Impact of rates paid by renewable energy generators on Local Government revenue

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Publicly accessible information about prospective renewable energy developments (pre-planning stages) is included in reference material.

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Executive Summary

Local Governments (LGAs) in the GNET region are currently receiving income from renewable energy generation. For most LGAs this is likely to be calculated as PILOR, (payment in lieu of rates). PILOR is determined by the Victorian government and indexed annually (Department of Energy, Environment and Climate Action, 2023).

Currently, returns to LGAs in this region are relatively modest. The annual value of renewable energy generation to the Grampians region currently is estimated to be around $4.4 million in PILOR revenue.

But, if transition to renewable energy generation within the region continues as planned, PILOR income is estimated to increase by 2.4 times (approximately 245 per cent) because of new developments. Direct annual revenue from PILOR is estimated to grow to more than $15 million annually in the region. For many LGAs this will represent a significant additional income stream, creating the potential for some LGAs to reduce reliance on rate revenue generation.

However, it should be noted that this outcome is ***indicative,*** and relies on multiple early-stage projects continuing to develop and progress through into formal planning stages. The timeframe for these developments can be highly variable.

Projections based on an examination of new and emerging renewable energy projects reveal the potential of PILOR income for some councils. Yarriambiack LGA stands to increase revenue streams by over $4 million dollars per annum because of renewable energy developments in the shire. Horsham, Golden Plains and Northern Grampians can be expected to increase revenues by between $1 million and $2.6 million per annum. With more developed renewable energy generation facilities in place, Pyrenees Shire has the potential to fund almost all of their own source income expenditure (based on current figures) from PILOR payments for renewable energy generation.

In summary, the expected annual total returns and income growth figures[1] for each LGA are as follows (calculated on 2022-23 PILOR rates):

Local Government	Total expected annual income from PILOR – all projects (2022-23 figures)	How much more per year will new developments return? (2022-23 figures)	How much of rate income is that?
Ararat	$922,710	$470,957	6.6%
Ballarat	N/A	N/A	N/A
Golden Plains	$2,392,651	$1,918,467	12.74%
Hepburn	$10,000	$9,000[2]	
Hindmarsh	$115,819	$19,819	1.59%
Horsham	$1,292,055	$1,053,829	5.66%
Moorabool	N/A	N/A	N/A
Northern Grampians	$3,206,465	$2,865,789	21.94%
Pyrenees	$1,807,530	$653,530	19.8%
West Wimmera	$104,482	$104,482	1.49%

[1] Estimated growth figures are calculated from PILOR calculation for new developments minus returns from existing developments. PILOR is calculated using 2022-23 figures, and does not include CPI indexation into future years. Therefore, figures quoted represent annual returns for a single year.

[2] This figure is calculated using assumptions around energy generation return from community generation facility. Actual returns from PILOR have reduced for this LGA, indicating a more individualised arrangement between community generators and the LGA may be in place.

Yarriambiack	$4,374,710	$4,287,710	38.57%

The report also makes several recommendations to improve access to information about renewable energy developments which would support improved planning. These include changes to the renewable energy projects Victoria website and related sites with government managed information, to ensure sufficient information is provided to show developments within LGAs and clarify MW generation splits for LGAs when developments cross boundaries.

The report also make recommendations around capture of additional social and economic information, such as expected PILOR returns, to make this information more transparent and accessible around LGA planning.

Background

The Grampians New Energy Taskforce (GNET) has a role to "represent, lead and advocate for the development of a zero carbon economy in the Grampians region" (GNET, 2023). It is intended to support multiple Local Government areas to explore and engage with new technology options and prepare for potential impacts of regulatory change on key geographical industries in the region. It is also designed to manage expectations around the contribution of the region to broader policy goals for a carbon neutral economy.

