



Mr Mike Young
Director Resource Assessments
Department of Planning and Environment
23-33 Bridge Street, Sydney NSW 2000
25 February 2016

Dear Mr Young,

Re: Silverton Wind Farm - Request for Extension to Lapse Date

AGL supports the Commonwealth Government's commitment to work towards a global agreement to limit global warming to less than 2 degrees, and has publicly committed to actions to achieve this, including continuing to invest in new renewable energy technologies and projects.

AGL is focusing on its pipeline of approved renewable energy projects, and in particular the Silverton Wind Farm Project (the Project).

The current lapse date for the Project Approval is **24 May 2016**. AGL seeks to modify the Silverton Wind Farm Project Approval (Mod 2) to extend the lapse date by a further 5 years, to allow adequate time for AGL to:

- review and update the project in line with current technology and energy market circumstances including allowing time for the Powering Australian Renewables Fund (see below) to be established;
- consult with the Department of Planning and Environment (DPE) and the local community/landholders on potential modifications to the Project; and
- if required, lodge a more substantive project approval modification taking into account the above.

Project Description

Project Approval for the Silverton Wind Farm was granted to Silverton Wind Farm Developments Proprietary Limited (SWDPL) on 24 May 2009 under Part 3A of the *NSW Environmental Planning and Assessment Act 1979* (EP&A Act). The Project Approval included construction and operation of up to 282 wind turbines, and associated infrastructure including a 24km transmission line from the site to Broken Hill.

A modification (Mod 1) of the Project Approval was granted by the then Department of Planning and Infrastructure (DP&I) under s75W of the EP&A Act on 11 April 2014. The effect of Mod 1 was to extend the lapse date of the 2009 Project Approval from 24 May 2014 to 24 May 2016.

Justification for the Modification

AGL considers that this modification is justified, for the following reasons:

- a) **Importance of the Project:** AGL intends to initially install up to 200MW of renewable energy generation, which could produce in the order of 700,000 MWh per year. This amount of energy is sufficient for the average consumption of

- approximately 120,000 homes, which equates to a reduction of approximately 588,000 tonnes of CO₂ per annum for the life of the project.
- b) **Economic Benefits:** Based on figures estimated in Sinclair Knight Merz' Economic Impact Assessment of AGL's Hallett Wind Farms, dependent upon the size of the project, the cost of the project could be between \$300m and \$500m¹. Extrapolating the expenditure from Hallett Wind Farms to the proposed Project, AGL estimates:
 - a. Regional Project Development and Construction Expenditure to be in the order of \$40m;
 - b. The Regional Project Operations expenditure could be up to \$6m per annum for the life of the project;
 - c. Employment during the construction of the project could reach approximately 150 people.
 - d. Community funds of approximately \$15,000 per year may be granted to local community projects.
 - c) **Improvements in Technology:** Approval of Mod 2 would allow time for AGL to conduct a review of the project, taking into account new, more efficient wind turbine generator technologies, primarily the rotor diameter and the overall tip height.
 - d) **Focus on Renewables:** Investor confidence in the renewable energy industry has increased since the previous modification (Mod 1), e.g. due to agreement of the revised Renewable Energy Target (RET) in June 2015, and signing of the Paris Climate Agreement in December 2015.
 - e) **AGL's Greenhouse Gas Policy and Powering Australian Renewables Fund:** AGL's Greenhouse Gas Policy and the recently-announced Powering Australian Renewables Fund make commitments to investing in, and set out a clear strategy to delivering, renewable energy projects (see further detail below).
 - f) **No change to scope:** There is no change to the scope of the Project. A further delay to the Project does result in a level of ongoing uncertainty for the local community, however the environmental impacts of a further delay would be minimal. The extended lapse date would enable a review of the project, and if required, a more substantive modification which would include a full environmental assessment of any modifications to the project scope.
 - g) **Project Benefits:** that the benefits of the project would not diminished as a result of a 5-year delay in commencement, rather would ensure that the potential opportunities are retained.

