

CASE STUDY

Hepburn Community Wind Park Co-operative Ltd



Size: \$13.5 million

Hepburn Community Wind Park Co-Operative Ltd (trading as Hepburn Wind) built and operates Australia's first community-owned wind farm in Leonards Hill, Victoria. The wind farm has been generating since June 2011 and is funded by the Victorian Government, Bendigo Bank, Embark Australia, and over 2,000 member shareholders. Hepburn Wind was established by the Hepburn Renewable Energy Association (now known as the Sustainable Hepburn Association – Renewing the Earth (SHARE)), a community organisation who together with a developer established the co-operative, obtained the planning permit, raised capital for the project and initiated the necessary construction contracts. Hepburn Wind manages the wind farm and sells its electricity to Red Energy (an Australian electricity and gas retailer), which offers a 'community saver' product using the electricity generated by the wind farm.

Purpose of capital	To develop, own and operate Australia's first co-operatively owned wind farm
Sector	Energy
Geography	Leonards Hill, Victoria, Australia
Scale of impact	2,200 households in Daylesford and Hepburn Springs

Timeline	In late 2005, a windfarm developer held a community consultation regarding a proposed windfarm in Clarkes Hill (another area in north-western Victoria, also near Daylesford). At the time, the proposal received strong community opposition, much to the disappointment of some Daylesford residents. A local architect and Daylesford resident, determined to pursue the idea further, formed a steering group and began to look for developers who might be interested in the co-operative model. In December 2009, two turbines were ordered and a construction contract signed in April 2010. The turbines were erected in March 2011 and began generating power in June 2011. It is Victoria's ninth wind farm and the first in Australia to be initiated and owned by a community.
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Investors	Over 2,000 member shareholders, the Victorian Government, Bendigo Bank and Embark Australia
Investee	Hepburn Community Wind Park Co-operative Ltd
Investment structure and terms	<p>Private investment</p> <ul style="list-style-type: none"> • \$9,900,000 from members (membership co-operative) <p>Corporate capital</p> <ul style="list-style-type: none"> • \$3,100,000- bank loan from Bendigo Bank in Daylesford (10 year term) <p>Other</p> <ul style="list-style-type: none"> • \$1,000,000 - debt guarantee from Embark Australia <p>Grants</p> <ul style="list-style-type: none"> • \$975,000 – Victorian Government, Sustainability Victoria’s Renewable Energy Support Fund • \$750,000 – Victorian Government, Regional Development Victoria’s Regional Infrastructure Development Fund
Arranger/Lead	Combination
Source of deal	The idea was ultimately driven by a small group within Daylesford, who combined with Future Energy (a developer) to bring the idea to fruition. The association garnered local support for the wind park through educational activities, including community forums, personal visits to neighbours, information meetings, bus tours, festival displays, newsletters and fortnightly street stalls in Daylesford’s main street. A diverse range of service providers were engaged to deliver the key planning, construction and compliance elements of the project, whilst the community group focused on the capital raising.

THE IMPACT

Social, cultural or environmental impact	<p>The benefits from such a large project are substantial and varied, including:</p> <ol style="list-style-type: none"> 1. Environmental benefits. Hepburn’s twin turbines ‘Gale’ and ‘Gusto’ have a combined capacity of 4.1MV and can produce enough electricity to power approximately 2,300 homes. 2. Community engagement. Hepburn Wind’s community engagement is unprecedented for any wind farm in Australia. Aside from various educational activities in bringing the project to fruition, staff and volunteers are part of the community and can be called on over a sustained period. 3. Regional economic benefits. Profits from the project remain in the community as dividends returned to investors and through the Hepburn Community Fund. The Community Fund provides grants for community projects and strengthens the environmental, recreational, cultural and educational sustainability of the local area. The project has contributed more than \$15,000 per turbine annually into the fund and, with indexing the total contribution will be more than \$1,000,000 over the next 25 years. The partnership with Red Energy also sees \$12.50 contributed to the Community Fund for every bill paid on time during the two year benefit period. 4. Local jobs. Hepburn Wind has created 3 ongoing part-time roles. 5. Community empowerment. Direct ownership of the wind farm changes attitudes at the local level, and leverages committed individuals giving them a positive outlet for climate action. 6. Model for others. The success of the wind farm provides a blueprint for other communities to follow and implement environmentally friendly energy sources.
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FINANCIAL RETURN

Financial return	No financial dividends claimed this financial year as the organisation has focused on paying down debt. Hepburn has reduced its bank loan from \$3.1m to \$1.2m since operating.
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OTHER

Future opportunities	As a trading co-op, Hepburn Wind remains open to impact investors.
More information	http://www.hepburnwind.com.au/