

30th June 2009

Caroline Williams
Environment and Natural Resources Committee
Parliament House, Spring Street,
MELBOURNE, VICTORIA 3002

CC - Jane Phelan

Dear Caroline,

The Approvals Process for Renewable Energy Projects in Victoria

Thank you for the opportunity to make a submission to the review of the above process. The following submission is made on behalf of Union Fenosa Wind Australia (UFWA) which has significant interests in the process with several key Victorian wind energy projects in various stages of the approval or development process.

Union Fenosa an international energy group with a presence in 14 countries worldwide and with over 12,000 employees is the majority stakeholder with an 80% share in UFWA. UFWA has acquired the TME Australia Pty Ltd wind farms portfolio, an Australian company and the original proponent of the several Australian wind farms, to develop a portfolio of 850 MW of wind farm projects across Australia. UFWA currently has seven projects across NSW and Victoria.

This portfolio represents an investment of approximately \$1.9 billion in renewable wind generation. Once complete, the portfolio will increase Australia's present wind generation capacity of approximately 1,800 MW by nearly 50%. Union Fenosa generates 11,000 MW of electricity worldwide (the equivalent to all of Victoria's and Tasmania's consumption). Union Fenosa has a long history of successful renewable energy projects around the world, building more than 2,000 MW of green energy capacity across wind, solar, hydro, biomass and other renewable energy sources.

This submission will relate directly to the terms of reference outlined for consideration.

'The major obstacles facing investors in large-scale renewable energy projects in Victoria, including environmental, planning and other regulations.'

Short term flora and fauna effects versus long term benefit to mitigating climate change.

There is often conflict in the planning and regulatory process between the short term flora and fauna impacts and the ability of renewable energy to assist in climate change mitigation. Wind farms and other renewable energy options need to be viewed in terms of their substantial contribution to assisting in reducing damaging fossil fuel based energy production which poses a far greater long term threat to flora and fauna than wind farm development.

As an environmentally friendly industry with an interest in the long term survival of the affected species and the viability of the environment that supports it, this industry typifies the "sustainable development" concept.

There are a number of factors that dictate suitability for a wind farm site;

- Viable wind resource;
- Distance from coastline;

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- Low population density and considerable buffers to residential communities;
- Willing land owners;
- Large land holdings;
- Proximity to existing electricity grid;
- Flora and fauna impacts;
- Appropriate terrain and land capability;
- Access to existing infrastructure (ports, good quality roads etc);

In this context because of the important role wind farms play in mitigating the effects of climate change and the dangerous effects of climate change on habitat and biodiversity, flora and fauna impacts need to be assessed through a long term perspective and better balanced with the ability of renewable energy projects to deliver on long term environmental gains.

The Department of Sustainability and Environment (DSE) can take a short term view when assessing environmental impacts, in particular in relation to bird species such as the Brolga. Excessive buffer distances are applied to habitat areas and are often poorly supported by evidence. A greater long term threat than wind farms to the Brolga (and many other vulnerable species) is the drying of suitable wetland habitat resulting from reduced rainfall associated with climate change. Such a threat is the very issue wind farms are designed to address.

The scale of wind farms also raises the opportunity to improve habitat for species through on ground measures such as pest eradication, habitat creation, and fencing. Such initiatives are routinely implemented in most wind farm projects across Victoria. A longer term approach to assessment of environmental impacts is required.

Length of process

The length of the planning process creates great uncertainty for the process due to several factors which are particular to renewable energy and wind farm projects. It is not uncommon for a project to take up to two years to obtain planning approval. The issue of timing in projects of this type is crucial due to;

- The rapid changes in technology especially in relation to turbine infrastructure which results in application details needing to be amended as more efficient or updated models become available.
- Currency exchange rates can fluctuate significantly and as there is little locally made infrastructure these fluctuations can create further uncertainty for projects.
- The regulatory environment including the pending Carbon Pollution Reduction Schemes (CPRS), renewable energy targets (State and Federal), funding initiatives and rebates are often subject to unscheduled change.

The length of process results in the proponent having to factor in contingencies for these variables to change significantly during the approvals process. If the process could be streamlined then much of this uncertainty could be removed. Please refer to Section 3 for a discussion of suggested ways this could occur. This timing issue is exacerbated by the highly political nature of projects. This means that renewable energy project decisions can be delayed until political advantage can be made from a large project announcement.