Importance of the Project

In addition to the potential direct employment opportunities discussed above, the Silverton Wind Farm Project would generate manufacturing and support jobs in other parts of NSW, nationally and overseas, depending on the source of labour and materials. The Project also stands to deliver significant economic benefits to the region. For instance, a 200MW wind farm could provide an equivalent of 400 full time employees (FTE) job years, including the construction jobs identified above. In addition to direct employment, indirect employment in services industries could create an additional 3 indirect jobs for every direct job created.

Based on the Mod 1 Environmental Assessment, additional benefits of the project are anticipated to include:

- Generation of approximately 700,000 MWh per annum of renewable electricity, sufficient for the average consumption of up to 120,000 homes (based on an average Australian household electricity consumption of 5 MWh/year)
- Reduction in greenhouse gas emissions of approximately 588,000 tonnes of carbon dioxide (equivalent) per annum, the equivalent of taking up to 170,000 cars off our roads
- Savings in water consumption of approximately 730 million litres per annum of potable water (this is the amount of water required to produce the same amount of electricity from coal-fired power stations)

¹<https://www.agl.com.au/~media/AGL/About%20AGL/Documents/How%20We%20Source%20Energy/Wind%20Environment/Coopers%20Gap%20Wind%20Farm/Assessment%20and%20Reports/2011/Missing%20PDFs/South%20Australia%20Economic%20Impact%20Report%20Halletts.pdf>

- Annual savings in pollution from coal-fired power stations of up to 3,000 tonnes of sulphur dioxide, 1,280 tonnes of nitrogen oxides and 800 tonnes of particulates
- Establishment of a community fund to assist in funding community and environmental projects that provide benefits to the Silverton community
- Establishment of an Indigenous Employment Management Plan for the Project
- Improvement in local infrastructure in the Silverton region
- Protection and improved management of sensitive local biodiversity including the tawny rock dragon and a previously unrecorded spinifex ecological community
- Improved security of electricity supply through diversification.



The Mod 1 EA assessed whether the extension of the lapse date would have a material impact on these economic benefits. The Mod 1 EA stated that the project benefits would remain unchanged. It is expected that an additional extension of the lapse date will not result in a change to the expected benefits of the project.

Increased Investor Confidence in Renewables

A major reason for the delayed commencement of the Silverton Wind Farm project was uncertainty around the 2020 Renewable Energy Target (RET). As the review of the RET was delayed from 2014 until 2015, AGL deferred the appointment of an Engineering, Procurement and Construction (EPC) contractor for the project. The revised RET was agreed upon in June 2015, providing much needed investor confidence in the renewable energy industry.

The Paris Climate Agreement, which aims to limit global warming to well below 2°C above pre-industrial levels, was agreed upon in December 2015 by almost 200 nations, including Australia. As renewable energy is a major player in reducing greenhouse gas emissions, the signing of the Paris Climate Agreement gives further certainty to the future of the renewable energy industry in Australia.

More recently still, the Federal Government has lifted its self-imposed ban on the Clean Energy Finance Corporation (CEFC) providing investment in wind farms. This has further increased investor confidence, specifically in wind power generation.

The NSW Government's Renewable Energy Action Plan identifies its first goal as being to "attract renewable energy investment". Approval of this modification application would have the potential to directly attract renewable energy investment in NSW.

AGL's Greenhouse Gas Policy

AGL Energy Limited is Australia's largest private developer and operator of renewable energy. AGL has already invested \$3 billion dollars in renewable energy investments over the last decade. In 2015, AGL released a new Greenhouse Gas Policy. AGL's new policy acknowledges we are moving into a carbon constrained future, both nationally and internationally, and therefore the policy provides a pathway for the gradual decarbonisation of AGL's generation portfolio by 2050.

To support the Commonwealth Government's commitment to work towards the two degree goal, AGL recognises its role in taking the lead when it comes to reducing its greenhouse gas emissions. One of the key pillars of AGL'S new Greenhouse Gas Policy is to: "*Continue to invest in new renewable and near-zero emission technologies*". AGL believes that the Silverton Wind Farm site has a high quality wind resource and remains one of the most attractive wind development projects in Australia.

