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email: renewable.energy@ecodev.vic.gov.au.

Dear Department,

Re: Victoria's Renewable Energy Roadmap submission

Hepburn Wind thanks the Department for the opportunity to provide a submission to the Renewable Energy Roadmap consultation process.

Overview

Hepburn Wind is a community co-operative which has built Australia's first community-owned wind farm. 2000 people, the majority of whom are local, have pooled almost \$10m to build 'Gale and Gusto' the two 4.1MW turbines, at Leonards Hill, in Central Victoria. The wind farm produces more energy on average than the houses in nearby Daylesford and much of the surrounding area.

At the project's core is the shared desire to take constructive action against climate change and in the process directly benefit the community. The project has demonstrated that, under the right conditions, communities will overwhelmingly support renewable energy and the benefits can be spread widely throughout a community.

Community Energy (CE) projects are different:

- a. providing proportionately larger direct (and indirect) local benefits
- b. small, presenting challenging diseconomies of scale
- c. a new model of engagement around renewable energy.

As an electricity generator, the wind farm does not pay rates, but rather the regulatory process sets out that generators are to enter into an agreement with the Local Government to make a payment in lieu of rates (PiLoR). A gazetted order provides a default formula: \$40,000 + \$900/MW (capacity), CPI escalated (from 2005). The generator and the Local Government are to agree on a PiLoR and may vary the amount, taking relevant project factors into account.



The formulation was recommended by a 2004 Review Panel and small scale generators were not contemplated at the time. The formula therefore tilts the playing field strongly against small projects.

Request for the Renewable Energy Action Plan

Hepburn Wind is requesting that this key barrier be incorporated into the deliverables of the Action Plan so to enable a more level playing field for large scale commercial energy generators and small scale CE generators.

The change needed is to the prescribed mechanism for calculating the amount that small scale energy generators pay to Local Government in lieu of rates. This needs to result in an outcome that does not unfairly disadvantage and present a barrier to the development and ongoing operational viability of CE generators as is the case at present.

To the extent that regulatory/statutory change is required to deliver this equitable outcome and remove barriers to development for small scale energy generators, it should be possible for necessary changes to be incorporated in amendment Bills and/or regulations that are submitted to the Victorian parliament on a regular basis.

It is proposed by Hepburn Wind that small scale community energy generators should pay an equivalent amount per installed capacity to that paid by large scale commercial energy generators. One method to reach this, would be to waive the \$40,000 component of the default PiLoR formula for community projects. The threshold criteria could have a narrow definition around installed capacity (100kW-10MW) and community-ownership. This will remove one very tangible and unintended barrier to CE projects in Victoria by removing the function that can create disparity for small scale projects.

We strongly believe that CE creates positive opportunities for Victorian communities. As the viability of other community projects around Victoria will be exposed to this gap in regulation in the coming years as we transition to a clean energy future, we recommend that this barrier is addressed as a matter of priority.

Yours sincerely,

Taryn Lane
Community Officer