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**YSP Podcast Transcript: Episode 063. Solar panel innovation
for strataschemes - with Cameron Knox**

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Intro: Welcome to Your Strata Property. The podcast for property owners looking for reliable, accurate, and bite-sized information from an experienced and authoritative source. To access previous episodes and useful strata tips, go to www.yourstrataproperty.com.au.

Amanda Farmer: Hello and welcome. I'm Amanda Farmer and this is Your Strata Property. Today, I have with me Cameron Knox, the CEO of Allume Energy. Now, let me tell you a little bit about Allume straight up. Allume is a startup bringing affordable solar to apartment residents. They have a unique electrical distribution technology that allows residents in an apartment block to share a single array of solar on their common roof.

Now, participants only pay for the power that they use from the panels rather than paying for the panels themselves, which means they get access to cheap and clean energy for no upfront costs. Sounds like a pretty good deal. To tell us more, I am delighted to welcome Cameron Knox, the CEO of Allume Energy. Welcome, Cameron.

Cameron Knox: Thank you, Amanda. Thanks for having me.

Amanda Farmer: My absolute pleasure. Now, we first met Cameron a little bit earlier this year, 2017, when we both attended the Deakin University conference, a room full of strata academics, and you very bravely stood up and told us all about what Allume is doing when it comes to solar energy in this space, and that's something I want to get into in a little bit of detail for our listeners because I think it's a really valuable asset for strata buildings to have in place, but I'll ask you first to tell us why energy usage is such a critical issue for people living in strata?

Cameron Knox: Well, I think the principal reason for that is it's expensive, and it's getting more expensive. Electricity prices have gone up by more than 2 times over the past 10 years, so it's really becoming a problem for strata communities, where they have to pay not only their own fees if they're living in the building, but also the common fees of the common property. That really is starting to stack up and have a serious impact on these strata fees that are being paid. It's becoming as much a financial issue as an environmental one, which is great because it means that it's pushing those developments forward.

Amanda Farmer: Yes, and I certainly see in my experience as a strata lawyer, where buildings are wanting to reduce their expenditure, they are looking first of all at those huge electricity bills, often it's the water bill as well that's creeping up. They're saying, "Okay, what are the things that we can implement in our building to reduce that bill?" Because it's a huge chunk of the annual budget, that's for sure.

Cameron Knox: Yes, it is. It's in the many thousands for a lot of apartment buildings which is really significant.

Amanda Farmer: Yes. What do you think a good energy policy or energy strategy looks like for a strata building?

Cameron Knox: Well, I think it all starts with as you said, understanding where we can save energy and where we can save money. It's really about that education of, "All right, how much energy are we using in each aspect of this property?" It starts with things like energy audits, understanding your lighting, what you've got there if you've got heat pumps, your ventilation, just your packets of energy that you're using when you're using them, and how much they're using, and how much they're costing you. As soon as you do that, then you have a far clearer understanding of what's the best way forward for us to save money quickly? What's going to be the best return for us and lower these costs in the most effective way?

I think the first step in any of this process is to really get a better understanding of what's going on, and typically in strata communities, it's difficult to get people engaged in this, even in the owner's corporation, or the body corporate. It's a challenge for them to just even look at an electricity bill and understand the different subsets of it. So, the first step is really to look into that and to make sure that you have a more detailed understanding of why you're paying so much for this.



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Amanda Farmer: Is that a relatively simple process when it comes to measuring how much energy you're using? Is that, we just look at the bills? Is there some monitoring or equipment that needs to be installed to do that monitoring? How does that work in practice when we say, "Okay, let's take this first step?"

Cameron Knox: It depends how detailed you want to go. The first step obviously is the electricity bill. A lot of them, while they do vary in their detail, a lot of them tell you where the specific packets of energy are coming from, so whether they go into your lighting, whether they go into your heating, for example. Some of them don't, but you always want to look at the rate on the electricity bills, so if you're paying really high rate, then perhaps you want to look at negotiating that down or changing providers. If you want to get more detailed, there are companies that can help you do that. For example, there's a company called Wattblock where you can just do this for free. You can upload a bit of information and they can generate a report for you.

Amanda Farmer: I think that's, just for our listeners, I think that's Wattblock, W-a-t-block. Is that right?

Cameron Knox: Yes, exactly. Yes, so they're a nice company for a first step into understanding how this works and where your electricity consumption is coming from.

Amanda Farmer: Okay, so once we've done that exercise and we have an idea of how much we're using, and we've decided that we're absolutely disgusted, we're using way too much and paying too much, what's our next step looking for solutions for that problem?

Cameron Knox: Well, it depends on what your problem is. If your problem's with lighting, then you might go to an energy efficiency firm that specialises in your lighting and get some quotes from them. If it's with ventilation, then you can look into other firms that are more specialised than that. There are bigger corporations that do everything, which is great. I think the next step really is putting out a tendering process to say, "Okay, this is the problems we want to be solved. Who can do it for the cheapest and who can do it with the best technology, essentially?" Which is another difficult aspect of understanding is, "Okay, these guys are doing it very cheap but is this quality enough technology?"

