

# What is the real cost of Ted Baillieu's wind energy policy?



**Friends of  
the Earth**

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**In August 2011 the Baillieu government implemented new planning rules that placed large sections of Victoria off-limits to wind farm developments.**

These rules (planning law amendment VC82) created large exclusion zones banning wind developments from some of the best wind areas in the state, in the ranges and on the coast.

They also include a 2km setback, so that a single household can block any proposed turbines within two kilometres. And designated regional towns have a 5km exclusion zone around them.

Planning Minister Matthew Guy said he did not believe the policy would stop developers investing in wind energy in Victoria. Premier Ted Baillieu has also rejected suggestions the changes would harm the industry.

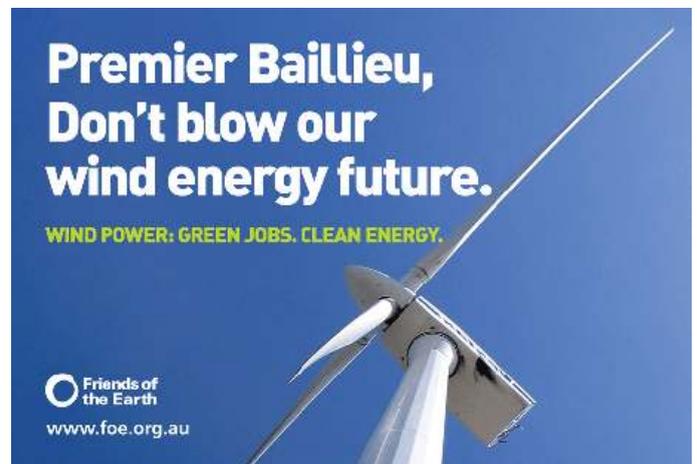
However, the facts suggest otherwise. Already we have seen several projects blocked or abandoned, including four potential community-owned projects. A number of others are put at grave risk.

The Clean Energy Council has estimated the laws will eventually drive up to \$3.6 billion of investment away from Victoria.

Kobad Bhavnagri, from independent clean energy analysts Bloomberg New Energy Finance, told the ABC, “Our modelling indicates that Victoria's new wind farm regulations could push up the price of electricity for consumers by around \$2 billion. This is because the Victorian laws essentially will make it harder and more expensive to build renewable energy.”

Initially, several projects in development were stopped in their tracks by the “no-go” zones and others abandoned due to the 2km right of veto.

In early 2012, proposed wind farms at Yarram and Naroghid were both denied extensions to their permits when they expired, with the new laws being cited as a reason for Devon North.



The result is that they will have to re-apply under the new restrictive planning regulations if they wish to proceed. In this case they may be unable to meet the new conditions, in particular receiving written approval from every resident within 2 kilometres.

