

This is an OBJECTION to the Application by AGL to extend the lapsing date of the approval for the Dalton Power Project (DPP).

I refer to the letter dated 2 March 2017 to Mr Mike Young, *Re: Dalton power project – Request to extend lapse date*, from the AGL General Manager, Power Development. In this letter AGL outline their justification for extending the lapse date.

Identified by the subject headings AGL use in the letter referenced, I refer to each of their arguments in the sections below. I demonstrate that they have not justified their request for an extension of lapse date, and that the arguments that their request should be refused are overwhelming.

I request that the NSW Government refuse AGL's request for a lapse date extension.

Importance of project - change in market conditions

AGL has provided no evidence that the DPP is a viable way to meet market demand and help keep downward pressure on prices.

At an extraordinary meeting of the Upper Lachlan Shire Council on April 10, 2017, Tony Chappel, Head of Government and Community Relations at AGL, stated that the energy situation is very different from what it was in 2012. He stated that AGL do not commence construction until they make final investment decisions and that, referring to the DPP, AGL is currently not ready to decide if the project is the right one. Tony acknowledged that there is a problem with gas supply and said that if the gas situation is resolved then the DPP is potentially viable.

Indeed, recent analysis shows that gas power stations are no longer the best way to meet market demand. There are superior solutions such as hydro electricity and battery storage that have a faster start-up time, and demand side management techniques such as allowing large consumers to profit from demand management (Open Letter to Prime Minister Malcolm Turnbull, "Simple Steps to Start Fixing Australia's Energy Market Before Next Summer", The Australia Institute, 5 April 2017). In addition, gas power plants have recently demonstrated themselves to be unreliable at providing energy security (<https://www.theguardian.com/australia-news/2017/feb/09/nsw-power-shortage-warning-after-revelation-sa-blackouts-forecast-hours-beforehand>).

Furthermore, energy security is not best provided by the large DPP, sited in a bushfire prone area, a long way from where the power is needed. The DPP would create a high risk of a sudden large failure of supply. Energy security is better provided by smaller power generation facilities closer to the users.

The evidence strongly points to the fact that the DPP, as originally proposed, is unlikely to gain financial support and be built. It is not credible to state that the current proposal is a modification to enable the project as originally scoped to be constructed. The project proposed for the next two years is primarily a new design study, and not a definite project to build a facility to generate electricity. Therefore, there is no longer a credible project proposal on the table that could qualify as critical infrastructure. The new project being contemplated is not consistent with, or substantially the same as, the original project, and the extension of lapse date should be refused.

Improved efficiency, flexibility and greater community consultation

AGL's assertion that extending the lapse date to review the project and conduct community engagement will provide maximum transparency in relation to the future of the DPP is blatantly false and a ridiculous proposition. Restarting the DPP project and extending the lapse date will only serve to reawaken uncertainty and mistrust for another two years. Maximum transparency is provided by continuing the suspension of the DPP until July, letting the conditional approval lapse and selling the land.

AGL has not satisfied the conditions of approval for the DPP as they have not established the mandated Community Consultative Committee. Since October 2012 AGL made no attempt to establish a consultative committee or to communicate with the local community in any way until this application. AGL never established effective communications with the local community. The fact that AGL, for five years, was not pursuing a policy of compliance with the consent conditions of the DPP gave the community sound reason to conclude that AGL had abandoned the project. A request for a further two years of approval is not just a simple extension of an approval already received. The request represents a substantial change and is effectively a new project, given the reasonable community expectation that AGL were no longer seeking approval and that the DPP had been abandoned.

AGL's claims about their new high standards of consultation have not been borne out over the last five years, and were not demonstrated at their attempt at a community meeting in Dalton on April 5 this year. They put no notices around the local region announcing the meeting. They put no notices in local newsletters to alert people to the meeting. They did not communicate openly and honestly to the community at the community meeting. They did not address community concerns at the meeting. They did not run through their proposal for extension in a consultative manner during the meeting.

AGL's behaviour in the past and on April 5 has been so objectionable to the local community that it is extremely doubtful whether AGL could, in any reasonable timeframe, win the trust of the community and ever have the ability to establish any effective communication. AGL must bear the responsibility for their appalling behaviour to date, and accept that they will not within the space of a further two years be in a position where the community will accept any attempts at communication with them. AGL's behaviour to date has been such that their only option now is to walk away from the project and the site.

To have the opportunity to belatedly attempt community consultation for a re-design of the DPP is no reason for an extension of the lapse date of the DPP.

Increased private sector investment consistent with government policy.

AGL is requesting an extended timescale for approval for a project with the stated intention of reconsidering and potentially designing a new project. This is inconsistent with NSW government planning policy, which requires examination of detailed plans and environmental impact before approval. A proposal to enable a re-examination and possible design of a new project cannot be reasonably described as a "modification" and is not a justification for extending approval timeframes for the previous project.

