



Hepburn Wind
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ABN 87 572 206 200
Reg No. G0003442Y

Committee Secretariat
PO BOX 6021
Parliament House
Canberra
ACT 2600

6 July 2021

Dear House Standing Committee on the Environment and Energy,

Re: Inquiry into the Australian Local Power Agency Bill 2021 and Australian Local Power Agency (Consequential Amendments) Bill 2021

Hepburn Wind would like to thank the House Standing Committee on the Environment and Energy for this opportunity to make a submission regarding the Inquiry into the Australian Local Power Agency Bill 2021 and Australian Local Power Agency (Consequential Amendments) Bill 2021.

Summary of submission

In this submission, we provide an overview of Hepburn Wind and our impact as an example of a locally owned energy co-operative. We then describe our shire's collaborative partnership Hepburn Z-NET and the opportunity for government leadership. We discuss the merits of the Australian Local Power Agency and its potential role; forming local power hubs, underwriting community energy projects, and enabling investment in large renewable energy projects. Finally, we make some concluding remarks on how this agency may play a pivotal role in Australia's uptake of renewable energy.

Overview of Hepburn Wind

On 22 June 2011, our two turbines began generating electricity into the local distribution network. This project came after a commercial wind farm was proposed for the area, receiving a largely negative response. But some locals, including Per Bernard, a builder, and Danish native, saw an opportunity to progress a different model of renewable energy, one that would be owned by and benefit the local community. Per and a small group of community members then catalysed the development of Australia's first community-owned wind farm at Leonards Hill in Central Victoria, Hepburn Wind.

As a cooperative, Hepburn Wind is owned by 2014 members, the majority of whom are local to the region and invested nearly \$10m of community capital to enable the wind farms development. Members hold voting rights and receive financial returns when determined by the board.



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Over the course of our work we have:

- Generated 93,365MWh
- Abated 100,834 tonnes of CO2
- Provided \$279,914 through our community fund
- Facilitated 57kW of donated solar and 13.5kW of battery storage across 8 community facilities
- Paid \$496,578 in dividends to members

Hepburn Wind is an excellent example of the benefits created by community energy projects but we have had to overcome significant challenges. As a smaller operation, we lack economies of scale, access to finance for high-risk growth opportunities and are more affected by market shocks and variability. These same challenges have meant that many community energy projects never get built. In Victoria there are currently 19 community energy groups that would like to work on mid-scale projects. Some of these groups have had their plans stalled due to a lack of income security.

To enable community energy enterprises to thrive and unlock benefits like those listed above, the Federal Government needs to create a solid policy base to support locally owned renewables. We believe that the Australian Local Power Agency could offer the much needed financial backing, resource pool and information hub needed to unlock this significant social, environmental and economic opportunity for regional Australia.

Hepburn Z-NET

Hepburn Wind is a partner in Hepburn Z-NET, a local collaborative partnership bringing together community players to fast-track our shire's transition to zero-net energy by 2025 and zero-net emissions by 2030. The partnership is guided by the Hepburn Z-NET roundtable, which includes community members and representatives of local industry, sustainability groups and council.

The model was first deployed in Uralla, a small NSW community that was looking to reach zero-net energy. In the Hepburn Shire this was expanded to include all emission sources including: agriculture, stationary energy, transport, waste and water and land use change. To achieve these different strategies Hepburn Z-NET partners deploy programs to make information, technology and resources available to the local community. Some examples of these programs include: the [Hepburn Solar Bulk-Buy](#), Electric Vehicle Bulk-Buy, [Home Energy Assessments](#), [Smart Energy Schools](#) program and an [Agroforestry project](#). Over time more programs will be deployed to help community, industry and business to reduce their energy use and emissions. Through this collective impact model Hepburn Z-NET is already making headway. Last year we reached our 2029 target for residential solar installs with over 11.7MW of PV added in the local shire.

One of the missing pieces of Hepburn Z-NET is the development of new mid-scale (1-10MW) community owned renewables. Hepburn Wind is currently seeking to develop [7MW of solar](#) at the wind farm site, but there is an additional 15MW of renewable capacity that will need to be filled.



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In the current market with wholesale price volatility and limited opportunities to attract early finance, it may be difficult for our partnership to find the capital needed to deliver these new renewable energy projects. Our solar farm development would never have been possible without the support of a State Government grant of \$500,000 towards development and CAPEX. For new projects across Australia, they will be even less likely to secure finance without a bank guarantee being provided, which would be unsurpassable for many community energy groups. This is one of the key reasons why we strongly support the Australian Local Power Agency Bill 2021 as it could provide worthy projects with the underwriting they need to get off the ground.