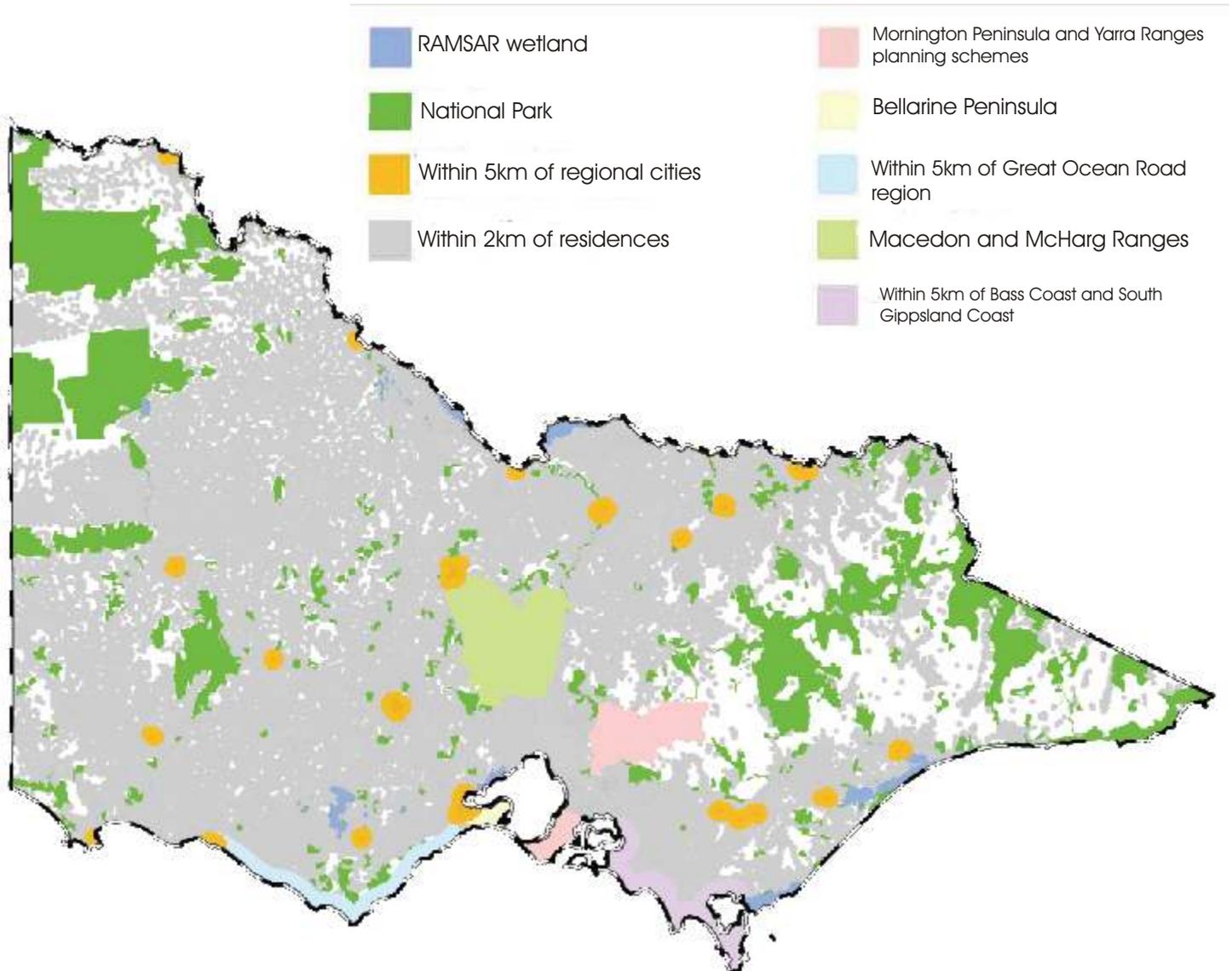
Between February and August 2013, another 8 approved wind farms face the expiration of their planning approval. These projects total 458 turbines, and over 1000MW of capacity, and any or all of them may face the same fate as Naroghid and Devon North.

**Since August 2011 this ill-considered policy has cost Victoria up to:**

- ◆ **\$887 million in lost or stalled investment**
- ◆ **650 direct jobs lost or stalled in construction**
- ◆ **54 on-going jobs in management of wind farms**
- ◆ **1408 indirectly associated (flow-on) jobs**
- ◆ **projects totalling up to 204 turbines and 408MW of generating capacity.**

*Cover photo: Waubra wind farm, northwest of Ballarat*

# Baillieu government's wind farm "no-go" zones



This map is from the office of Brian Tee, Shadow Minister for Planning. It illustrates the key restrictions on siting wind farms: the exclusion zones, the 2km setback, and the pre-existing restrictions on national parks and RAMSAR wetlands. The remaining areas that are left white are where wind farms can be developed with only the normal planning restrictions.

## The South Australian lesson: what is Victoria missing?

Ten years ago, wind energy supplied almost none of South Australia's electricity demand. In the first quarter of 2012, it supplied 31%.

During this period SA's electricity demand has risen, yet emissions of CO<sub>2</sub> have declined by approximately 20%.

Furthermore, wholesale electricity prices fell from \$38.33 per megawatt hour of energy

(MWh) in 2003/04, to \$33.99 in 2010/11, an all-time low. Wind energy is helping to depress energy market prices.

In other words, wind farms help to reduce both pollution and prices: they do what groups like Friends of the Earth always said they would. Victoria is not only missing out on jobs and investment, but these effects as well.