The NSW government has a strategic plan currently open for consultation to reach net zero carbon emissions by 2050 (SMH, Nov 3, 2016). Gas-powered peaking stations, which gain the out-dated energy market, decrease the viability of investment in renewable energy sources (<http://www.ucsusa.org/clean-energy/coal-and-other-fossil-fuels/natural-gas-gamble-risky-bet-on-clean-energy-future#.WO3K3IKB1Bw> <http://iopscience.iop.org/article/10.1088/1748-9326/9/9/094008/pdf>). Continued investment in fossil fuel powered power stations only makes it more difficult for this government policy to be realised.

The original approval for the DPP was conditionally given under legislation now repealed due to the propensity for corruption it created. Government policy aims to ensure that political donations and gifts do not influence the determination of planning applications. Since AGL entities were found guilty of making undisclosed political donations relating to a number of approval processes, including that of the proposed DPP, granting an extension to the original approval timeframe as AGL has requested would not be acting in the spirit of the sentence imposed on AGL for their criminal behaviour, or of the commendable new government policies in this area.

Approving AGL's application would only serve to prolong community mistrust in the NSW government planning regime. AGL's request is inconsistent with government policy to close the remaining loopholes associated with Part 3A of the Act.

Critical infrastructure has been defined by the NSW Government as:

Development for the purpose of a facility for the generation of electricity, being development that: (a) has capacity to generate at least 250 megawatts, and (b) is the subject of an application lodged pursuant to section 75E or section 75M of the Environmental Planning and Assessment Act 1979 prior to 1 January 2013.

AGL describe the DPP in this section as a "potentially viable project". AGL is not seeking more time to build the approved infrastructure. It has applied for time to be primarily used to review the DPP with regard to considerably changed economic and technological conditions in Australia, consult with the community, and possibly lodge a new proposal for a differently designed power station. AGL is not seeking an extension of time in the sense that normally applies to development approvals. AGL has admitted that there is currently no justification for building the DPP as currently proposed. It is inconsistent with government policy for the DPP to continue to get special treatment under Part 3A of the Act when it is no longer confirmed that the DPP is viable as critical infrastructure. It is unreasonable to assess the modification of this project under the rules which apply to critical infrastructure.

Extension of the lapse date is thus inconsistent with government policy.

Socio-economic benefits

AGL is incorrect to state that extending the lapse date would not change the alleged positive socio-economic benefits from the DPP. The only potential positive benefit is the possibility, if the DPP were to proceed, of some of the construction jobs going to local businesses, and the possibility of five longer term operational positions. Pushing out the lapse date by a further two years and conducting a re-examination of what should be constructed means that these benefits would not be realised for a further two years, if at all, which clearly has less positive benefit than if the DPP were to proceed within its approval timeframe.

The negative socio-economic benefits of the proposal far outweigh any positive benefits.

The area of Upper Lachlan Shire where the DPP is proposed to be sited is forecast to have the highest population growth in the Upper Lachlan Shire with 6.58% growth forecast in the next 20 years (forecast.id.com/upper-lachlan). The unemployment rate in Upper Lachlan Shire is less than 3% (economy.id.com.au/upper-lachlan/unemployment), one of the lowest in NSW. The Shire states that it has a strong regional economy experiencing sustainable growth.

In 2016 the three regional Councils in the area (Goulburn Mulwaree, Yass Valley and Upper Lachlan) developed a joint regional strategic plan. The Councils' Regional Strategic Plan states: "Overall, the Plan aims to grow the economy and jobs throughout the South East and Tablelands by maximising the potential for tourism, agriculture and renewable energy opportunities." Extending the lapse date of the DPP is inconsistent with all three aspects of this strategy, as explained below.

1. The extension of approval for the DPP would have a high negative impact on tourism.

The threat of having a large polluting power station such as the DPP 3km away from, and within sight of, the village of Dalton is inconsistent with the principal Upper Lachlan Shire tourism branding of natural beauty and quaint village heritage; "The Shire of Villages".

Tourism is the third largest industry in the region. Upper Lachlan Shire (ULS) receives more than 150,000 domestic visitors per annum and approximately 1,500 international visitors.

Visitors spend more than \$16million in the ULS community each year, which supports 150 full time equivalent jobs across the Shire. There are more than 177 tourism related businesses in the ULS local government area. The ULS has a target to increase the number of domestic visitors from 150,000 in 2009/10 to 300,000 by 2020, based on a region branding focusing on natural landscapes and charming friendly villages (Upper Lachlan Tourist Association 2020 Strategic Plan). The proposal to extend the approval for the DPP is inconsistent with the Shire's tourism branding and strategy and thus threatens a major industry and employer in the Upper Lachlan shire.