The GNET region covers the following Local Government areas:

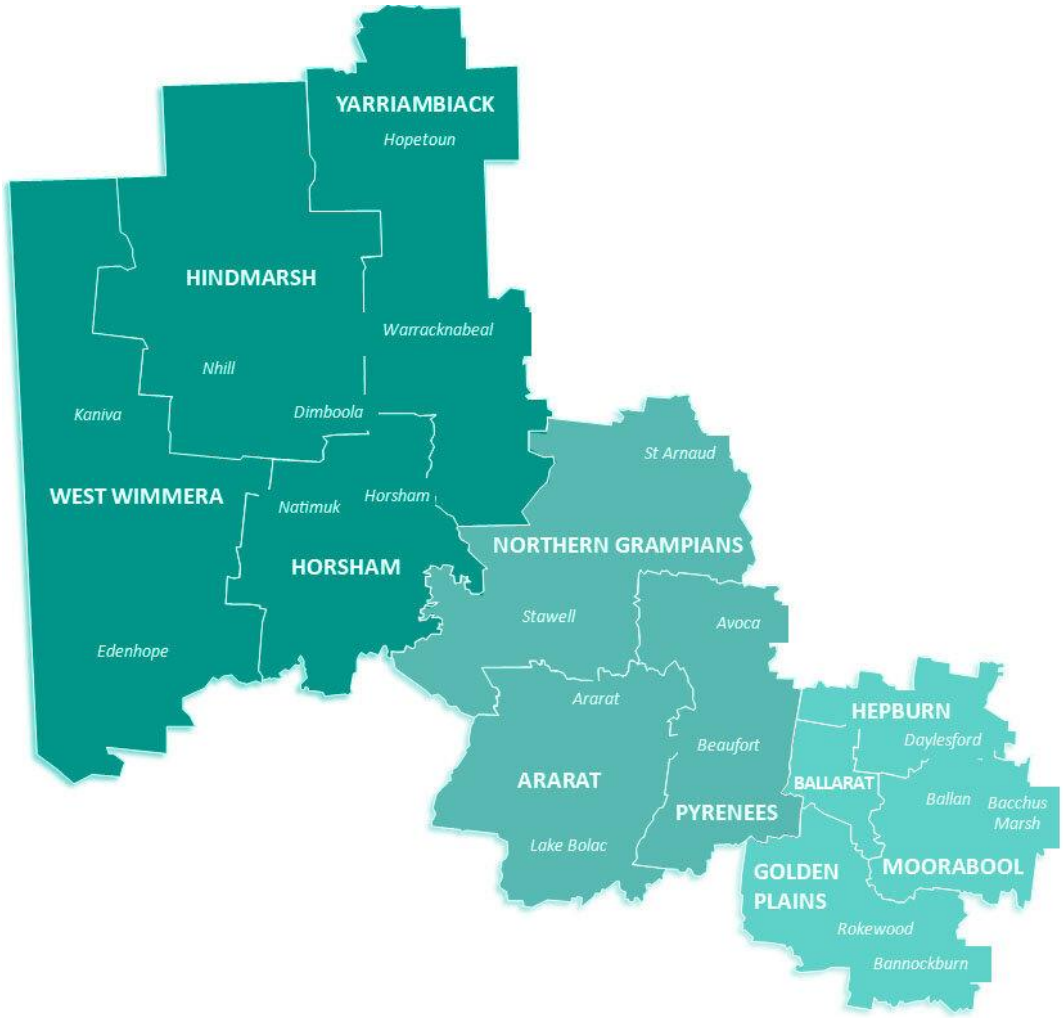

Figure 1: Victorian Local Government Areas in GNET network. (GNET, (2023)

This desktop research piece was commissioned to provide information about the potential financial benefits for local government areas (LGAs) in the GNET region because of developing renewable energy generation projects in the region. Acknowledging the competitive interests that exist for land use, energy generation has the potential to provide greater diversity to revenue streams for LGAs over a project lifetime, which is understood to be 25-30 years based on existing technology (Olivera-Castello et. al., 2022).

Scope of Works

GNET has engaged Federation University Australia to complete a desktop assessment of the future impact of revenue paid in lieu of rates (PILOR) to Local Governments in western Victoria as a result of developing renewable energy generation facilities. The goal is to understand the current and potential impact of this additional source of income for the 11 LGAs in the GNET catchment area.

