



Esperance Community Power Project

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Our Association, Esperance Community Power Project (ECPP) has recently submitted an Expression of Interest (EOI) to Horizon Power for the Esperance Power Project: EOI No: EOIHP01706.

Our EOI submission was rejected on the basis that our project did not meet a number of the criteria in the EOI document.

We would like to make a submission to the Parliamentary Review Committee drawing your attention to a number of structural problems with the procurement process, which, in our view, precluded the involvement of a community group such as ours succeeding in progressing beyond the EOI stage.

It is also our belief that the current Horizon Power procurement criteria do not serve the purpose of delivering a future-proof power solution with a net community benefit to regional communities on an island grid.

ECPP has sought feedback from the Horizon Power procurement team regarding the failure of our project to progress to beyond the EOI stage of procurement process. It is our understanding that the key factor disqualifying the progression of ECPP beyond the EOI stage was the absence of an appropriate corporate structure (and subsequent legal personality) of our Community association for Horizon Power to interact with. They also drew our attention to ECPP's subsequent failure to demonstrate a track record in either building or operating a power station, the possession of a suitable credit history and the entity's lack of occupational health and safety records.

A central plank of ECPP, the opportunity for community members to invest in the project via a cooperative structure. This delivers the obvious benefit of the significant financial activity around power delivery circulating within our community rather than being a source of economic hemorrhage.

The very nature of a Community Power Project precludes the actual Community based proponent from having a long corporate track record, with all that accompanies that. ECPP have in fact assembled a team of credible experienced suppliers, operators and funders for our project, who are clearly outlined in our EOI document. ECPP additionally provided, as part of our EOI documentation, a flow chart explaining how the project structure would develop as the venture progressed to the next stage. The EOI process however, only allowed Horizon Power to assess the track record, credit worthiness and technical expertise of the submitting party; ECPP.

ECPP were aware that our association was presenting a novel solution for power delivery to our community having recently tabled a petition in the upper house to include “communities “ and “renewables “in future power generation contracts .Our project team was also advised by the funding body; Australian Renewable Energy Agency (ARENA) and Goldfields Esperance Development Commission (GEDC) to make a joint submission with Horizon Power in order to access funds which would assist us to create an appropriate corporate framework to submit an EOI.

With this in mind, we have gone to some lengths to engage with Horizon Power over a two-year period to both inform and seek feedback regarding our community-based model. South Coast Renewables, presented the Hybrid Power Model to Horizon Power in January 2017 and a comprehensive briefing paper (Attachment 1) was prepared and presented to them in January 2018.This paper describing our cooperative working with Horizon Power detailing the design, proponents and structures that were repeated in the EOI submission.

Conversely Horizon Power has had no engagement in meaningful dialogue with us until we progress past an EOI stage.

ECPP is now in the position of having an excellent, fully funded, project model, with price competitive, safe, reliable, renewable power and, offering significant whole of community benefits, which cannot be considered via the current set of procurement criteria.

To date, South Coast Renewables (SCR) and ECPP have been solely funded by a local farming couple with a significant voluntary contribution by the Community Steering Committee and other supporters of the project. The committee comes from a broad professional and social cross section of the community, with the common interest of the potential for a highly effective power supply arrangement to greatly underpin the long-term health and sustainability of our own community

Our broader community is strongly supportive of the idea of a project with a high renewable component, which presents the opportunity for community involvement. We have recently tabled 137 signatures in the WA Parliamentary Upper House in support of criteria changes to the Horizon Power, Esperance Power Project Procurement that include a community benefit. Our group also has, to date a further 1,050 signatures supporting 100% Renewable Energy for the future of this region with community involvement in its delivery (Attachment 2).

We feel the WA renewable penetration data supports our contention that Horizon Power has at best been passive in allowing regional WA to participate in the renewable energy market. Among other statistics, WA can presently claim only 3 of the total 69 wind and solar projects currently slated, or under construction nationally, and as of 2018 had a renewable energy penetration, at 7.5%, second worst in the country¹.

ECPP are very concerned that our community is about to be signed up to a long-term power delivery contract which is neither future proof or beneficial to the long- term health of our broader community.

We would also like to draw attention to the fact that it is almost four years since the residents and businesses of Esperance have been able mitigate power costs by installing feed-in rooftop photovoltaic panels. Our project proposes to not only enable cooperative owned distribution of rooftop solar through the community, but also includes a capacity to provide discounted power to inhabitants of social housing, rentals and small business. In addition, Stage Two of the ECPP model, with its high renewable penetration, proposes to open up new local industry and small

business opportunities using excess renewable energy at peak times to enable hydrogen and/or ammonia production, bringing much needed jobs to the district.

85% of the current Esperance power supply is delivered by gas fired turbines fueled via the only unregulated pipeline in the state. The current gas pricing offtake arrangements for Esperance businesses and industry is several multiples of relative pricing to business users elsewhere in the state. We have been informed by The Esperance Shire Council that high power pricing is regularly raised as a key barrier to new business ventures in the region by potential investors. Continuation of the current arrangement leaves our community with the ongoing economic handbrake of uncompetitive commercial energy pricing, which is a significant barrier to new industry.

This will also continue to encourage further fragmentation of the grid, as larger commercial operators make their own power arrangements. Fragmentation of an already modest sized grid creates a smaller customer base over which to spread network fixed costs, potentially either increasing the cost to the WA taxpayer via a larger cross subsidy, or higher fixed pricing to those who remain.

This procurement process currently underway for Esperance Power Project is a, one in twenty-year, opportunity for our island grid to harness both our natural resource, and our community to enter the renewable energy market. We feel if this opportunity is missed, our community runs the risk of a fragmented power market in the future, as both larger users and householders actively seek cheaper, greener and more transparent options.

In 2022 when this contract is signed, all states with the exception of WA and NT will have a 50% RE target with SA and Tasmania at 73% and 100% and many regions over 75% renewable penetration. If the current rate of renewable energy installation continues, Australia will eclipse the large-scale Renewable Energy Target (LRET), reaching 29% renewable electricity in 2020 and 50% in 2025³

Professor Ross Garnaut, of the University of Melbourne, has said that “nowhere in the developed world are solar and wind resources together so abundant as in the west-facing coasts and peninsulas of southern Australia². Our town is located precisely in this zone.

ECPP asks that a 2022 Power Purchase Agreement for the Esperance Power Project allow a hybrid model that can manage 100% solar and wind exports daily with no allowable energy limits on renewables.

ECPP asks that criteria changes are implemented to reconsider our community model with the inclusion of Horizon Power on a joint board of directors.

ECPP would also like Horizon Power to recognize that this is the first community group submitting a hybrid model to a Horizon Power EOI, and we ask, that consideration is urgently required to modify the procurement process to cater for both our and future community groups aiming to participate in the renewable energy market.

1. Brailsford, Louis, Stock, Andrew, Bourne, Greg and Stock, Petra. Powering Progress: States Renewable Energy Race, Climate Council, 2018
2. Gittins Ross, We could be among the World's Climate Change Winners, Sydney Morning Herald, February 12, 2019

3. Baldwin, Ken, Blakers, Andrew, Stocks Matthew, At its current rate, Australia is on track for 50% renewable electricity in 2025, The Conversation, September 10, 2018