Since the suspension of the DPP in 2012 the townships of Gunning and Dalton have had a resurgence. New businesses that have opened on the main street in Gunning, down which traffic to the DPP would travel, include a butcher, newsagent, and several antique/collectible shops. A cafe, the local craft outlet and the local art gallery and bookshop report a more than doubling of business over the last five years as the town has become a centre for tourist traffic and as the surrounding region has grown with the influx of small-scale rural landholders. The butcher's customer numbers have risen from 25 customers per day to over 80 customers per day. Land values in Dalton have more than doubled since AGL effectively abandoned the DPP (see Appendix 1).

Re-emergence of the DPP as a possible project in the region would have a seriously detrimental impact on this new environment.

2. An extension of approval for the DPP would have a high negative impact on renewable energy opportunities.

Prolonging the approval of the DPP is inconsistent with the Council's stated aim of promoting renewable energy opportunities, as it increases investment uncertainty for renewable energy projects. Prolonging this project, even just on paper, increases investment uncertainty in the energy market and delays investment in better long-term renewable solutions.

3. An extension of the DPP approval would have a high negative impact on the agriculture industry that provides the largest employment opportunities in the region.

Agriculture is the largest industry in the shire with 27.6% of its working population in the agriculture, forestry and fishing industry. The Upper Lachlan Shire promotes itself as a "secluded rural hideaway" that offers a "quality rural lifestyle", and the Shire documents note that it is becoming a popular destination for retirees and people wishing to leave the large cities for a lifestyle change.

Extending the approval for the DPP will threaten agriculture in the region as it will decrease the attractiveness of the region for the principal growth market of lifestyle farmers with their diversified agriculture products such as olives, alpaca fleece and horses. Based on information in a Land and Environment Court hearing in Upper Lachlan Shire of June 2016 (File No. 2016/00166500) over a ten year period traditional rural farm purchase at the Gunning Agriculture and Water Solutions business had declined from about 70% of gross profit to 32% of gross profit with the shortfall made up by "lifestyle" residents. This growth area has enabled the local businesses to survive and continue to provide services to the rural community. The uncertainty that would be created by extending the approval period for the DPP would decrease incentive for the growth market of lifestyle farmers to invest in agriculture in the region, and thus have a serious negative socio-economic impact.

Extending the lapse date would have high negative socio-economic impact.

No change to scope as a result of extending the lapse date

AGL are incorrect to state that there is no change to scope from their request.

AGL state that the purpose of the extension is to examine a redesign of the DPP and consult with the community on changes. The extension therefore clearly represents a change of scope from the original proposal which was to begin construction of the existing DPP before the current lapse date of July 2017.

As demonstrated in the section above, the socio-economic environment of the region in 2017 is substantially different from what it was when conditional approval was granted. Because of the project suspension, and AGL's complete lack of engagement and lack of land management, since 2012 the Shire residents had reasonably concluded that the project had been abandoned. An extension of the lapse date is effectively a new project beginning again on the site. The sections above demonstrate that the negative socio-economic impact of a lapse date that extends to 2019 rather than 2017 is substantial.

Extending the lapse date would substantially change the scope from the current effectively abandoned project.

Changes to the surrounding environment

AGL are incorrect to claim that the extension of lapse date would result in negligible environmental impacts. As shown above, an approval extending into 2018 and 2019 would have a large negative impact on the new environment that has developed in Gunning and Dalton since 2012. Substantial environmental impacts of an extension have been outlined above and include:

- Extreme stress imposed on a community that had sound reasons to conclude that the project had been abandoned in October 2012.
- Incompatibility with the Councils' Regional Strategic Plan for growth and development released in 2016. A re-starting of the DPP proposal would hinder the priority areas for development in the region selected by Council, and thus create substantial socio-economic damage
- Damage to property values in the region, which in Dalton have more than doubled since AGL appeared to walk away from the DPP. The restarting of the DPP proposal will cause severe financial hardship to a large number of families that have recently purchased in the region.
- A derailing of the tourism renaissance and business growth in Gunning, due to the renewed threat that an AGL development may occur
- Exacerbation of investment uncertainty in the energy market in NSW. Uncertainty is known to have contributed to the poor levels of investment across the sector, and thus higher electricity prices and socio-economic harm across the state
- Damage to attempts by government to regain the trust of the community in the planning laws of NSW. A continuation of apparent favourable treatment under Part 3A generates planning uncertainty, community stress and a loss of trust in government across the state.

An extension of lapse date would result in substantial negative impact on the surrounding environment.

Conclusion

AGL's request to extend the lapse date of the DPP represents a major change of scope for a project that, because of AGL's suspension of the project and 5-year lack of engagement with the community in the region, was reasonably and widely thought to have been abandoned. An extension of the lapse date for a suspended project in an area where major changes have occurred over the last five years has major negative environmental impacts. It would damage the socio-economic environment of the Upper Lachlan Shire, particularly in nearby towns, by damaging job prospects in priority areas, damaging tourism potential and business growth, and damaging property values. It would exacerbate the uncertain investment market for energy in NSW. It would delay the regaining of public trust in the NSW planning regime.

