

Explanatory Note – Voluntary Planning Agreement WinterbourneWind Pty Ltd



Introduction:

WinterbourneWind Pty Ltd is developing a wind energy project in the north east area of the Walcha LGA. The project will have a capacity of up to 700 MW and an estimated investment of over \$1 billion. While the final number of turbines will be subject to the specific consent conditions of the NSW Planning Dept, it is anticipated to be in the order of 119 turbines, 250 metres high with 90% of those located within Walcha LGA and the other 10% in Uralla Shire LGA. This obviously represents a significant impact to the Walcha community, both during construction and operation.

There are numerous documents related to the project available on WinterbourneWind's website: <https://winterbournewindfarm.com.au/> and the project in general terms should be well known to Councillors and Walcha residents at this stage of the development assessment process.

As this is a state significant project, Walcha Council is not the consent authority for its potential approval. However, it is typical for these large-scale projects to offer financial payments to affected LGAs via a Voluntary Planning Agreement (VPA) as both an offset to the social impact the projects can represent to communities, and in lieu of other developer contribution payments that might otherwise have been payable to the local council should they have been the consent authority.

These payments do not absolve the developer from any other compensatory payment or action that may form part of the consent conditions – for example repair of damaged road assets impacted by the construction activity, provision of suitable housing for workers, decommissioning obligations, etc.

Given the ambitious renewable energy targets that have been set by both state and federal governments, and the commitment of the state government in regards to the identified 'Renewable Energy Zones' – there will be an increasing number of renewable energy projects proposed in the near future. Many of those within the Walcha LGA as part of the New England Renewable Energy Zone (NEREZ).

To assist both developers and communities with the transition, the Planning Dept have released a draft Energy Policy Framework and Benefit Sharing Guidelines. The WinterbourneWind Project does not officially form part of the NEREZ as it connects to existing electrical transmission infrastructure, and the draft VPA attached to this report and previous public advertisements referencing a WinterbourneWind Community Benefit Fund both pre-date the release of the draft Benefit Sharing Guidelines. Nevertheless, the draft WinterbourneWind VPA can be considered with reference to the draft Benefit Sharing Guidelines as a broad indicator of its appropriateness with regard to future NEREZ renewable energy projects and anticipated Benefits.

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Report:

The draft WinterbourneWind VPA was first submitted to both Walcha Council and Uralla Shire Council a full 12 months ago. The two Council's jointly engaged the legal services of Bradley Allen Love (BAL) Lawyers to assess the VPA, advise Council and assist in negotiating a draft VPA that meets Council's needs, adheres to previously adopted positions, policies and guidelines, and is suitable within the broader context of the NEREZ. The version attached to this report is representative of that work, and is now refined to a level of suitability that Council can choose to place on public exhibition for comment, with the aim to adopt at the end of the exhibition period with minimal changes.

The NSW Government draft Renewable Energy Benefit Sharing Guidelines recommend an amount of \$1050 per megawatt per annum for wind energy development adjusted for CPI. WinterbourneWind's VPA stipulates an amount of \$1M upfront, \$750,000 p.a. up to 600MW and \$1000 p.a. per MW for every MW above 600MW, adjusted for CPI. Based on the anticipated capacity and 30 year life of the project, this equates to \$1174 per megawatt per annum – i.e. higher than the NSW government Guideline value. For Walcha, our 90% 'share' will be \$900,000 first year, then \$765,000 p.a. for remaining 29 years - \$23,085,000 before adjusting for inflation.

Other elements of the draft VPA include:

- Requirement to create a restricted and reportable Community Benefit Fund so that all monies received and expended is transparent to the community.
- Requirement to create a Community Benefit Advisory Committee to "make recommendations to Walcha Council for the expenditure of monetary contributions made in connection with renewable energy developments, including the allocation of funds from the Walcha Community Benefit Fund"
- Requirement for funds to be spent in accordance with the recommendations from a Community Benefit Advisory Committee, and "be consistent with any policy adopted by Walcha Council in relation to a renewable energy community benefit restricted fund (as in force from time to time) or, if no such policy has been adopted, the policy principles set out in any benefit sharing guideline prepared by the Department of Planning, Housing and Infrastructure or its successors (as in force from time to time)."
- Walcha Council has the final say on any money spent from the Fund.

Given the VPA's broad adherence, and exceedance, to the draft Renewable Energy Benefit Sharing Guidelines, it is recommended that Council put the draft VPA with WinterbourneWind to the community for their input. Council can determine whether to sign the VPA, or request further changes prior to signing, based on the feedback received.

The timing of this report and the exhibition period allows Councillors and Council staff to discuss the VPA with the Walcha community during the 2024-2025 Operational Plan public exhibition and Regional Meetings that are being held across the LGA on 13 May and 15 May 2024, though written submissions will also be considered during the exhibition period.

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Endorsement of the VPA **does not** constitute endorsement of the WinterbourneWind Project, which will be assessed by the NSW Planning Department, or if required, the Independent Planning Commission.

Legal Implications:

This Agreement is a legal agreement between Walcha Council (and Uralla Shire Council) and WinterbourneWind Pty Ltd. The draft version attached to this report has been informed via advice received by BAL Lawyers.

Financial Implications:

This VPA represents significant financial contributions to be made to Walcha Council for the length of the WinterbourneWind Project – being approximately \$23,085,000 over 30 years before adjusting for inflation.

Environmental Implications:

There are no environmental implications arising from this report.

Social Implications:

There may be no amount of money received via a VPA that will satisfy all members of the Walcha Community. However, the eventual adoption of this VPA will represent significant financial benefit to the Walcha community that is at least comparable with draft Guideline and industry standards.

Policy Implications:

The draft VPA has been updated to refer to the draft Walcha Council Renewable Energy Community Benefit Policy that is intended to also be on public exhibition at the same time. Adoption of the final Renewable Energy Community Benefit Policy will be targeted at the same time as adoption of the WinterbourneWind VPA, though the Policy has broader applications than just this project and this VPA.