject to the proposed special charge, as a result of the expenditure proposed by the special charge, in that the properties will have the benefit of a solar energy system being installed.

2. *For the purposes of having determined the total amount of the special charge to be levied:
 - i. *Notes that only those rateable properties included in the solar saver scheme as proposed will derive a special benefit from the imposition of the special charge, and there are no community benefits to be paid by council; and*
 - ii. *Determines for the purposes of section 163(2)(a), (2A) and (2B) of the Act that the estimated proportion of the total benefits of the special charge to which the performance of the function or the exercise of the power relates (including all special benefits and community benefits) that will accrue as special benefits to the persons who are liable to pay the special charge is 100%.**
3. *Gives public notice in The Age newspaper of Council's intention to declare, at its ordinary meeting to be held on 26 July 2022, the special charge in the form set out above.*
4. *Determines that separate letters, enclosing a copy of this resolution, Attachment 2 to this report and the public notice referred to in paragraph 4 of this resolution, are to be sent to the owners of the properties included in the scheme, advising of Council's intention to levy the special charge, the amount for which the property owner will be liable, the basis of calculation of the special charge, and notification that submissions and/or objections in relation to the proposal will be considered by Council in accordance with sections 163A, 163B and 223 of the Act.*
5. *Convenes a committee for the purposes of hearing of submissions, at a date and time to be fixed, to hear persons who, in their written submissions made under section 223 of the Act, advise that they wish to appear in person, or to be represented by a person specified in the submission, at a meeting in support of their submission.*
6. *Authorises the Chief Executive Officer or their delegate to carry out any and all other administrative procedures necessary to enable council to give effect to this resolution and to carry out its functions under sections 163, 163A, 163B and 223 of the Act.*

INTRODUCTION

This report recommends Council initiate the declaration of a Special Charge Scheme under Section 163 of the *Local Government Act 1989 (Act)* for the purposes of defraying expenses relating to the purchase and installation of solar energy systems on residential properties participating in the Solar Savers scheme.

BACKGROUND

Keeping Cool with Solar Savers project (**Program**) was included in the 2021-2022 Budget to assist eligible pensioners to install solar energy systems in Monash via the Solar Savers with no upfront costs to them.

Solar energy systems can help save on power bills and assist vulnerable households to use cooling units in their homes during heatwaves. Under the Program, Council will pay the upfront costs for the purchase and installation of a solar energy system at a property and then defray its expenses by levying a special charge on the property. Maroondah, Darebin City and Hepburn Shire Councils already provide a similar offering.

This Report relates to the special charge scheme necessary to facilitate the Program.

The Eastern Alliance for Greenhouse Action coordinates Solar Savers on behalf of member councils. Solar Savers can assist pensioners and eligible householders in Monash to generate their own power so that they can keep cool in summer and warm in winter.

Over the last three years, through the Solar Savers program, eligible Monash residents have been able to access low interest loans, advice and a preferred supplier to make it easier to make a decision to invest in solar. Through an open tender process led by Procurement Australia, Eko energy was appointed as the preferred installer to provide quotes and supply and install the solar energy systems for the current Solar Savers Program.

Under section 163 of the Act, Council is empowered to declare a special charge for the purposes of defraying any expenses in relation to the performance of a function or the exercise of a power of Council, if Council considers that the performance of the function or the exercise of the power is, or will be, of special benefit to the persons required to pay the special charge. Division 1 of Part 8 of the Act governs the declaration of special charges and remains in operation despite the commencement *of the Local Government Act 2020*.

Division 1 of Part 8 of the Act describes the procedural steps that Council must complete before it can declare and levy a special charge. This includes:

- the publication and issuing of public notices;
- the consideration of any submissions received in respect of the special charge; and
- an objection process, by which the persons liable to pay the special charge can veto the declaration of the special charge if more than 50% of the participating households object to it.