## Projects blocked or abandoned due to planning law VC82: summary

Project	Turbines)	Capacity (MW)	Investment (millions)	Jobs (construction)	Jobs (ongoing)	Houses supplied
Woodend	3	6.3	\$12	20	4	3300
Castlemaine	2	4.0	\$12	20	4	2000
WestGate	2	4.0	\$12	20	4	990-1100
Surf Coast	2	4.0	\$12	20	4	6000
Sidonia	34	68.0	\$150	250	8	33000
Baynton	70	140.0	\$300	50	10	70000
Ben More	60	120.0	\$250	50	10	60000
Pykes Hill	3	6.0	\$15	20	2.5	3300
Yarram	7	14.0	\$31	50	2	7000
Naroghid	21	42.0	\$93	150	5	21000
<b>TOTALS</b>	<b>204</b>	<b>408.3</b>	<b>\$887</b>	<b>650</b>	<b>54</b>	

Following sections will outline the details of these projects and how the figures were arrived at.

### Community projects that have been blocked by the new laws

All the existing community projects in Victoria have been stopped or stalled by the new laws.

The two most advanced projects, Woodend and Castlemaine, were intended to be comparable to the successful Hepburn Wind project. The community groups behind these two projects have indicated they wish to continue development despite the setback.

The Hepburn project is worth \$13.5 million. More than \$7m of the project was spent on Australian content, and more than half of the Australian content was spent in regional Victoria.

These community projects will benefit the local community by returning income to local community and sustainability projects, over and above the clean energy and local employment created by wind farms more generally.

We have used the Hepburn figures in determining likely employment and greenhouse benefits of the other community projects.

#### **Woodend**

The not-for-profit WISE Group, part of the Macedon Ranges Sustainability Group, have had their project blocked, as it falls within the Macedon Ranges exclusion zone.

The wind farm was to be 7 kilometres south of Woodend, and would supply clean energy to the combined population of 3,300 in Woodend, Macedon, Mount Macedon and Newham.

#### **Mt Alexander Community Wind**

The Castlemaine-based Mt Alexander Sustainability Group's plans for a community wind farm have been thrown into doubt by the Macedon Ranges/McHarg Ranges exclusion zone, which covers half the Mt Alexander Shire.

MACW originally identified 5 areas in the Shire suitable for the wind park. Two of the best locations are within the exclusion zone, which has made the project considerably more difficult for the group.

No explanation has been given by the state government about why Mt Alexander was

included in this zone, given it is some distance north of the Macedon Ranges – more than 40km in some parts of the Shire – and a very different landscape.

The plans were for between one and six 2MW turbines as a locally owned and operated wind park to supply a significant portion of the energy needs of the Shire. Our estimates are based on the project building 2 turbines, the most likely scenario.

### **Westgate Community Wind**

The Westgate community project was hoping to build Australia's first urban wind farm, but has been abandoned largely due to the onerous

and likely impossible requirement of obtaining written consent from every resident within 2km.

### **Surf Coast**

The Surf Coast Energy Group had identified two possible sites for their project, but both have houses within a 2km radius and sit in the declared Bellarine exclusion zone.

Up to 6 turbines (attracting investment of up to \$24 million) were possible at one site. The other could have supported two turbines. We have used 2 turbines as the basis for our estimates.



*Hepburn community wind farm, near Daylesford, under construction 2011*

## **Other projects stopped by the introduction of the new planning laws**

A number of commercial wind farm projects were blocked or abandoned directly as a result of the new planning laws coming into effect.

The projections of how much investment and employment they would generate are from the developers.

### **Sidonia**

Hydro Tasmania has said that the government's wind policy ended their plans for 34 wind turbines at Sidonia, which is in the Macedon and McHarg Ranges exclusion zone. A spokesperson said "the project was progressing well and progress had been made in preparing a development application for the project."

### **Baynton and Ben More**

The proposed Baynton Wind Farm had been planned for a site stretching south west of the town of Tooborac in what is now the declared Macedon/McHarg Ranges "No Go" zone.

