

Department of Climate Change, Energy, the Environment and Water

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Evaluation Management Response

Regional Community Energy Program

August 2025

Acknowledgement of Country

The Department of Climate Change, Energy, the Environment and Water acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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Executive summary

The Regional Community Energy (RCE) program was established in 2018 and delivered with funding through the Climate Change Fund (CCF). It included a range of initiatives that worked with community, industry and business partners to develop and deliver projects that reduce greenhouse gas (GHG) emissions and the impacts of climate change, assist customers to be more energy efficient and save money on their bills. The RCE originally intended to deliver 3 workstreams, the Regional Community Energy Fund (RCEF); the Regional Community Energy Hubs (RCEH); and the Resilient Communities (RCERC).

This evaluation has a primary focus on the RCEF, while seeking to understand the reasons that led to the other 2 workstreams not proceeding. The program concluded on 30 June 2025, with mutually agreed termination occurring for the 3 remaining active projects.

The program was evaluated in line with the Climate Change Fund (CCF) Evaluation Framework. ACIL Allen Consulting carried out this independent evaluation, which assessed the outcomes delivered and lessons for future community energy initiatives.

The evaluation confirmed that the RCEF has contributed to enabling work that would not otherwise have occurred. It helped attract private investment, build local capacity, and test innovative business models. While the program experienced some delivery challenges, it delivered meaningful outcomes and provided valuable insights to help shape future community energy programs.

This Management Response outlines the Department's position on the evaluation findings and recommendations.

Key Evaluation Findings

The evaluation outlined the RCEF program's achievements, as well as systemic and operational challenges that affected RCEF's delivery and effectiveness. These insights provide useful guidance for improving the design, governance, and support structures of future community energy initiatives.

The key findings are as follows, the program:

- Enabled community-led renewable energy projects by providing essential financial support, unlocking nearly \$38.8 million in private investment. This funding helped projects navigate complex development, approval, and financing stages.
- Delivered measurable outcomes, including 6.49 MW of new renewable energy generation and 4.99 MW of storage capacity. A further 11 MW of generation and 11.09 MW of storage is expected from ongoing projects, which are being finalised without funding through this program, which could significantly increase the program's overall impact.
- Supported innovation and experimentation, particularly through solar garden and battery storage models. While these approaches show promise, no single model demonstrated strong replicability.
- Facilitated community engagement and awareness, however, the absence of structured knowledge-sharing platforms and robust data collection limited the program's ability to capture and share lessons or assess broader community impacts.
- Faced several implementation challenges, including:
 - Unclear definitions of key terms such as "community-led" and "shovel-ready"
 - Rigid milestone-based payment structures that created cash flow issues for community groups
 - Limited access to embedded technical advisory support
 - Poor record-keeping and governance, compounded by staff turnover within the Department.
- The program did not fully achieve its original targets. Of the seven funded projects, only two were completed when the program ended. Two projects were terminated early due to significant challenges, and three were still underway during the evaluation period and will be completed with funding from other sources.

Management Response Overview

The Department primarily accepts the findings of the final evaluation of RCEF, conducted by ACIL Allen. The evaluation provides valuable insights into the program design, delivery, and outcomes and highlights important lessons to guide future community energy initiatives.

The Department acknowledges RCEF's achievements in supporting community-led renewable energy projects, attracting private investment, and encouraging innovation in regional NSW. At the same time, it recognises the delivery challenges identified in the evaluation, including early-stage project readiness, inflexible funding structures, and limited access to technical support, that affected the program's ability to fully achieve its objectives.

In response, the Department **accepts five recommendations and partly accepts two**, and is committed to improving the design, governance, and delivery of future community energy initiatives. Key actions include:

- **Adopting a two-stage grant funding process**, which separates feasibility and design elements into a discrete project from the construction and commissioning. This will help manage project readiness and delivery timelines while reducing risks associated with failure to achieve project outcomes.
- **Establishing realistic and clear delivery timeframes**, with milestone reviews and structured decision points to support better project planning and viability.
- **Exploring more flexible and tailored funding arrangements**, including smaller sub-milestones and options for partial upfront payments where appropriate based on project readiness and expenditure needs.
- **Improving access to technical advisory support** by investigating alternative delivery models, such as a panel of pre-qualified advisors available to grantees during implementation.
- **Embedding structured peer-to-peer knowledge sharing**, including regular forums, in-person events, and shared case studies to build community capacity, support emerging projects, exchange ideas and resolve common issues.
- **Improving data collection and outcome measurement** by defining clear success indicators and implementing post-completion monitoring tailored to project goals.
- **Strengthening project management practices and governance oversight**, ensuring consistent tracking of milestones, budgets, and project changes, supported by formal governance structures.

The Department is committed to ensuring that future programs are better equipped to support community energy groups, deliver measurable outcomes, and contribute to a more resilient, affordable, and low-carbon energy system for NSW.

The following section outlines the Department’s detailed response to each recommendation, including proposed actions, responsible parties, and indicative timing.

