

LORD HOWE ISLAND BOARD

Business Paper

OPEN SESSION

ITEM

Renewable Energy Program Update

RECOMMENDATION

It is recommended that the Board note the information.

BACKGROUND

In 2012, the Lord Howe Island Board (the Board) adopted the Lord Howe Island Renewable Operations – Energy Supply Road-Map (the Road Map), to reduce the Island’s reliance on diesel fuel for electricity generation. The Road Map was developed with the important assistance of the community based Sustainable Energy Working Group (SEWG).

The Road Map set the ambitious target for the island of 63% renewable energy by 2017. Funding for the project is provided through a \$4 million grant from the Federal Government via the Australian Renewable Energy Agency (ARENA), a \$5.9 million loan from NSW Treasury (to be paid back via diesel fuel savings), and \$0.5 million from the Board. With funding secured, work has continued on the next phase of the implementation of the Road Map. A requirement of the funding from ARENA was that the project achieves a minimum 1 megawatt (MW) of new renewable energy.

Consultants Jacobs were engaged by the Board in 2014 to lead the technical elements of the project, and community consultation. Jacobs completed a Technical Feasibility Study in March 2015 which examined the mix of solar panels, batteries and wind turbines. The study showed that using 450 kW of solar panels (around 2,000 panels), a 400kWh battery and two small 275kW wind turbines, will reduce the Island’s diesel fuel consumption from 541,000 litres per year to around 180,000 litres per year, a 66% reduction. This combination also provides 67% of the Island’s annual electricity needs, exceeding the target set in the Road Map.

CURRENT POSITION

ARENA Funding

Following the submission of Milestone 5 to ARENA on 25 January 2017, requests for information have been made on two occasions by ARENA, and responded to by the Board. Previous advice from our contact within ARENA indicated that the Milestone report would have to be determined at an ARENA Board meeting. However, ARENA has decided that the Milestone can be determined by the ARENA executive, so it is hoped that a Go decision for continuation of the next stages of the project will be an outcome later in May.

Budget

The total cost of the project to date (July 2014 to 21 April 2017) is \$1,970,398 or \$1,791,271 (excl GST). Expenditure since the last report on 23 January 2017 has been \$370,611, of which around \$270,000 has been spent on the supply and sea freight of road base materials for the solar panel access road construction. Overall, the project budget remains appropriate. The first major check for the budget will be the tendered prices for the solar, battery and control system package of work, which will be able to be discussed upon award of the contract in early June 2017 following ARENA's decision.

Solar, Battery and Control System Contract

The tender for the solar, battery and control system contract package of work was advertised on NSW e-tendering between 15 June and 24 August 2016. The assessment of the tenders by Jacobs and the Board is complete and a preferred contractor is known. ARENA and their consultants AECOM undertook a review of all tenders and the tender assessment in November \ December 2016, ultimately reaching the same decision.

ARENA has delayed the awarding of the contract by the Board until after their Go \ No Go decision, expected later in May.

Program \ Schedule

The ARENA Board meeting constraint to the award of the Solar, Battery and Control System Contract (SBC) has caused a delay to the project. Instead of the original SBC contract award date of mid-October 2016 and a March 2017 on-site start date, the revised dates are June 2017 for contract award, noting that the contract must be approved by the Minister. The Deferred Commencement conditions following the DA consent for the wind turbines in November 2016 are expected to be met and presented to the Board at the September 2017 meeting.

The flow-on effects move the commissioning of the whole system to September 2018.

Wind Turbines

Environmental Assessment Process

A referral to the Federal Government under the *Environment Protection Biodiversity Conservation Act* was lodged on 29 September 2016. The referral was advertised on the Department's website on 7 November 2016, and was open for public comment until 21 November 2016. One request for further information has been received and responded to in January 2017. Officers from the Department visited the Island in mid-March 2017. A decision from the Department is expected in May.

Wind Turbine Impacts on Airservices Australia (ASA) Infrastructure

ASA have been concerned about the potential impact of the wind turbines on their equipment and have requested additional work to understand the potential impact. The first stage of this further specialist assessment work was completed in August 2016. The conclusion from the assessment by the consultants, IDS, indicated little impact from the wind turbines on the ASA infrastructure. Feedback from ASA was received on 19 October 2016, and required additional work to enable ASA to make a decision. Further discussions are occurring between the Board, IDS and ASA to resolve the issue.

Wind Turbine Tendering

To enable the Board's Deferred Commencement conditions to be met, it is necessary to go to tender for the wind turbines. The tender documents have been prepared and the tender is expected to be advertised on NSW e-tendering in late May. Once a preferred wind turbine

supplier is identified, the revised noise and visual impact assessments can be undertaken on the known turbine model. At the same time, the Adaptive Management Plan Committee will be set up, consisting of technical experts and community representatives. A process for the formation and operation of this Committee has been prepared by Jacobs, with the intention that it be formed during May 2017, and that there will be a Plan ready for the September 2017 Board meeting.

Wind and Avifauna Monitoring Mast

The wind and avifauna monitoring mast was installed and erected on 13 November 2014. Data is collected on a weekly basis and sent to Jacobs for analysis.

RECOMMENDATION

It is recommended that the Board note the above information.

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