

Esperance Community Power Project

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Environment and Public Affairs, Petition No 108. State owned Energy Corporations



“We the undersigned are seeking changes to Horizon Powers selection criteria to include COMMUNITIES and RENEWABLES in power generation.”

“ We also seek government to mandate that community energy cooperatives and WA businesses be included in the solutions to reduce CO2 emissions as required by a WA Renewable Energy Target.”

Esperance Community Power Project (ECPP) is a community driven organization seeking to participate in the current, one in twenty-year Horizon Power procurement process, to deliver a community owned, high renewable penetration power supply in a Power Purchase Agreement with Horizon Power to the Esperance Community. ECPP has submitted an EOI through the standard process, but feedback from Horizon Power indicates that under the current structure of selection criteria, a project like ECPP cannot fit the requirements for progression past EOI stage. Horizon Power currently requires the submitting party to be a corporate entity with a substantial track record in constructing and operating a Power Station, with an associated Credit History and Occupational Health and Safety record.

ECPP, as the submitting entity, cannot demonstrate these attributes, but the project has in fact assembled a highly credible consortia, who, together, can deliver strongly against these criteria. This is a structural issue, which, in our view affects neither the viability or delivery risk of the project, but locks out the potential broad scale benefits which can be drawn from community owned, renewable power generation solutions¹.

Esperance Community Power Project asks the Environment and Public Affairs Committee to consider changes to the following;

1. Horizon Power’s procurement criteria to allow community cooperative structures to submit into an EOI.
2. Horizon Power to recognize Incorporated Associations at the EOI stage, if their submission shows it has the future structural and financial capacity to develop and deliver a hybrid model; and allow them to proceed to the feasibility/communication stage.
3. Horizon Power’s procurement criteria include;
 - a. long term benefits to communities
 - b. the subsidy savings to the taxpayer when calculating generation price.
4. Horizon Power require a power station with a capacity for 100% renewable energy penetration in any future Power Purchase Agreements, to allow a future staged roll out of renewable energy supply to accommodate the rapidly changing pricing structure and regulatory environment around renewable energy.
5. ECPP asks for the removal of “take or pay” fossil fuel contracts, which undermine and locally distort the economics of utilising Renewable Energy sources
6. ECPP asks for Legislative changes to allow for community cooperatives and WA owned power generation to contribute to CO2 emissions reductions.

Our attached signed petitions demonstrate the community of Esperance supports a 100% renewable future for Esperance with community cooperative involvement.

Currently, 2020 minimum emissions targets could be met by the state using overseas investment to build large wind and solar farms.

Our concerns are, this would then allow State owned energy corporations to have little change in their contracts and continue with existing long term high fossil fuel usage Power Purchase Agreements (PPA’s).

ECPP asks the Department of Environment and Public Affairs and Horizon Power to consider the community benefits of local investment into high renewable energy for the town's future. Our model provides the opportunity for community investment, and subsequent dividend retention within the community. Additionally, the ECPP model delivers 69,558 t of CO₂ reductions annually in Stage and offers lower priced power to Horizon Power from 10am to 2pm for a large part of the year.

This initial 85% renewable penetration achievable in our model will reduce Horizon Power taxpayer subsidies, and as renewables further increase, the subsidy will be zero.

ECPPs board members would include community members and Horizon Power and work together towards energy solutions, benefiting ALL community members for the future viability and resilience of the town and surrounding district.

ECPP feel the WA Renewable penetration data supports our contention that there are structural barriers to market entry for Renewable Energy Projects. 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 country². In 2022 when Esperance signs a new PPA, every state in Australia with exception of NT and WA will have a 50% or higher RE target, with SA and Tasmania 75% and 100%.

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 Australia³. Our town is located precisely in this zone.

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 Esperance Shire Councillors 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.

Our Community investment model, is the first in the state to participate in the Horizon Power procurement process. We would like the opportunity to create a blueprint for future Horizon Power PPA's with island grids, with potential to roll out variations of the model to 35 regional communities.

Our model is a neatly resolved, future proof, power delivery model which capitalizes on the natural strengths of our location. It delivers safe, reliable power, but additionally delivers substantial community benefits. Our community cannot afford to miss this opportunity to participate in creating a better energy delivery model through to 2042.

References

1. Friends of the Earth (2013). Community Power. The benefits of an Energy Revolution Accessed online at:
http://www.foeeurope.org/sites/default/files/publications/community_power_briefing_nov2013_0.pdf
2. Brailsford, Louis, Stock, Andrew, Bourne, Greg and Stock, Petra. Powering Progress: States Renewable Energy Race, Climate Council, 2018
3. Gittins Ross, We could be among the World's Climate Change Winners, Sydney Morning Herald, February 12, 2019