Powering Australian Renewables Fund

AGL has committed to decarbonise its electricity generation as part of Australia's transition to a carbon-constrained future. To support this commitment, on 4 February 2016, AGL announced the 'Powering Australian Renewables Fund' (the Renewables Fund)². The Renewables Fund is an innovative funding vehicle designed to stimulate investment in renewable energy projects. Instead of financing single renewables assets, the Renewables Fund provides an opportunity for investors to finance a portfolio of renewable assets. The Renewables Fund aims to invest in around 1000MW of large-scale, renewable assets, with a value of up to \$3 billion.

² <https://www.agl.com.au/about-agl/what-we-stand-for/sustainability/powering-australian-renewables-fund>

The Powering Australian Renewables Fund demonstrates AGL's commitment to investment in strategic renewable energy projects, such as the Silverton Wind Farm.



New Technologies

Since the original EA was prepared in 2008, wind turbine technology has evolved. Recent improvements in wind turbine design have allowed application of different-sized turbines to different conditions. For example, larger-span rotor blades have been found to be more efficient in areas of low-moderate wind speed and turbulence. In addition, there have been improved efficiencies in generation output per turbine. AGL requests that this modification be approved, to allow AGL adequate time to evaluate the most efficient and cost-effective solutions for the project, and lodge a more substantive modification application to allow for new, more efficient technologies to be adopted.

Impacts on Community/Acceptability of Delay

AGL has continued its engagement with the local community via Silverton Wind Farm Community Consultative Committee (CCC) meetings and regular meetings with the Lease Holders, the Land Owner, the Silverton community and the Broken Hill community. Community consultation has been undertaken to update community members, addresses issues of concern to the community and provides an opportunity to incorporate community feedback.

In preparing the EA for Mod 1, AGL carried out a survey of the lease holders and the Silverton community regarding the perceived impacts of project delay. Most respondents expected a low impact on tourism, local business and farming. The Mod 1 EA found that no mitigation measures, additional to those required by the project approval, were considered necessary to manage the impacts of the delay on the community.

In order to assess the potential impact of a further 5 year delay of the project on the community, AGL has planned to undertake community consultation in the Silverton community in February 2016. Initial consultation will be conducted with leaseholders of the Project area, followed by consultation with the broader Silverton community. More detailed community consultation will be undertaken as part of a more substantive modification application.

AGL is of the opinion that the impacts on the community as a result of the delay imposed by a 5 year extension would be minimal. Further, the community still stands to benefit from the Project.

Changes to the surrounding environment

The previous EA supporting Mod 1 assessed the changes in environment since the original EA was prepared in 2008. The Mod 1 EA proposed no changes to the mitigation measures identified in the original EA as regards environmental impacts of the project site. However, two recommendations necessitated by the delay were recommended, which related to updated/ground-truthing of existing spinifex mapping, and renewed consultation with Essential Water regarding water supply requirements for construction.

AGL notes that only two years have elapsed since the preparation of the Mod 1 EA, and hence considers that no material changes to the environment of the proposed project site are likely to have occurred during this time. However, as part of any substantive modification, AGL would undertake a detailed environmental assessment to assess the impact of any modified project against the existing environment, including an assessment of the adequacy of the environmental mitigation measures proposed in the original EA and in the Mod 1 EA.

Conclusion

AGL is committed to investment in renewable energy projects, and wishes to preserve the Silverton Wind Farm Project approval in order to progress this Project. AGL requires additional time to assess changes in wind turbine technology and changing market conditions, in order to develop the project in the most efficient and cost-effective manner possible. AGL is committed to ongoing, detailed consultation with the DPE if a more substantive modification process is required in the next 12 months.

Yours sincerely,



Suzanne Westgate

Head of Workplace Innovation, Employee Services & Property