The following actions were completed for this desktop analysis:

1. A literature review with a grey literature focus (public reports) on sustainability challenges for Victorian Local Government councils linked to rate revenue, with, where possible, a focus on the 11 LGA areas in the GNET region;
2. Capturing of the current and likely megawatt generation of current and known prospective developments in the GNET region, including developments which do not appear in Government data yet (known developments in pre-planning stages);
3. Desktop analysis of current and expected PILOR revenue generation for the 11 LGAs based on known (in government planning documentation) and proposed (known in pre-planning stages) solar and wind energy developments within the study area;
4. Provision of impact analysis based on current revenue streams and comparative change provided by energy developments to financial sustainability; and
5. Recommendations for improving data availability and accessibility regarding proposed developments within existing settings.

Method

This work was designed as a desktop analysis of existing publicly available data sources around renewable energy generation (wind and solar) for the identified LGAs within the GNET catchment area. The following data sources were identified in discussion with the Department of Energy, Environment and Climate Action (DEECA).

1. The renewable energy transition modelling tool (REMPLAN) is intended to support the Victorian Government's "plan to attract renewable energy investment and jobs" (REMPLAN, 2022, p.1). This data set provides information about existing and developing energy projects that are in planning or construction stages. It operates largely as an information tool, providing people with broad locational, extent (e.g., number of turbines) and energy output requirements (megawatt generation) from developments.

   This information was used to locate existing wind and solar generation facilities as well as developments underway. The data source is accessible here: Victoria's Renewable Energy Roadmap (remplan.com.au)

2. Local Government annual reports. This was used to identify current PILOR revenue paid to each LGA from existing wind and solar energy generation developments.

   From this reporting information it was possible to identify a number of discrepancies in the REMPLAN data around operation of sites and megawatt generation. Additional datasets were then sourced, because while the REMPLAN data set is updated periodically from Victorian Government planning information, it did not provide fully up-to-date information.

   It should also be acknowledged that PILOR reported by LGAs may include other revenue streams for local government beyond renewable energy generation, and PILOR reporting by LGAs does not separate out which limits the accuracy of this data to portray wind energy revenue.

3. Developments in planning stages were sourced from the Victorian Department of Transport and Planning, which provides a summary of renewable energy projects for Victoria, and highlights projects at various stages of planning, development and operation.

   There were two key limitations with this data and its usefulness. The first is that it did not delineate projects within specific LGA boundaries or advise councils for the project. This meant a review of a fourth information source was necessary (see point 4, below).

   The other limitation was that this data was restricted to projects in public planning phases (i.e., planning application submitted), and therefore did not provide a complete understanding of additional projects in the LGAs that are in the pre-planning phase.

   The renewable energy projects data is accessible here: RenewablesSummary (mapshare.vic.gov.au)

4. To find the location of each wind and solar generation application in planning stages it was necessary to cross reference the renewable energy projects data (point 3) with VicPlan data to assess this against each LGA (which the renewables summary data does not provide).

   VicPlan data is accessible here: Vicplan (mapshare.vic.gov.au)

   This data was then assessed and cross referenced to produce information that identified PILOR rates for Local Government. The PILOR rates were calculated utilising the Victorian Government PILOR rates provided by the Department of Energy, Environment and Climate Action (2023).

5. Further information was sought to identify projects in the Grampians region that were in pre-planning stages. This information was derived from proponent website information (where available) and from other sources that engage with prospective developments, such as Wimmera Southern Mallee Development.

   This search was necessary because proponents engage with landowners and sometimes development organisations prior to engaging in formal planning processes, to secure an interest in land and undertake community consultation about a prospective project. However prospective project data is not housed anywhere formally.

Limitations

This study is significantly limited by the quality and availability of data for solar and wind energy generation activities, the level of energy generated and information about PILOR revenue splits between LGAs when developments cross LGA boundaries. As a result, ***all data within this report should be understood to be indicative.***

The multiple datasets used in the preparation of this report presented some discrepancies around recorded megawatt generation of facilities, with the Victorian government mapshare data differing from REMPLAN data on megawatt generation for some of the same energy generation projects. This report has prioritised use of the Victorian government mapshare data as a result.

Regarding energy generation across multiple LGAs, there is no accessible information about how PILOR income is split between LGAs when this occurs. While some of this information has been found via direct contact with LGAs or energy generators, this information is generally difficult to access, and it was not possible to obtain data for all sites. It was also difficult to assess which sites crossed LGA boundaries from map data. As a result, there may be some differences between calculated information and actual returns within this report. The report also assumes a proportional sharing of the fixed rate PILOR income across the LGAs, based on energy generation splits. Actual outcomes may vary.

