

# Submission on Community Owned Wind Farms

## *Background*

The large scale production of electricity from fossil fuel sources is capital intensive and a source of considerable pollution, both through mining the necessary fuel and from burning it in the atmosphere. There are a number of inescapable issues which must be considered when maintaining or adding to the available electricity supply in this way.

1. Capital will only be available when the return is adequate to compensate for the risk and allow a real return,
2. Capital must be found for both the mining of the fuel and the building and maintenance of the power station,
3. The cheapest and most abundant sources of fossil fuel are the most polluting,

Whether or not the pollution produced from mining and burning fossil fuels has an effect on the climate, it is undoubtedly an issue for people living in the immediate area and, most importantly, despite the loud voices of the 'climate change deniers' there is a strong community perception that this pollution is causing climate change.

The reality is that large numbers of people in the community believe that carbon pollution causes climate change and that climate change contributes to adverse weather events. There is strong scientific consensus in support of this view.

In a community with a strong desire for constantly increasing electricity consumption, the dilemma is how to supply this without using fossil fuels, and wind power is one obvious answer.

## *My Situation*

I have had a property in the central highlands for almost a decade and spend several days a week there. There is no electricity grid available and we use solar panels exclusively, with considerable success. The site of the property in a valley precludes the use of a windmill but, was the site suitable, I would use one to supplement the solar panels as my neighbours do.

I was an early investor in **Hepburn Wind** for several reasons.

1. It made sense as an investment. The returns anticipated are reasonable in relation to the risks.
2. I am convinced of the merit of the scientific arguments describing climate change and the likely consequences. Wind produced electricity makes sense in this context.
3. The idea of a community owned asset in this business appealed to me as an important way of relating the use of electricity to the cost and process of production. I hope the community will react as well to saving resources in electricity in the same way they have reacted positively to water saving in Melbourne. Although I will not be buying electricity at my house near Hepburn, I have learned much from my limited access to electricity and hope the community generally will do the same.

## ***Observations on the Hepburn Wind Project***

The Hepburn Wind project is a community owned cooperative established to build, own and operate a single wind turbine of sufficient size to supply (notionally) the electricity needs of the Daylesford district. Its genesis has been the source of a good deal of community interest and many column centimetres in the local press.

The behaviour of some members of the community during the process of developing the idea, raising capital and establishing a site has been most instructive. A small number of very vocal people have sought to prevent the project at every turn. This is in addition to the expected community debate and discussion which may be expected to take place when such a project is mooted. Their arguments have ranged from;

- the scientifically spurious (low frequency noise, other health effects),
- highly emotional (prices will crash, tourism will disappear),
- environmental (bird death, visual pollution, noise pollution),
- irrelevancies (we will still need base load power, payback of the investment is quicker for thermal power stations),
- outright lies (notably distance from houses).

There may be an element of jealousy in some quarters, as some farmers receive rent for locating turbines.

There appeared to be a well organised opposition, much of it apparently orchestrated from well outside the area, frequently off-shore. The reasons for this are not clear, but it is apparent that this opposition is well funded and uses 'boiler plate' arguments in its demonstrations and letter writing campaigns.

Despite this, the project is now coming to fruition and it has wide community support in the area.

## ***Capital Raising***

The issue of capital raising is also interesting. A wind turbine project is inherently more expensive than most fossil fuel projects, but it has several important advantages.

1. It is highly scalable. A small project which provides sufficient for a small community can be scaled up indefinitely while suitable sites exist. Generally, thermal power stations need to be large to be economic.
2. As Hepburn Wind has demonstrated, a small community can provide sufficient capital for a wind farm adequate for its own needs. This is without calling on large capital raisings from either the market or the taxpayer.
3. A community will contribute capital (and other resources) because it feels a sense of community ownership. It is more than a rational business decision.

Finally, there are the aesthetics. A wind farm is not visually offensive, compared to a thermal power station. The 'not-in-my-backyard' syndrome is all very well, but if we want to keep using electricity

at an increasing rate, then we should consider the cost to others of putting more and more thermal power stations in their backyards.

***Finally***

Community wind farms, even more than large scale wind farms, provide considerable benefits to the community and the environment generally. They are more easily sited, to allay even the most unreasonable or unjustified concerns. They are cheap to construct and totally scalable to the needs of the community. They provide a local solution to a local need, while contributing considerably to reduction of climate pollution, to the benefit of the planet.

Kevin Quigley FCA

Chartered Accountant