DISCUSSION

The Program will allow pensioner home owners in Monash to install solar PV on their roof without any upfront costs, which is expected to reduce household energy costs and provide access to renewable energy.

The Program will be funded by Council and delivered on behalf of Council by Solar Savers. The costs incurred by Council will be recovered from participating households by declaring a special charge in respect of each participating property, which will require the owner to gradually repay the costs of installing the solar PV to Council over an 8 year term. Eligible home owners will also be able to access current State government solar rebates.

To ensure that participating households were aware of and agree to the quoted system, price and proposed special charge scheme, an agreement between Council and participants was developed (see Attachment 3 - Householder Agreement Solar savers template). This agreement has been signed by the owners of each of the first 10 properties in respect of which Council intends to declare the special charge.

Through the process, the Solar Savers team has also been conducting initial screening to ensure householder eligibility for the State Government's Solar Victoria solar panel rebate and assisting with rebate applications (currently \$1400). The rebate is factored into the total cost of the system for eligible households through the supplier quote process.

Solar systems have been sized to maximise the financial benefits to participating households with system sizes ranging from 3kW up to 6.7kW. It is estimated that the average participating household will save \$100 above their special charge repayments in electricity bills over the first year based on current electricity pricing. After 8 years, households are expected to save in the order of \$400 - \$500 per year on electricity bills (although this will vary from household to household).

In summary, Council is making solar power more accessible to select low income households through the Program. It is among the first programs in Australia enabling households to install solar PV systems and pay them off through a special charge scheme. Council has committed through its Sustainability Strategy and Climate Change Risk and Adaptation Strategy, not only to reduce greenhouse gas emissions, but to support those most vulnerable to climate change impacts and energy costs.

The residential properties included in the proposed scheme have nominated to participate and have signed a Householder Agreement with Council based on the quoted cost of the provision of a solar energy system at their property. The Householder Agreement includes the overall cost and rate repayments that would be paid by the property should the scheme be approved.

The total cost to Council of the purchase and installation of solar PV for the first 10 participating households with which Householder Agreements have been entered is calculated at \$52,993.52. The costs incurred by Council will then be recovered through payments over an eight (8) year period through the special charge.

Before Council can declare the special charge and proceed with the Program, it must first complete the statutory process described in the Act, including:

- giving at least 28 days' public notice of its intention to declare the special charge, with such notice including all of the particulars required in accordance with sections 163(1A), 163(1B), 163B(3) and 223 of the Act;
- writing to each participating household to enclose a copy of the public notice in accordance with s 163(1C) of the Act;
- inviting and considering submissions in accordance with s 223 of the Act; and
- completing the objection process in s 163B, which will discontinue the declaration process if Council receives objections from more than 50% of the eligible properties.

This process is following the Ministerial Guidelines for process to initiate a special charge (Attachment 4)

POLICY IMPLICATIONS

The first key objective of the City of Monash Council Plan 2021-25 is to create a Sustainable City, and do this by delivering on the commitments in the Zero Net Carbon Action Plan. This projects aligns with both of these commitments.

In February 2020, Council committed to be carbon neutral by 2025. This will be delivered in accordance with the Zero Net Carbon Action Plan (approved August 2020), and includes commitment to help the community reduce GHG emissions across the municipality.

Under the Environmental Sustainability Strategy 2016-26, Council has also committed to supporting our community to reduce impacts on the environment.

It also aligns with the Draft Health and Wellbeing Policy and the Age Friendly Monash plan by providing equity to the community to access solar and reduce utility costs.

SOCIAL IMPLICATIONS

The Program will assist eligible residents including pensioners and vulnerable households in Monash to access financial support to access solar energy systems to generate their own power so that they can keep cool in summer and warm in winter. It reduces ongoing utility costs with minimal financial outlay and no ongoing burden in the event of the property is sold. This Program was specifically aimed at low income households, who are more vulnerable to increasing energy costs.