Australia's renewables opportunity

Our community is one of many working to shape our energy future. The Australian Energy Market Operator (AEMO) has predicted that over the next 20 years more than 47GW of new renewables will need to be built, this represents a significant opportunity for regional communities.

These renewable energy assets could create a boom in local jobs, producing economic prosperity and emission reduction outcomes. To ensure that this opportunity is not lost, it is critical that the Federal Government implement clear policy that will take advantage of our renewable energy potential. This development should not be one that puts communities in a worse off position but rather gives them a voice and stake in our energy future.

Regional Australia stands to benefit greatly from this transition as the majority of our renewable energy resources, our sun, wind and water are in regional areas. But without proper planning, community, environmental and economic benefits could be lost.

Benefit of the Australian Local Power Agency

We see the proposed Australian Local Power Agency as a critical change agent in the Australian energy market. The Agency would act as a trusted intermediary between the Clean Energy Finance Council, Australian Renewable Energy Agency, regional level Local Power Hubs, ensuring the community is aware of and connected with opportunities as they arrive. This agency would be the missing link in Federal renewable energy policy, bridging the divide between community expectations and government action.

Local Power Hubs

Local Power Hubs would help to fast-charge Australia's renewable energy transition.

The proposed 50 hubs across the country would offer much needed information and resources to support the development of new community energy projects. In our own experience we have found that many community groups come to us for guidance and support. These groups are often overwhelmed by the vast amount of knowledge they need to develop shovel ready projects. In Victoria, the State Government has sought to fill this gap by creating the Community Power Hubs program. The initial pilot program was deployed at three sites and delivered a 13-1 return on Government investment. The success has led to the announcement of six Hubs to be funded in



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2021. This model could easily be scaled up and deployed across the country to deliver even more community energy projects and far greater returns.

These hubs would also help to build community resilience, using community development approaches that build engagement and participation. Bringing the local community to the table has been key in Hepburn Z-NET's success so far. We have found that our collaborative governance model has enhanced the trust, awareness and engagement in our partnership, speeding up our roll-out and impact.

Underwriting, grants and concessional loans

Grants and underwriting offered by the Local Power Hubs would be critical to getting early projects up and running. Grants have played a critical role in enabling the development of Hepburn Wind. A significant grant from Sustainability Victoria in 2009 of \$975,000 with 23 milestones made the project feasible and ready to undertake a community investment drive.

As we look to partner or develop more renewable energy projects across the shire, Federal Government underwriting and concessional loans would be welcome. Such financial support would not only enable us to deliver more renewable energy projects, but in turn build our economies of scale, making us less vulnerable in a volatile energy market. Such support would greatly assist our region's efforts to reach zero-net energy by 2025.

Community investment

Facilitating community investment in commercial renewable energy projects would increase community benefits and the social license of the industry. Hepburn Wind is a shareholding co-operative, with 2014 members mostly from the local community. As a cooperative, members receive dividends on their investment and hold voting rights. This means that our members decide the future of our co-operative based on both their values and viability of the co-operative.

Enabling community members to buy shares in large projects could similarly benefit renewable energy projects by increasing the level of ownership and subsequently social license. Like our own example demonstrates, renewable energy developments that come from large commercial players and offer no perceived benefit to the local community often receive push back. Where these developments have meaningful benefit sharing schemes and investment opportunities, there is far less hostility within the host community¹.

Conclusion

The Australian Local Power Agency could play a pivotal role for Australia's energy future, supporting more community energy projects like our own and unlocking significant benefits for regional

¹ Lane, T. and Hicks, J. (2017). Community Engagement and Benefit Sharing in Renewable Energy Development: A Guide for Applicants to the Victorian Renewable Energy Target Auction. Department of Environment, Land, Water and Planning, Victorian Government, Melbourne.



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communities. The agency would reduce the multitude of existing barriers that slow or halt community energy projects and facilitate greater community engagement and participation in our energy system. This would not only strengthen local economies but build a more just transition, enhancing social license for these much needed technologies.

We strongly support the Australian Local Power Agency Bill 2021 and invite the committee to come to Hepburn Wind to learn more about our co-operative and the Hepburn Z-NET partnership. Please email info@hepburnwind.com.au should you have any further queries.

Kind regards,



Taryn Lane
General Manager