The lack of prescription of requirements for the consultation process

Within the wind farm industry the consultation phase of projects is complex. A project's viability is determined largely as a result of the level of wind resource, willing land holders and large land holdings as outlined above.

In order to adequately measure a wind resource, monitoring must take place for an extended period and if proven an approach is made to neighbouring land holders to create a viable wind farm size. As with any large scale project involving numerous land owners,

negotiations are necessarily confidential. It would be inappropriate to conduct discussions about sensitive commercial terms in a public manner.

Because of such a long inception phase, when a project is made public (ie when a suitable project boundary has been established through negotiations) there is often public backlash between the 'haves' and 'have nots' of turbines which can cause undesirable community division.

What is lacking is a level of prescription of public consultation requirements for a renewable energy project, such that a proponent can be assisted in determining what is considered satisfactory public consultation. This prescription could be included in a revised *Policy and planning guidelines for development of wind energy facilities in Victoria*.

The uncertainty over the need for obstacle lighting

Obstacle lighting on turbines is a relatively new consideration for the wind energy industry. As the size of wind turbines has increased over past decade in order to more efficiently transfer a wind resource into energy, new requirements for obstacle lighting of turbines have been created as wind turbines are considered a "tall structure" (more than 110m) under the Civil Aviation Safety Authority (CASA) guidelines.

This CASA guideline relating to "Obstacle Marking and Lighting of Wind Farms (CASA Advisory Circular AC139-18(0)) has been withdrawn pending a review of the guideline material. Although the Advisory Circular has been withdrawn, CASA has advised that "... the AC information is still valid as a recommendation if the proponent wishes to do so as a risk mitigator ...".

Advice from aviation experts suggest the value of night lighting in most cases is low. Whilst this is widely acknowledged and aviation pilots could be made aware of the existence of the danger by other means, obstacle marking is usually implemented still needed to mitigate the risk to an insurer. The CASA guidelines here are crucial as although they are not law, a proponent is unlikely to act against the recommendations due to insurance concerns.

Wind farm proponents need to manage the risk, but would prefer to eliminate the cost associated with unnecessary infrastructure. Similarly, the community would obviously prefer as minimal disruption to rural nighttime landscapes as possible. Discussions between government bodies and CASA must take place at a high level to remedy this uncertainty and ensure positive outcomes for wind farm proponents and the community.

Clarification of ancillary items for a wind energy facility

There is some confusion in providing application details for a wind farm as to the status of ancillary items such as wind farm anemometers. Under the Victorian Planning Provisions;

"Land used to generate electricity by wind force. It includes any turbine, building or other structure or thing used in or in connection with the generation of electricity by wind force. It does not include:

- a) turbines principally used to supply electricity for domestic or rural use of the land; or*
- b) an anemometer.."*

A recent panel (Oaklands Hill) for example has noted;

"For the reasons set out in section 3.1.1 of our report, while we accept that wind monitoring masts are an essential part of a wind farm operation, we are of the view that the masts cannot be regarded as forming part of any application for the use of the land as a wind farm due to the (unhelpful) nature of the Planning Scheme provisions."

A review of the planning scheme provisions to make clearer what is included as under the wind energy facility is required to ensure clarity for wind farm proponents.

'How Victoria compares to other Australian jurisdictions with regard to relevant approvals for renewable energy projects - in particular wind farms as they are the most common form.'

Access to planning information and departmental responsibility.

One of the benefits of the process in Victoria is the ready access to basic planning information through online means. This compares well with other states in particular New South Wales where the information is difficult to obtain. We support the continued enhancement of access to this service and look forward to a future of online lodgement of applications.

The automatic "call-in" to the Minister of wind energy facilities above 30MW is also of considerable benefit to the current system. Department of Planning and Community Development (DPCD) is able to better resource the assessment of wind farm proposals of this size whilst retaining the ability to work closely with regional Councils to deliver an outcome which delivers demonstrated community benefit. We consider that this process could be improved through a dedicated branch that deals with renewable energy proposals as outlined below.

At present application is made to the relevant DPCD regional offices and adequate resourcing is vital to ensure timely decisions. As the renewable energy industry is expanding and is subject to rapid change, a dedicated team who are cognisant of industry developments and are highly specialised in this area of assessment work would greatly assist the assessment process.