SUSTAINABILITY IMPLICATIONS

The Program aims to:

- Assist low income (pensioner) households to save money, access renewable energy and reduce GHG emissions;
- Build capability and capacity within Victorian councils to use special charges to alleviate upfront investment and provide a stable underpinning finance model for sustainability initiatives; and
- Capture economies of scale and implementation efficiencies through a shared service delivery model.

GENDER EQUITY ASSESSMENT

A gender impact assessment will not be undertaken on this program of works at this time. When this program of works is up for review, Council will reconsider whether or not a gender impact assessment is required.

CONSULTATION

This Program has been reviewed through the Budget approval process.

In the implementation of the Program, the community was invited to participate through promotion on Council's website, on social media channels and through a targeted mail out to 1600 households with pension concession cards who did not already have solar.

FINANCIAL IMPLICATIONS

Currently, up to \$250,000 has been allowed for the Program, with up to \$220,000 to be allocated to paying for the purchase and installation of solar PV for the benefit of eligible participants and level of interest, \$10,000 to project development and \$20,000 to administration and project management over the two years. The \$220,000 could provide up to 44 applications (@\$5,000) over two years and is not part of the capital program.

If the proposed special charge is declared, the recommended administration process for the Solar Savers scheme is as follows:

- 1) Council purchases solar PV equipment and pays for the cost of installing the solar PV at the property – approximately \$5,000 per household (GST exempt);
- 2) Solar Victoria of \$1,400 and STC's have already been applied;
- 3) Council will then raise income of \$5,000 to offset the expense payment by raising a debt against the property;
- 4) Occupier/ratepayer makes special charge payments to defray the expenses incurred by Council over eight years (10 instalments per annum) on their rate notice using reduce utility cost savings.

Should the proposed special charge scheme proceed, a number of eligible pensioners have expressed an interest in joining the scheme. Council will pay \$52,993.52 for the supply and installation of the solar PV systems on these properties.

In accordance with their respective Householder Agreements, if the special charge is declared property owners will pay for the cost of the solar energy system by equal instalments apportioned over an 8-year period, provisionally commencing from 30 September 2022. Council is expected to receive \$6,624.19 in special charge payments annually for the scheme over the 8-year period in respect of these 10 properties.

Payments to Council by property owners for works via special charge schemes are GST exempt.

It is estimated that the average participating household could save at least \$100 per annum above their annual special charge payments in electricity bills based on current electricity pricing. This represents potential funds that can be spent within the Monash community rather than on utility bills.

CONCLUSION

The Program can reduce GHG emissions for the municipality of Monash and confers a special benefit on participating householders by reducing their utility costs and increasing access to roof top solar and alleviating the upfront costs and allowing these householders to spread the cost over several years.

It is recommended that Council initiates the statutory process to declare the special charge scheme for the purposes of defraying expenses from the provision of solar energy systems on residential properties participating in the Program.

This Report is intended to commence the process, by Council resolving to give notice of its intention to declare the special charge. If Council resolves to declare its intention to declare the special charge, future actions to enable the declaration of the Special Charge Scheme are as follows:

- Public notice of Council's intention to declare the special charge will be published in The Age;
- Copies of the public notice will be sent to persons who will be liable to pay the special charge, being the participating householders;
- Copies of the proposed declaration will be available for public inspection at Council offices and on Council's website for at least 28 days;
- Receipt and consideration of written submissions and hearing of submissions (if required);
- Tallying of objections received to determine whether the declaration of the special charge can proceed; and
- Report to Council to declare the special charge.

The Local Government Act 1989 requires members of Council staff and persons engaged under contract to provide advice to Council to disclose any direct or indirect interest in a matter to which the advice relates.

ATTACHMENTS

- 1) Apportionment of costs
- 2) Householder letter template of intention to declare special charge
- 3) Solar savers Householder agreement template
- 4) Ministerial Guidelines for preparation of a special charge scheme.