

30 October 2015

EPA Inquiry
PO Box 21428
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Melbourne
VIC 8011

Pacific Hydro submission to the Inquiry into the EPA

Pacific Hydro is pleased to be able to make a submission to Victoria's Inquiry into the Environmental Protection Authority (EPA). Pacific Hydro views the EPA as a peak organisation with a critical role in managing the State's environmental challenges, responding to community concerns and ensuring access to cleaner environments for Victorian communities.

We congratulate the Victorian Government and the EPA on undertaking this comprehensive review of the EPA's role and powers. In particular we applaud the inquiry's key consideration of the EPA's role in regulating greenhouse gas emissions in the face of global climate change and the fundamental need to transition to a low carbon-based economy.

As discussed further below, subject to the detail of implementation, Pacific Hydro, is in principle, supportive of the EPA assuming a formal regulatory role associated with noise compliance and monitoring of Victorian wind farms.

About Pacific Hydro

Pacific Hydro is a global clean energy solutions provider with headquarters in Melbourne. We are wholly owned by the IFM Australian Infrastructure Fund. Through its ownership, Pacific Hydro provides sustainable infrastructure investment opportunities for around 5 million Australian members of Industry Superannuation Funds.

Within Australia, Pacific Hydro owns and operates eight (8) wind farms with 170 turbines and a capacity of 306.6 megawatts (MW). Of this, 249.9MW is based in Victoria and abates an estimated 829,700 tonnes of greenhouse gas emissions annually.

The revised Renewable Energy Target (RET) was legislated in mid-2015 and it is expected approximately five to six gigawatts (GW) of new wind projects will be developed nationally over the next five years to ensure the RET is met. In addition to the State's many existing wind projects, Victoria is well placed to deliver much of this new development given the number of existing approved projects in the State.

Wind farm noise compliance and monitoring

Despite the significant environmental benefits of greenhouse gas emissions abatement and the economic benefits of our assets, Pacific Hydro recognises that noise associated with wind energy has been raised as a concern in some communities. In recent years, Pacific Hydro has worked beyond compliance in an attempt to address and respond to these concerns.

These concerns have also been acknowledged by the Federal Minister for the Environment. In June 2015 the revised RET target was set at 33,000 GWh by 2020. As part of the package, Minister Hunt made a deal with the crossbench *“to progress reforms to improve the science relating to the sound of wind farms and the monitoring and transparency of information and help for communities”*.

At present, subject to the precise nature of the planning permit, the approval and enforcement of noise compliance criteria for Victorian wind farms is the responsibility of either State or local government organisations. Typically, the assessment of these matters is the responsibility of statutory planners who may not have the technical skills or qualifications necessary to critically review complex acoustic reports. Frequently this results in local or State Government being required to engage external acoustic consultant engineers to undertake peer reviews of acoustic reports submitted by proponents.

The field of acoustic consultants that proponents and government organisations can draw upon is relatively small. As such, the current system for the assessment of noise associated with wind energy, while rigorous, has been undermined by a loss of community confidence, particularly from some wind farm neighbours, resulting in a perception that this narrow field lacks appropriate oversight and independence. Some communities have also employed their own consultants to undertake assessments, due to their lack of trust in current regulatory practices. This adversarial climate only exacerbates community concerns, and in Pacific Hydro's view, this is unnecessary.

In August 2015, the Senate Select Committee on Wind Turbines released their final report. Some recommendations in the final report allude to noise regulation and suggest that the process be administered by state EPAs. The report also suggests that wind farm owners pay a licencing fee to the EPA. This system is currently in place in New South Wales. In South Australia, the EPA also has a formal role in wind farm noise regulation.

We understand that this type of process is supported by many Victorian Councils and the Municipal Association of Victoria (MAV). Whilst Pacific Hydro has concerns about many of the recommendations in the Senate Select Committee's final report, we do, as previously stated, offer in-principle support for the EPA to assume a formal regulatory role in the area of wind farm noise monitoring. The EPA is viewed as an independent, peak expert agency that is widely trusted and in the best position to explain complex issues in terms that can be understood by the wider community.

Establishing the EPA as the regulatory noise authority in this instance would not eliminate community concerns entirely, however we expect it would help restore some community confidence in the process and reduce questions of independence. Critically, given that the EPA is currently responsible for assessing and enforcing noise compliance across a range of land uses, we believe the organisation is far better placed than local government or the Departmental of Environment, Land, Water and Planning to assume responsibility for the technical and complex acoustic assessments associated with wind farms.

In order to assume a formal regulatory role, the EPA would likely require sufficient and additional resourcing. Further consultation with communities, the renewable sector, acoustic specialists and EPAs in other states may also be necessary to ensure a thorough and robust

process. The following matters are raised for further consideration regarding the EPA undertaking a formal role in noise regulation associated with wind farms (noting that this list is not exhaustive):

- Treatment of existing operational projects that have or are in the process of demonstrating compliance in accordance with approval conditions
- The extent of an EPA role – would this involve direct EPA monitoring or a peer review / auditing role?
- Following any initial post construction noise monitoring program (i.e. in accordance with approval conditions), what is the extent of any further monitoring to be undertaken? We would further support the EPA undertaking periodic monitoring as part of any licencing regime however we have significant reservations about the ability to feasibly undertake any real-time or continuous monitoring.

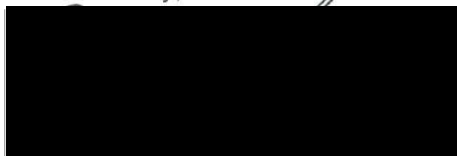
Limiting greenhouse gas emissions from fossil fuel generators

The transformation of energy continues to gain pace across the globe. The Andrews government has clearly identified that a modernisation of the energy sector is well underway and that they intend to play a positive role in this exciting transformation. The gradual shift away from fossil fuels to renewable energy over the past 15 years is set to gather greater momentum as regional and national governments seek to modernise their energy systems and balance climate risk in line with both domestic and international expectations.

It is Pacific Hydro's view that the EPA is the best placed Victorian agency to implement any emissions thresholds associated with electricity generation. A threshold could be gradually reduced over time and require generation to reduce emissions output below that threshold by a specified date. This mechanism would give the EPA significant control over the timetable for transition and furthermore provide some certainty to energy markets regarding the future balance of energy supply and demand.

Please do not hesitate to contact me if you have any queries or would like to discuss this submission further. Pacific Hydro would welcome the opportunity for further consultation on the development of the EPA's potential regulatory role in wind farm noise matters or any subsequent implementation.

Yours sincerely,



Andrew Richards
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Pacific Hydro Australia