AGL demonstrate in their own submission that the DPP can no longer be considered to be critical infrastructure that needs to be built. It is inconsistent with government policy to continue to prolong the DPP when it is apparent that AGL themselves are considering substantial changes to the project.

The site of the DPP, within 4km of a town, and in a sheltered valley with a microclimate that would trap emissions within the valley and over the town, was never an acceptable place to build such a large power station. The negative environmental impacts of being in such a valley so close to a population centre outweigh the cheaper cost of shorter gas and electricity spur lines. The negative socio-economic impacts of having a new, live DPP approval process are substantially greater now than they were five years ago. AGL and the NSW Government treated the community very badly in the past by pushing the original DPP proposal through Part 3A of the Act without full and proper scrutiny and with appalling community engagement by AGL. To attempt to continue to process the approval under Part 3A further damages the reputations of both AGL and the NSW government, to the detriment of both. AGL has treated the community with such contempt that it will not be possible in the near or mid future to recover a position of trust. AGL should let the DPP approval time-frame lapse, accept that the chosen site is too close to a town to be acceptable, and sell the land.

The NSW Government has a moral, economic and judicial responsibility to do everything in its power to disallow the proposal by AGL to extend the lapse date of the DPP.

Appendix 1. Screenshots demonstrating typical changes in land value in Dalton since AGL apparently abandoned the DPP.

NSW Valuer General

Property Number **439107** [View in SIX Maps](#)
[Show boundary](#)

Address 34 GUNNING ST, DALTON NSW 2581

Zone¹ RU5 - Village

Area 551.9 square metres

Valuation Basis 6A(1) - The land value is the freehold value of the land excluding any structural improvements

Land values

1 July 2016	\$41,100
1 July 2015	\$41,100
1 July 2014	\$18,800
1 July 2013	\$17,900
1 July 2012	\$17,000

The information shown was current at 2 April 2017.

NSW Valuer General

Property Number **439058** [View in SIX Maps](#)
[Show boundary](#)

Address 42-44 CHAPEL ST, DALTON NSW 2581

Zone¹ RU5 - Village

Area 2226 square metres

Valuation Basis 14G - The land value is the freehold value of the land having regard to heritage restrictions imposed under a planning instrument

Land values

1 July 2016	\$38,000
1 July 2015	\$38,000
1 July 2014	\$17,400
1 July 2013	\$16,600
1 July 2012	\$15,800

The information shown was current at 2 April 2017.

NSW Valuer General

Property Number **439076** [View in SIX Maps](#)
[Show boundary](#)

Address 14 CHAPEL ST, DALTON NSW 2581

Zone¹ RU5 - Village

Area 563 square metres

Valuation Basis 6A(1) - The land value is the freehold value of the land excluding any structural improvements

Land values

1 July 2016	\$41,100
1 July 2015	\$41,100
1 July 2014	\$18,800
1 July 2013	\$17,900
1 July 2012	\$17,000

The information shown was current at 2 April 2017.

NSW Valuer General

Property Number **439089** [View in SIX Maps](#)
[Show boundary](#)

Address 15 CHAPEL ST, DALTON NSW 2581

Zone¹ RU5 - Village

Area 465.4 square metres

Valuation Basis 6A(1) - The land value is the freehold value of the land excluding any structural improvements

Land values

1 July 2016	\$41,100
1 July 2015	\$41,100
1 July 2014	\$18,800
1 July 2013	\$17,900
1 July 2012	\$17,000

The information shown was current at 2 April 2017.

NSW Valuer General

Property Number **439055** [View in SIX Maps](#)
[Show boundary](#)

Address 1 MEDWAY ST, DALTON NSW 2581

Zone¹ RU5 - Village

Area 5362 square metres

Valuation Basis 6A(1) - The land value is the freehold value of the land excluding any structural improvements

Land values

1 July 2016	\$66,500
1 July 2015	\$66,500
1 July 2014	\$42,000
1 July 2013	\$40,000
1 July 2012	\$27,000

The information shown was current at 2 April 2017.

NSW Valuer General

Property Number **439091** [View in SIX Maps](#)
[Show boundary](#)

Address 23 GUNNING ST, DALTON NSW 2581

Zone¹ RU5 - Village

Area 1064 square metres

Valuation Basis 6A(1) - The land value is the freehold value of the land excluding any structural improvements

Land values

1 July 2016	\$48,200
1 July 2015	\$48,200
1 July 2014	\$22,100
1 July 2013	\$21,000
1 July 2012	\$20,000

The information shown was current at 2 April 2017.