A bit of that is looking at the accreditations of it, looking where it's sourced, and I think it's really helpful with that. Yes, the next step is really to get quotes and get an understanding of how much this is going to cost is probably the first step.

Amanda Farmer: Okay, and this is where the option of solar I imagine starts coming to mind for buildings. How can we use solar to get a better outcome for everyone, not only financially, but environmentally? So, they come to a company like yours Cameron, and what are they looking at, what are they talking about, and what are you suggesting to them?

Cameron Knox: Well, the big problem with strata communities and solar has been although they can install the solar system to cover some of their daytime common power, so your common lighting and your common heating, no one's figured out a way that you can do this for the residents.

Amanda Farmer: Within their lots?

Cameron Knox: Exactly, within their lots, and by doing that, you really make it engaging for the whole community. Everyone's involved, it's their power, so when they switch on the kettle at home, they're getting solar power which is exciting for them and it's an opportunity for them to save money themselves, and take more control of their electricity usage. Now, there's been various technological challenges which have made solar to residents really impossible before this. You could install your own solar system each, but there's a lot of problems with that, and it's not financially effective for each person to do that because there is added complexities in an apartment block.

What we do is we have a specific technology which essentially allows for that easily. You can have one single solar system, it can send power both to your common power and then to anyone in the building who wants access to it. Not everyone has to sign up, but everyone has the opportunity to, and the way that that works as you mentioned in your introduction, both the common, so both

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the owner's corporation and the residents, they pay nothing for the solar to be installed. They just pay for the power that they're using from that system, about 30% less than their retail electricity. The result of that is you're saving money from day one, and it doesn't matter if you move away in 2 years, or a year even. You don't have this large investment that hasn't been paid off, and that you have to wait five or six or eight years to pay off.

It's just an easier to get this implemented and to start one, being environmentally friendly, and two, saving money quickly, without a big investment from either yourselves or the owner's corporation.

Amanda Farmer: Yes. It's a really interesting setup that you've got there, and I had the benefit of listening to you for about 45 minutes or so at Deakin and got listing quite a bit of detail which I appreciate our listeners aren't necessarily going to get today but no doubt there's more info on your website. You're right that buildings have struggled for a long time with this concept of solar. Sure, we can have solar panels on the roof and those solar panels will then assist in powering our common areas, but what about lot owners who want to take advantage of that? I think this is an excellent opportunity for buildings and lot owners to explore that if it's something that they've been thinking about and thinking is impossible, because apparently, it's not anymore, which is excellent.

The opt-in/opt-out, can you tell us a bit more about that? If not every lot owner wants to sign up, you've said that they don't have to. How does that work in practice?

Cameron Knox: Exactly. We want to make it flexible for everyone. If there are people that don't want to be a part of it, that's okay, they don't have to be. Obviously the more the merrier with this kind of model. Essentially, when we decide that we're doing a project on your building or you decide you want us to do a project on your building, then we survey everyone and we register as many people as we can, or as are interested. Then, we go ahead with that and on that. There is a minimum threshold on that number, but typically it's fairly low. But once they're signed up, that solar infrastructure is part of that property, but what that means is if you move out or you're a tenant and you move out, the incoming tenant is just reconnected to that solar, similarly to if you have gas connected to your building, for example, and a new tenant came in, they would just take up that gas bill essentially.

It's the same kind of service as that, except it's green, it's environmentally friendly, and more importantly, it's cheap. They're saving money by buying the solar that's locally generated.

Amanda Farmer: Yes, and in terms of the cost of the panels themselves, you guys are essentially financing those and there's a repayment period? How does that work with the infrastructure costs?

Cameron Knox: Yes, so we handle all of that. We obviously pay for the panels and pay for all the technology that's involved and the installation of that. Then, by selling you the power, we eventually do recoup that cost. The reason we set it up in that way that we're taking that investment is it makes it easier for the apartment residents. If the apartment resident has to invest that amount and then they recoup the cost through savings, then they have to be around in that apartment for say 6 or 8 years, which is typically not common.

Well, the average apartment resident stays around for about 4 years, so it means that it's more difficult for them to access this and to financially make it beneficial for them. We take on control of that, that financial risk, and then we just sell you the power as if we're an energy retailer that just sits on your roof and just sells you cheap power.

Amanda Farmer: Sounds good. Have you got some buildings that have signed up and are underway with this new system? How are they going?

Cameron Knox: Yes, so we had our first building in Fitzroy, here down in Melbourne, we're based in Melbourne. We installed a technical trial in late November last year. They've been a building that have been really going through this process of taking control of their energy usage. They went through it in a staged way, which is quite a good way of doing it. First, they have this energy audit, they understood where their energy was being used, and then they installed lighting, and they put timers on their ventilation, things like this, which really improved their usage. Then, the next step for them was to install the solar on their common property,

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and then they have a couple of years where they were really stumped by this problem of trying to extend that solar to the residents.