Table 1 Summary of recommendations and program team management response

Recommendations	Accepted (To be actioned)	Partly accepted	Not accepted
7	5	2	0

Management response to evaluation findings

Table 2 Evaluation findings and response

Rec. No.	Recommendation	Response	Action/Explanation	Responsible party (proposed)	Action contributors	Timing
1	Adopt a 2-stage grant process splitting feasibility and design from construction and commissioning of community energy projects	<i>Accepted</i>	<p>The Department agrees to adopt a two-stage grant process for future community energy programs, separating planning and approvals from construction and commissioning.</p> <p>This approach will help ensure projects are investment-ready before construction begins, reducing delivery risks and improving the use of public funds.</p> <p>Future program guidelines will include clearer eligibility criteria, better description of program terms, such as shovel ready and community led/owned. Termination and continuation triggers will need to be clearly articulated in grant administration guidance.</p>	<i>Director Community and Home Programs</i>	Community Energy Delivery Team	<i>For future Community Energy programs.</i>

Rec. No.	Recommendation	Response	Action/Explanation	Responsible party (proposed)	Action contributors	Timing
2	Establish realistic and clear timeframes for delivery when working with community energy projects	<i>Accepted</i>	<p>The Department recognises that a 5-to-6-year delivery window is more appropriate for community energy projects to allow sufficient time for engagement, planning and approvals.</p> <p>Future programs will include additional milestones, with more regular touch points with grantees and regular payments for better cash flow.</p> <p>Clear decision points will be established to assess project viability, which will be supported by governance structures and integrated monitoring mechanisms.</p>	<i>Director Community and Home Programs</i>	Community Energy Delivery Team	<i>For future Community Energy programs.</i>
3	Strengthen alignment of grant payments with the project's cash needs if supporting community energy projects	<i>Partly Accepted</i>	<p>The Department acknowledges that milestone-based payment structures created cash flow challenges for some community-led projects. In response, the program team restructured payment schedules into smaller, more manageable sub-milestones for the RCEF program.</p> <p>Future programs, where appropriate, will explore partial upfront payments based on readiness and more flexible schedules aligned with capital expenditure needs. These enhancements will be tailored to different delivery models and balanced with compliance under the NSW Government's Grants Administration Guide, in alignment with appropriate risk management practices.</p>	<i>Director Community and Home Programs</i>	Manager, Community Energy Delivery	<i>For future Community Energy programs.</i>

Rec. No.	Recommendation	Response	Action/Explanation	Responsible party (proposed)	Action contributors	Timing
4	Establish a program level technical advisory service to support community energy projects	Partly Accepted	<p>The Department acknowledges that the lack of ongoing technical support was a barrier for RCEF participants. While some technical advice was available at the application stage, most grantees did not have access to sustained engineering, legal, and financial support during delivery.</p> <p>A fully resourced advisory unit is not feasible due to budget and procurement constraints. However, the Department will explore cost-effective alternatives, like a panel of pre-qualified advisors that grantees can access as needed.</p> <p>These options could be tested through a pilot in future programs, with care taken to clearly define the scope of advisory support and maintain appropriate separation from the Department’s functions.</p>	<i>Director Community and Home Programs</i>	Community Energy Delivery Team	<i>For future Community Energy programs.</i>
5	Facilitate peer to peer knowledge sharing platforms for community energy projects	Accepted	<p>The Department agrees that structured knowledge sharing is essential to support community energy initiatives. The absence of such mechanisms under RCEF limited opportunities for cross-project learning and broader community capacity building.</p> <p>To address this, future programs will include dedicated peer learning mechanisms like regular online forums, in-person knowledge exchange events, and case study documentation.</p> <p>These efforts will support emerging community energy groups, build energy literacy, and help create more sustainable and replicable project delivery models.</p>	<i>Director Community and Home Programs</i>	Community Energy Delivery Team	<i>For future Community Energy programs.</i>

Rec. No.	Recommendation	Response	Action/Explanation	Responsible party (proposed)	Action contributors	Timing
6	Clearly define and assess benefits generated by community energy projects and actively collect robust data to measure success.	Accepted	<p>The Department agrees that future programs must include clear, measurable indicators of success. RCEF did not consistently collect data, which made it difficult to measure outcomes like energy savings, emissions reductions, and community benefits.</p> <p>Future programs will clearly define impact indicators like total energy generated, storage capacity installed, bill savings etc. Future programs will also include a comprehensive post-completion monitoring phase tailored to each project's stage and goals. This will help improve evaluation, ensure transparency, and support ongoing learning.</p>	<i>Director Community and Home Programs</i>	Manager, Community Energy Delivery	<i>For future Community Energy programs.</i>
7	Ensure Departmental project management practice is adhered to, supported by overarching governance structures.	<i>Accepted</i>	<p>The Department agrees that inconsistent project management and weak oversight made it harder to deliver RCEF smoothly. To improve this, future programs will ensure milestones, budgets, and changes to project plans are tracked in a consistent way, with clear records and handover processes.</p> <p>The Department will also set up strong governance, including steering committees and regular reporting, to support decision-making, manage risks, and make sure important knowledge is not lost. These improvements are mostly in place now and will continue to be strengthened.</p>	<i>Director Community and Home Programs</i>	Community Energy Delivery Team	<i>Ongoing</i>