NSW have recently developed a system that provides for clearer lines of communication and allocation of assessments to decision makers. Key specialised officers are allocated to work specifically on wind farm assessment. Their specialised knowledge of the industry allows for a more efficient application process and assessment and setting up pre-application discussions with these key personnel can greatly assist in highlighting potential problems in the feasibility stage. This in turn assists the assessment time and process. We consider that the Victorian system would greatly benefit from development of this specialised branch within DPCD.

'Opportunities to reduce risk and delays for investors, whether that be through streamlining regulatory processes, appeals processes or other costs/risks.'

There are several other opportunities to reduce risk and streamline the process. The first of these is to set through this enquiry benchmarks or standards to determine acceptable impact levels arising from wind farm proposals.

Benchmarks or standards

These standards are particularly applicable to issues such as the Brolga, where DSE has required excessive buffer distances to Brolga flocking and nesting sites. These are viewed in the industry as in excess of what is realistically required, especially in view of the long term benefit of wind energy generation to climate change mitigation as outlined above. In establishing fair and equitable standards, a 'whole of government' stakeholder consultation process should take place which would then provide certainty to proponents.

This is also the case for the cumulative impacts which are required to be addressed as part of applications for wind energy facilities. No standard or accepted clear policy position is available to guide requirements for applications or their assessment by either DPCD or a panels process.

This benchmarking exercise would also have the effect of reducing panel reporting delays (which are common), as clearer decision-making frameworks would allow more efficient and effective decision making to occur.

Planning application requirements

Some of the current requirements of applications for wind energy facilities are excessive at the planning application stage. Current practises include an assessment of shadow flicker and telecommunications to support an application.

These requirements are considered unnecessary. In relation to shadow flicker, the buffer distances to non-participating households which are required to mitigate noise and other impacts dictate that unacceptable levels of shadow flicker and blade glint will very rarely occur. This assessment is better addressed through the detail design process (following a planning permit) as there are several mitigation options which are available should unacceptable levels be predicted. These include micro-siting of turbines (refer below) and vegetation screening. Standard permit conditions ensuring that acceptable limits are met are a more efficient mechanism than the requirement for a detailed upfront assessment.

Telecommunications interference is very rare and future signal interruption is not expected in the context of the roll-out of digital television in the next few years. Any interference can also be addressed in the detailed design stage. If interference does occur in the post construction phase a number of further and cost-effective mitigation options are available to address what are usually isolated issues.

The Oakland Hill Panel noted;

We note that the wind farm has the potential to interfere with television reception. We also note the draft planning permit conditions specifying pre and post construction monitoring and subsequent remediation where required, and the Applicant's willingness to accept such conditions. We have therefore formed the view that EMI where it occurs can be effectively managed by appropriate permit conditions.

We would support a removal of the above assessments from application requirements to support a wind energy facility planning application both from the *Policy and planning guidelines for development of wind energy facilities in Victoria* and Clause 52.32 of the Planning Scheme. The appropriate mechanism is through clear standards and permit conditions as outlined above.

Micrositing

One considerable benefit to projects in the detailed design phase (post approval) is the ability to micro-site turbines without the need for permit amendments or further approvals. This is crucial to achieving an efficient layout. An available mechanism in other states and internationally allows the moving of turbines of no more than 100m from the designated location subject to conditions being met.

These conditions include mechanisms to ensure that turbines are not moved closer to non-participating landholders and do not bring rise to increased vegetation removal or other issues. This allows some flexibility to wind farm proponents and minimises delays brought about by requirements for further approvals without increasing environmental or social impacts.

Maximum turbine envelopes

The ability for a wind farm proponent to obtain approval for a maximum turbine envelope is also of great benefit for wind farm projects. As impacts are predominantly related to turbine size (with the exception of noise) this is considered a satisfactory approach. Noise impacts can be addressed through assessment of various turbines under consideration.

In short this would allow a proponent to receive planning approval for a maximum height and rotor diameter but allow for further consideration of turbine models available throughout the planning process. Because of the lengthy approvals process and the dynamic nature of turbine technology this would ensure that the most efficient turbine well matched to the local wind resource can be used for the project.

This flexibility could and should extend to different turbines being able to be used within the same development based on design response to micro-climatic conditions.

Conclusion

Thank you for the opportunity to make a submission to this important enquiry. As a significant stakeholder we would request the opportunity to be heard in a public hearing on these issues.

Should you have any questions regarding this submission please do not hesitate to contact the undersigned on 9429 6133.

Yours sincerely,



Gavin Ashley
Town Planner

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