



# The winds of change are blowing in rural Victoria

| Sarah Gillett |

On October 8, 2010 an alternative energy project became a reality for the small community of Daylesford, northeast of Ballarat in Central Victoria.

The significance of the sod turning was not lost on those in the energy sector that have been promoting the value of community owned and managed wind farms for sometime.

**pitt&sherry's** Regional Manager – Industrial (Victoria), Leon Fabrikanov, was one of the first to realise the huge potential for consulting engineers, and the benefits to local communities in building renewable energy projects such as the Hepburn Community Wind Park.

"If you are looking for sustainable thinking in action, look no further than Hepburn Community Wind Park," Leon said.

"The actual project is located on Leonards Hill, ten kilometres south of Daylesford and it is exactly the type of project to which **pitt&sherry** can add expertise and value for the client," he added.

"The \$12.9 million project is Australia's first community-owned wind farm and it has become a reality after five years of planning, and through the community funding \$8.7 million of the project through the purchase of shares in the wind park.

"This is a landmark project for Australia that will generate enough renewable energy to power 2,300 households, the majority of homes in the Daylesford-Hepburn Springs area, while reducing greenhouse gas emissions by 12,000 tonnes each year.

"The project is very beneficial for the community involved as it not only minimises dependence on fossil fuels in a direct way, but also allows regular people living in communities to enact change without having to rely on government or large corporate entities, and that is a very powerful thing."

Hepburn Wind Chairman, Simon Holmes à Court has worked hard to create the opportunity for the community to benefit as much as possible from the transition to renewable energy.

"In one fell swoop we are offsetting the equivalent emissions of the entire community, and at the same time there is a great sense of civic pride and local self esteem that comes from the community's involvement with the project. Together we are constructively responding to the challenge of climate change

whilst also having the option to invest in a local enterprise with wide-ranging social benefit," Simon said.

"Hepburn Wind is one of the smallest wind farms in Australia with only two wind turbines. For the industry itself it is tiny, however for a community this is massive. With almost 1600 members, no other wind farm in Australia has engaged so many in this important industry. The community ownership model is appealing as it gives the community the opportunity to have a stake in their energy provider whilst also taking responsibility for their emissions."

Leon explains, "The actual power will be generated by two individual 2.05 MW wind turbines supplied by Repower Systems AG and, as the project is under 30MW, it was able to be assessed

under the local planning guidelines administered by the Hepburn Shire Council that issued the planning permit in February 2007."

On April 28, 2010, the project signed a contract with REpower Systems

AG for the turnkey construction of the wind farm. Construction began in October 2010, and the wind farm is expected to start producing power in the second quarter of 2011. **pitt&sherry** has been appointed as the consulting engineers for the overall project and will follow the project through to its commissioning phase in 2011.

Simon says that Hepburn Wind is extremely happy to be working alongside **pitt&sherry** on the project.

"We are impressed that **pitt&sherry** can see the benefits and have invested in a project that will most likely be the first of many. It is visionary of them to understand that right away and it has been a great thing for them to be at the beginning of an exciting new part of the community energy sector," said Simon.

"This is a bigger vision than simply two turbines on a hill, there is potential to be part of a whole new industry sector."

While the wider community view wind farms as scores of turbines, installed in expansive wind farms by large developers and utilities, it has not always been that way.

The modern renewable energy wind farm is the product of smaller community owned and managed wind turbines built in Scandinavia, similar to the one in Daylesford.

In the early eighties, following Denmark's example, Canada, Germany, Sweden, Britain, and the United States, all initiated

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research programs utilising large machines. They were not overly successful, so it fell to small rural community groups in Denmark, who purchased small turbines as investments, with the support Danish government, to keep the wind energy industry alive.

Interestingly, the small Danish local manufacturers of agricultural equipment that built the first wind turbine machines, has since become the world leaders in wind turbine manufacturing. Names such as Bonus, NEG Micron, Nordex, and Vestas are now synonymous with turbine fabrication.

The Daylesford wind farm could be poised to lead the way in Australia, and follow the example of Denmark, where 75% of wind power is still produced by turbines owned by local associations and over 100,000 individuals. The average size of the community-based wind farms is 2-5 MW, similar to the one planned by Hepburn Wind.

"Hepburn Wind is a trailblazer in this market and when other people see the success, and it will be very successful, they will see what can be done by regular communities and regular people, and they will want to jump on the bandwagon," said Leon.

Simon agrees that Hepburn is set to make a big impression on not just the local community but also a broader national scale.

"It is already having an impact in that we are working with other communities to adapt the Hepburn model to their own circumstances. There are two similar projects underway in Victoria, three in New South Wales and plenty of interest from other states," said Simon.

To date more than 35 communities have registered their interest with Embark, the newly established peak body for community renewable energy in Australia.

Since the early days of community wind farms, many countries around the world, most prolifically in Europe, have developed community supported wind power projects, which fit into the description of the Renewable Energy Partnership. This is an initiative launched in 1999 under the *European Commission White Paper for a Community Strategy and Action Plan for Renewable Energy Sources by 2010*.

In Australia, the early support provided by Sustainability Victoria was critical to the project's success.

Early on, the project expressed its interest in funding from the agency's Renewable Energy Support Fund (RESF). The proposal made the case for the ownership structure - a new business model for the nascent renewable energy industry. It also argued that due to one-off costs associated with breaking new ground, without government support, the project would be too risky for the developer and would not be able to provide investment-grade returns for investors. In late 2006, Sustainability Victoria granted \$975,000 to the Hepburn Wind project.

Sustainability Victoria believed the project was well conceived, likely to succeed and likely to provide valuable demonstration value to encourage other communities to build similar projects.



With the RESF support, risks in the project development phase were significantly reduced for Future Energy, and potential community investors developed greater confidence in the project.

The RESF grant was structured over more than 20 stages, or 'milestones', with the majority payable at the back-end. The milestones were aligned with the typical stages of project development. Metering out the grant against a strict set of milestones also minimised the risk to the Victorian Government.

"We should expect to see a lot more community renewable energy wind projects being developed in Australia, given the examples set in Europe and now in Victoria," Leon said.

"Hepburn Wind has really opened the market space possibility for people who wouldn't normally invest, and it gives regular people the chance to invest in something that is not only important, but will directly affect them.

"As for **pitt&sherry**'s involvement, we have the expertise to guide a community and provide engineering and project management services to meet their particular needs. We are very proud to be involved with this project and, at the end of the day, changing where the kilowatts come from is real action. We are happy to be helping not only our clients but communities, future generations, and the future of Australia.

"It is not something that communities need feel is beyond them anymore. Recognising that renewable energies are vital to meet our consumption needs in the future is an acceptable argument these days. Daylesford has proven it is an achievable goal, governments are behind the idea," Leon added. **PS:**

## In a Nutshell

Construction of the \$12.9 million Hepburn Wind project is expected to be finished by mid 2011, and it is expected to annually generate enough power to service the majority of households in the Daylesford region. Over the next 25 years, Hepburn Wind plans to contribute more than \$1 million to sustainability initiatives in the local community.

For further details on the project, contact Leon Fabrikanov or Dominique La Fontaine on 03 9682 5290.

**"Communities are showing that they can take the lead — we don't have to wait for government or big business to act on climate change."**

*Simon Holmes à Court, Chairman, Hepburn Wind.*

The project is open for investment for all Victorians.

Further information is available at [www.hepburnwind.com.au](http://www.hepburnwind.com.au)