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2 November 2012

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

By email: ec.sen@aph.gov.au

Dear Sir/ Madam,

TrustPower response to the Renewable Energy (Electricity) Amendment (Excessive Noise from Wind Farms) Bill 2012

Background

TrustPower is New Zealand's fifth largest electricity retailer/generator, and the sixth largest company by market capitalisation on the NZX. TrustPower manages a portfolio of 36 hydro generation stations, geographically spread across New Zealand, the Tararua wind farm(New Zealand's largest), a second wind farm at Mahinerangi in the South Island, and the Snowtown wind farm in South Australia.

TrustPower is one of the most experienced wind farm developers and operators in Australasia – its involvement in wind power dates back to its purchase of stage one of the Tararua Wind Farm in 1999. It has completed four separate wind developments in the last eight years. Importantly, each of these projects also enjoys strong landowner and community support. This is something TrustPower prioritises not only during the development of any power station, but also in perpetuity following commissioning.

TrustPower has been active in Australia for the past decade, as a result of the support by successive Australian governments of the target for 20% Renewable Energy by 2020. In 2008, it commissioned the 100-MW Snowtown Stage 1 wind farm, located in the Barunga Ranges 140km north of Adelaide. Following on from this wind farm's successful development, TrustPower has recently started construction of the $460 millon, 270-MW Snowtown Stage 2 wind farm. This development will comprise of 90 turbines, supplied by Siemens, with the output sold to Origin Energy for the first 15 years. Once stage 2 is completed in 2014 the $680 million, 370 MW Snowtown wind farm will be the second largest wind farm in Australia and will supply almost 10% of the South Australia's total electricity generation.

In addition to the Snowtown Wind Farm, TrustPower is actively exploring wind farm investment opportunities at other sites across several Australian states. Within Australia, TrustPower has established a robust pipeline of well over 1,000 MW of wind projects at various stages of development which when developed would require investment in Australia in the order of $A 2 billion. TrustPower also has a development pipeline of over 600 MW of wind and hydro capacity in New Zealand (including over 500 MW with resource consent approval) that it will look to progress when market conditions are favourable.

TrustPower's Response

TrustPower has reviewed the proposed Renewable Energy (Electricity) Amendment (Excessive Noise from Wind Farms) Bill 2012 ("the bill") and noted a number of issues it would like to raise. TrustPower's has limited it's comments to those key issues relevant to our real experience of developing, building and operating wind farms for well over a decade. TrustPower is a corporate member of the Clean Energy Council (CEC) which in its submission has more fully covered issues in detail. TrustPower endorses and supports the CEC submission on the bill.

TrustPower makes this response from the perspective of a current and potential future major investor of Australian wind farms. The following are the KEY POINTS that TrustPower would like considered in relation to the proposed bill.

1. TrustPower's continued investment in Australian wind farms requires regulatory certainty over the life of a project. TrustPower considers the bill in its current form as practically unworkable with very significant unwarranted regulatory risk for existing and future wind farm investments. Therefore TrustPower does not support the adoption of the bill.

2. Any uncertainty or lack of confidence in the regulatory environment for Australian wind farms would lead to higher risk adjusted rates of return required to invest in Australian renewable energy projects. This would in turn lead to high costs for electricity retailers and their customers. The bill in its current form, if adopted, introduces risks so detrimental to the investment risk profile of Australian wind projects that TrustPower would very likely not invest in any further wind projects in Australia.

3. The excessive noise level criteria set out in item 4 of the bill are unscientific in approach and far too simple to be practically workable. Noise guidelines used individual state governments, e.g. the South Australian Environment Protection Authority noise guidelines and the New Zealand standard NZS6808 2010 are comprehensive science based standards that already provide very effective world class standards of noise protection for communities living near Australian wind farms. It is not necessary or productive to have a different set of national standards.

4. In TrustPower opinion if the bill is to be retrospectively applicable then most existing wind farms would not meet the noise level criteria (as currently set out in item 4 of the bill) at very low wind speeds. This would introduce significant sovereign risk issues to all existing owners of many billions of investment in Australian wind farms.

In TrustPower's opinion, the bill will add significant regulatory risk to Australian wind farm investors with no material additional protection to communities from wind farm noise nuisance and therefore should not be adopted.

If you have any questions regarding this response please feel free to contact me

Yours faithfully,

Rodney Ahern
Business Development Manager
TrustPower Australia