

## MOU Item by Item

The MOU is very exciting – for us, for Powercor, for the State Government and for the Community Power sector.

Apart from the motherhood preamble the guts of the agreement are in the table at the end and here is some interpretation of the detail.

The seven headlines below come directly from the MOU

1. Understand Newstead's load profiles

The extent and detail of the data sharing about power usage is unprecedented and extremely exciting and vital to whatever comes next in the project.

2. Create a shared understanding of distribution costs

The engineering detail, and ensuing cost consequences, will underpin any proposal. There are two **very important phrases** in this section:

a. *"..for Newstead or the Central Victorian region more broadly"*

The geographical scale is still very open. The scale may yet be crucial – doing something for 2MW (Newstead) may simply not make sense financially whereas ten or twenty times bigger might stack up

b. *"..supply and storage assets"*

Traditionally Powercor has only been involved in wires and poles. Intermittent sources like wind or solar mean that Powercor **has to start** (and is!) thinking about storage. The storage is **required** in order to preserve the quality of power mandated by government.

3. Understand and forecast tariff structures

Changes made by Powercor over the next five year regulatory period must be taken into account. It is a special privilege being offered this material.

4. Assess..potential commercial models

Powercor are offering to share their expertise in power industry matters. Key phrases here are:

a. *"...network information regarding embedded generation...(small power plants)"*

If post-project projects include generation then making sensible location decisions will be informed

b. *"..virtual net metering.."*

A growing number of solutions will involve power transfers between generators and users via the distribution network. Lisa Chesters used the phrase "Power Sharing Grid" at the event where Geoff spoke of the "three things we are not" and she was channelling a Federal perspective. I'm sure Lily would agree.

A strictly local idea has helped to focus my thinking here on what Virtual Net Metering really means. Consider the proposition that Newstead Community Centre might sell surplus solar power to the swimming pool for a heated pool. The recent "retail license exemption" makes this legal – virtual net metering makes it possible (without running an extension cord!)

5. Assess the detailed feasibility of **mutally** agreed...options

The key phrase here is:

a. *"...if an application to the appropriate market authorities is required"*

Lily and the architect of this proposal, John Krbaleski, both described this as a "regulatory" project. It may well be that what we and Powercor propose needs some movement in the regulatory world

6. Discuss (pre negotiations)...changes

Informal talks between the parties about what may be subsequently formally negotiated will aid the way through the commercial establishment of...X

7. Create a secure investment environment for local renewable energy supply

This is the last item and the only one for which I have written out the full text because it is so crucial to what lies beyond this project. At all levels, from feed in tariff for domestic PV to Preferred Supplier Agreements a commercial environment that properly rewards the “pre-distributed” nature of renewable generation will lead, inevitably, to more investment.