The proposed Ben More Wind Farm was planned for a site between the towns of Amphitheatre and Lexton, and is currently on hold due to the difficulty of meeting the requirements of the new laws, particularly the 2km setback.

When the new restrictive policy was released, RATCH Australia chief executive Steve Loxton said he was disappointed with the Government's announcement as his company had invested more than \$1 million planning sites at Baynton and at Ben More.

*Note that the Ben More project is still under review, but as it currently stands is not proceeding.*

### **Pykes Hill**

Future Energy's project at Pykes Hill in Moorabool shire, 5km north-east of Ballan, was the first publicly announced victim of the new laws. Future Energy said due to the Government's changes, it was abandoning the project after more than three years developing

it.

The site was said to be particularly suitable for a small wind farm because it has sufficient setback from urban residences, tourist attractions and major roadways; the mostly agricultural terrain meant there'd be minimal impact on flora and fauna; and its proximity to the electrical grid required little additional power infrastructure.

## **Planning permits expire, projects lose their approval**

**When planning permits issued under the previous laws expire, the developer will have to renew them under the 2011 laws. Two wind farms have already lost their approval due to this.**

In October 2011, Victorian Greens MP Greg Barber told *Stock & Land* "The government constantly says how over 1000 turbines already have permit approval, but a third of those could expire in the next six months and then half of the rest in the year after that. By the time the next election rolls around, they will have all but wiped out the industry."

In the period up to August 2013, another eight commercial projects will face their permits expiring. These total some 458 planned turbines, with a generating capacity of just over 1000MW.

For the two projects that have already fallen, the proponents have not provided us with any figures for the projected employment or investment, so we have used the figures for the Sidonia project to generate a rough estimate, on a pro-rata amount per turbine.

### **Yarram project rejected by council**

In February 2012 Synergy Wind's proposed Devon North wind farm near Yarram in South Gippsland had an extension of its planning permit rejected by the Wellington Shire Council.

The Council made its decision in part because the project did not meet new 2km buffer guidelines.

*Photomontage depicting the proposed Devon North wind farm (from Synergy Wind website)*



## ***Naroghid project gets thumbs down from Minister***

Planning Minister Matthew Guy rejected the final works approval for Wind Farm Developments' proposed Naroghid wind farm (near Camperdown).

The Minister claimed the geo-technical engineering report was not comprehensive enough.

Since the project's prior planning approval expired at the same time, the Minister told

the Warrnambool Standard that "The company will have to come back with the required information in a renewed application which will be considered under the new guidelines."

At this stage, this means the project no longer has its planning approval, and Wind Farm Developments have not yet re-applied (or challenged the minister's decision at VCAT).

## **Victoria's wind industry: Going, going, gone?**



*Waubra*

Several wind farm developers have questioned whether they have any future in Victoria. This may affect the existing jobs of their employees (as it already has for WindLab). It also threatens future projects, and the jobs and investment that go with them.

Other existing jobs under threat include around 200 of the workers at Keppel Prince Engineering in Portland, who make most of the towers for wind turbines in Victoria.

We have not included any of these in our summary of jobs and investment under threat, as it is uncertain as to what these companies will choose to do in future, but clearly there is potential for many existing jobs, as well as potential future jobs, to be lost.

### ***Pacific Hydro - no new projects***

Pacific Hydro, one of Victoria's largest wind developers, has said it is committed to building its projects which have planning approval.

However, under the new guidelines, Pacific Hydro does not envisage pursuing any new project developments in Victoria. Any subsequent loss of investment and employment is not included in our figures, but this will clearly mean a reduction in future investment and employment.

### ***Windlab leaves state***

In November 2011, global wind farm developer Windlab announced that the Baillieu Government's planning laws had "gone too far" and the company was moving all staff to its Canberra office.

## **WestWind says “no new projects in Victoria”**

Gisborne-based WestWind announced that all proposals are on hold in Victoria, and they are considering moving interstate.

The company had seven staff based in Gisborne at the time, and has \$7million worth of development costs on hold which, if cancelled, will result in the loss of \$1.4billion in capital expenditure.

WestWind estimated it lost at least \$200,000

outright, that it had already spent on investigations of potential sites that are now in exclusion zones.

