

Wind power to the people



By Madeleine Heffernan

PORTFOLIO POINT: A community-owned wind farm near Daylesford, in country Victoria, may be the first of many.

Community-owned renewable energy projects are a step closer in Australia, with Hepburn Wind raising \$4 million from more than 700 people to build to a wind farm with two turbines near the picturesque Victorian town of Daylesford.

With state funding of almost \$1 million and the Bendigo and Adelaide Bank giving in-principle agreement to provide financing, Hepburn Wind is now looking for a corporate partner to put in \$2–4 million for Australia’s first community-owned wind farm.

Chairman Simon Holmes à Court (right), son of Robert and Janet Holmes à Court, says: “We’ve now almost got enough capital. We’ve got some strong indications from some corporates and we’ve got a string of energy companies who are really interested in the renewable energy certificates because there aren’t many renewable energy projects that are ready at the moment.



“We’ve got the hill, we’ve got the permit, we’ve got the lease, the permit’s been to VCAT [the Victorian Civil and Administrative Tribunal] and came through without adjustments that made any difference to us. So the project’s very close to being ready to roll.”

David Shapero (right), founder and managing director of Future Energy, which is developing the project, is similarly confident, describing it as a commercial project that stands on its own two feet and is ready to go.



The wind turbines on Leonards Hill near Daylesford, a popular rural retreat two hours north-west of Melbourne, will not only power the local community, but earn money by selling power to energy retailers.

“The idea of a community generating as much power as it needs and maybe have a bit excess to sell into the grid seems to strike a chord with a lot of people,” Holmes à Court adds.

The project aims to produce four megawatts of power, offsetting the carbon dioxide of about 2300 households in the region. With the average investor putting more than \$5000 into

a “green” (though hardly conservative) investment, what value is there for retail investors?

David Shapero says that although Hepburn Wind is not seeking new investors at the moment, existing investors will ultimately share ownership of the project with a corporate partner.

He stresses that the project is a long-term investment, with investors to receive a share of the wind farm’s profit as it sells energy to retailers. Shares will not be tradeable on a registered stock exchange, but investors will be able to buy and sell Hepburn Wind shares, with the board running a list of willing buyers and sellers. Hepburn Wind will also be able to purchase 5% of shares in any year. Shares are currently priced at \$1.

Victor Bivell, editor of *Eco Investor*, says there is “no reason” why community-owned wind farms could not take off in Australia. He says community-owned renewable energy projects are a relatively inexpensive way for investors to buy into green projects. He cautions, however, that start-up projects are often risky and the liquidity is often not there for investors seeking to exit the project.

As one of its leading lights, Simon Holmes a Court adds a dash of investment history to the project. His father Robert was one of the most successful – and controversial – investors in Australian history, with multiple interests across corporate Australia. He was credited as Australia’s first billionaire before he died in 1990 aged 53.

Simon Holmes à Court says many of Hepburn Wind’s members are attracted to the “community aspect” of the project, whereby 2.5% of its revenue, or \$1 million over its lifespan, will be donated to a community sustainability fund.



He says investors seeking exposure to wind farms have limited choices. “A few years ago you could have invested in Pacific Hydro and had great exposure but they were taken over and delisted from the ASX. Babcock & Brown Wind is another way of getting exposure to wind assets, but they’ve got their own problems. This one’s made a bit more attractive because we’ve got a strong government grant behind it.”

Holmes à Court says Denmark, for example, has already reached Australia’s mandatory renewable energy target (MRET) of 20% of power from renewable energy by 2020 largely due to community initiatives, with 200,000 Danes members of an energy cooperative.

“Our idea is bigger than just the two turbines in Daylesford; the idea is that this will pave the way for a whole string of community wind farms which together will have a significant impact.

“We’re really conscious that there’s a spotlight on us from a whole lot of communities; that if they stumble, it will be a long time before someone tries this again, but if we pull it off I think there’ll be ones very soon after.”

While most agree Australia needs to find more environmentally sensitive ways of generating power, wind power is a controversial technology. Some object to the size of the turbines, the noise they generate, and consider them a blight on often pristine countryside. Others believe they diminish property values and provide dubious environmental benefit.

Future Energy’s Shapero says the experience overseas (there are 80,000 turbines worldwide) is that opposition to wind farms fades as the projects go up. “The opposition has decreased markedly. There is never no opposition, but our it’s our role that we speak regularly and respectfully to everyone that’s nearby the site and to ensure the wind farm is designed properly so it doesn’t have any negative effect.”

Shapero says energy security is another benefit of a community-owned renewable energy projects. “Governments all over the world are spending a lot more time on energy security, and if a community can control its energy generation that’s a natural protection.” ◆