They tried something called an "embedded network" which they found was unfeasibly expensive, and then they heard about what we were developing, and as a result, we worked together and we implemented for the first time at this site, and that was a great success. We've finished that technical trial and now we're rolling it out over their entire 92 unit which is really exciting for us.

Amanda Farmer: Excellent, so you are in Victoria, New South Wales, and Queensland as well?

Cameron Knox: Yes. We're operating in all those states. We're based in Victoria, but absolutely, our service is really a nationwide service. We're happy to take any projects in that national electricity market.

Amanda Farmer: Okay, good to know. Now, let's talk a little bit about problems. We're all about identifying and overcoming problems here on the show. What are the problems that you've come across, Cameron, when it comes to buildings and their energy usage, and how are they overcoming those?

Cameron Knox: Well, I think as we've mentioned a bit before, it's really all about trying to get people to care about their energy usage. Not so much in what we've experienced with solar because people seem to be very excited about solar because it's exciting technology, but more things like changing your light bulbs.

Amanda Farmer: The boring stuff?

Cameron Knox: Changing your ventilation, your HVAC systems, your heating, your lifts. These kinds of things, which aren't on face value all that exciting, and to make it exciting for the residents and to make it exciting for the body corporate, you really have to make it very financially compelling. To really explain, "Well, why this is going to save you a lot of money, how much you're really paying for this now" and that tends to engage people a lot more effectively.

Amanda Farmer: And perhaps what we could be doing with all the moneys that we've saved. Maybe we could do a beautiful swimming pool or a balcony refurb. You can all have lovely new glass balconies. That's getting into the more exciting stuff, perhaps, where if we can save on the boring old, energy usage, then we can upgrade and add value elsewhere.

Cameron Knox: Absolutely. Great idea.

Amanda Farmer: All right. No doubt we have some listeners today, Cameron, who are really interested and excited about exploring this some more. What would you suggest their first action steps be to get moving on this idea of implementing solar in their building?

Cameron Knox: Well, first step would be to contact us. The best place to contact us would be at info@allumeenergy.com.au.

Amanda Farmer: And that's, Allume is A-I-I-u-m-e.

Cameron Knox: Yes, exactly. From there, they can talk to me and we can discuss what their apartment looks like, whether we can find an appropriate solution for them, and I'll give you some more information, and we can go from there and start that engagement process, but yes, all you have to do is reach out and we'll do the rest for you.

Amanda Farmer: Awesome. Now, do you have on your website, which I'll put a link to in the show notes as well as to that email address, have you got some more detailed information about the technological side of this and how it works? I remember when you presented at the Deakin conference, you had some really great diagrams and graphs. Is there some way our listeners can get their hands on those?

Cameron Knox: Yes, absolutely. They're available on our website. To some extent, there's some technological details there.

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But if again, if they want to reach out to me or Allume Energy in general, then we're happy to provide the information that they require on that. Some data sheets and these kinds of things.

Amanda Farmer: Awesome. Okay, everybody gets this question when they come on the show, Cameron. What books have had the greatest impact on you and why?

Cameron Knox: Oh, okay. I can't say that I've read many books on strata communities and solar in general. It's not a huge ...

Amanda Farmer: Or if you did, they might not have had a huge impact on you.

Cameron Knox: Exactly. There are some great papers on it. Researchers like Mike Roberts have done a lot of great work into some solar opportunities in apartment blocks, and what the barriers have been and what the solutions could be. I'd recommend reading them if you're really interested in this topic in particular. For me, in terms of what we do, we're a startup obviously, so we have that kind of mentality and those kinds of challenges, and those kinds of processes. I've read some books which have really helped us grow and develop into what we are now. Books like, "The Hard Thing About Hard Things" which is really all about the challenges that you face and how to overcome them in the most effective way, and that not everything is rose tinted, and you have to tackle these challenges quite often, which is pretty relatable in the startup space in general.

Then, other books about startups like "Lean Startup" for example, is really good for understanding how you can move forward and how you can make these products impactful and get them out there as easily as possible. Those kinds of books have been really useful for me personally, to build what we have now. In terms of solar on apartment blocks, I'd recommend the research papers probably. I don't know any novels or any feature length book that really focuses on that.

Amanda Farmer: Not yet, anyway.

Cameron Knox: Yes, exactly.

Amanda Farmer: Excellent, thanks for sharing those, Cameron. Now, I was going to ask you how our listeners can get in touch with you, but I think you have helpfully given us that information. It's info@allumeenergy.com.au, and your website is AllumeEnergy.com.au. Anything else you want to add before we wrap up?

Cameron Knox: Well, it's really exciting that people are starting to get excited by this kind of development and we really want to support people to take control of that and really go green and go cheap. Looking forward to hearing from both yourself and any of your listeners in the future.

Amanda Farmer: Excellent. Thanks so much for your time today, Cameron.

Cameron Knox: Thanks, Amanda.

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