Chief Executive Tobias Geiger told the Macedon Ranges Leader that justifying a presence in Central Victoria would be harder in the long term with planning restrictions “more stringent than rubbish tips.”

“We had been invited into regional Victoria by the previous government, but we are now governed by the strictest laws in the world on building wind farms,” he said.



Waubra

## **Note on calculating lost/stalled employment figures**

### **1. Construction jobs**

Jobs created in the construction phase of a wind project are relatively short term, often lasting between 18 months and 2 years before individual workers would go on to build the next wind farm.

Given that some workers could be expected to work sequentially on multiple projects, and this is in general a highly skilled workforce, we have made the assumption that the 580 jobs we've identified as being lost or stalled measure contracted positions rather than individuals.

### **2. Indirect employment**

The methodology used to estimate indirect employment figures follows a Clean Energy Council (CEC) briefing paper, There's power

in wind: national snapshot, July 2011. It shows that for wind projects already developed in Australia there is generally a correlation between the direct employment created and the flow-on effect indirect jobs of a factor of 1:3.

Using this formula the government's policy would cost 2112 lost or stalled indirect jobs. However, given the sequential nature of wind farm development (a number of projects underway at one time, with some workers moving between jobs), and from advice from industry sources, we have decided to use a 1:2 direct/indirect job ratio. As such our lost/stalled indirect employment figures are conservative.

# Summary and recommendations

The new laws are discriminatory against wind developments in comparison with any other kind of development, and there has not been any reasonable justification given.

## ***The 2 kilometre setback goes against planning principles***

The Planning Minister claims the new policy doesn't preclude projects within 2 kilometres of houses - it just requires the developer to get the consent of residents.

There are double standards here as similar onerous requirements are not applied to other major Victorian projects. Nor has the government supplied any scientific basis for a decision that appears to deliver political favour more than common sense.

If such a right was applied to any other kind of project, it's difficult to imagine that the developer could ever get 100% support, even if there's a clear public benefit. Even a train line to a new suburb would have a few detractors.

The Hepburn wind farm has around 50 residents within 2 kilometres of the turbines and despite a high level of local support, approval would be unlikely under these laws.

In contrast, the 2,000 Anglesea residents living within 2 kilometres of an open-cut coal mine expansion have no ability to veto that project.

The Baillieu Government's laws will severely limit development of wind farms and stall progress in the renewable energy industry.

The new system requiring 100% written consent is simply not workable in light of government claims that it supports further development of the wind industry.

## ***Exclusion zones arbitrary***

The arbitrary nature of the exclusion zones, supposedly to protect "iconic" landscapes, raises questions about what criteria is used to define "iconic." For instance, much of the Bellarine Peninsula is modified agricultural landscape while the Macedon-McHarg Ranges



Friends of the Earth protest, September 2011

exclusion zone extends deep into farm country near Castlemaine.

The inclusion of these zones cannot be justified on grounds of fairness and transparency in the planning process.

### ***No transition package for workers***

When government intervention leads to a significant wind back in the operations of an industry or sector it is standard practice for the government to provide some level of support for affected workers. This might include re-training or help in employment transition.

This has been the case for several decades as

access to native forests has been reduced to create national parks. Much debate around the carbon price focused on support levels for companies and workers involved in the fossil fuel sector.

However, the state government's intervention will impact on current wind industry employees and contractors, effectively abandoning them.

It is unacceptable for a government to impede further employment opportunities in a sector that has been experiencing substantial growth without at least assessing the likely social impacts.



Codrington wind farm, the state's oldest, near Port Fairy

## **Friends of the Earth's Recommendations**

*We believe the Victorian government must:*

1. Ensure that projects with existing planning approval are given extensions until they are able to begin construction, so that planning approval does not expire
2. Support community wind projects by amending the exclusion zones (or issuing exemptions) to allow these projects to continue
3. Revoke the 2km right of veto/setback from residences and base setbacks on scientific considerations such as noise limits
4. Revoke the exclusion zones and release the advice used to determine their boundaries
5. Determine any future exclusion zones based on actual landscape assessment, not arbitrary blanket bans

*Produced by Friends of the Earth, Melbourne, June 15 2012.*

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