Further, legislative and PILOR arrangements allow for calculation of a lower payment rate for community energy generators. The available data sets do not specify if an energy generator is commercial or community, and as a result a ‘best guess’ approach was made to determine this. In all cases, PILOR for small energy generators of 25MW or less was calculated on the minimum amount payable of $5000 for community energy generators and $7500 for commercial energy generators. (Department of Energy

Environment & Climate Action, 2023).

PILOR can also be amended/reduced by agreement between the parties in situations where a lower amount of energy generation occurs than that specified in the nameplate rating. (State Government of Victoria, 2023a). To our knowledge, this data is not publicly accessible. Therefore, calculations in this report are based on the MW generation as stated in planning documentation (nameplate ratings) by energy generators. This is publicly available through the Victorian Government mapshare data (Department of Transport and Planning, 2023). As a result, there may be some discrepancies between theoretical PILOR calculated for this report and the actual PILOR returns for LGAs.

Similar to this, legislation allows for payments to LGAs to be determined via agreement (ie. outside of the PILOR scheme) between LGAs and energy generation companies (State Government of Victoria, 2023b). Therefore, there may be some LGAs with agreements in place for bespoke payments for existing or proposed energy generation developments. This will also result in different outcomes.

Review of the Literature

In Victoria, rural councils operate under the same funding, regulation, and legal constraints as their urban counterparts. Yet there are challenges rural councils face that impact directly on their ability to remain financially sustainable. These include small rate bases due to smaller (and in some cases shrinking) populations, limited opportunities to generate income (resulting in a reliance on government grants) skilled workforce and housing shortages and aging infrastructure and assets. Together, these challenges mean rural councils can struggle to provide critical services and support their communities to develop and grow.

It is important, therefore, that rural Victorian councils consider other opportunities to help build and maintain internal financial resilience. One of these ways may be through renewable energy generation. The attraction of renewable energy generation as an alternative, sustainable method of generating income is that most of the Victorian middle to large scale renewable energy generation projects are located in rural Victoria. As well, renewable energy generation projects may offer additional community benefits such as ongoing, local employment.

Challenges for rural council financial sustainability

Challenges generally (urban as well):
In a short document titled *The Sustainability Gap – the financial health of Victorian councils*, the Municipal Association of Victoria (MAV) and Local Government Finance Professionals (FinPro) developed a dataset demonstrating the then current financial sustainability of all Victorian councils in 2022.

The report identified three critical risks to council financial sustainability that need to be addressed immediately:

- Falling surplus
- Asset renewal challenges
- Rate caps not meeting increasing costs

The report advises councils that despite State and Federal governments having “many levers that have major impacts on council sustainability” (MAV, 2020, p.1) government departments and others are generally not fully across the more nuanced aspects of council service delivery and operations. MAV recommends that councils take a more proactive approach to achieve financial resilience and build self-sufficiency to better support the communities they service.

Rural specific
Commissioned by Local Government Victoria (Department of Jobs, Precincts and Regions) and the Department of Environment, Land, Water and Planning (DELWP) in 2017, KPMG conducted the Rural and Regional Councils Sustainability Reform Program. This work explored the financial constraints and opportunities rural Victorian councils face in developing and maintaining financial sustainability.

The report distils the issues impacting on rural councils' ability to generate their own income into three distinct areas (all in common with those identified in MAVs later, 2020, report):

- Low/no ability to invest back into existing assets (including service delivery) over the longer term
- Very small and (proportionally) very large rural councils remain overly dependent on government funding
- Attraction, training and retention of skilled workforce

These challenges are all taking place within a broader range of constraints affecting rural councils more keenly than large regional and urban councils, such as relatively low standards of service, aging infrastructure and assets and less ability to service the most vulnerable in their communities.

The report outlines several reform options for consideration. These were:

- The creation and maintenance of stronger partnership(s) between State and local government
- Improvements to performance (cost rationalisation, efficiencies, modernisation)
- Optimising local government capability (leadership and strategic capacity)

These reform options concluded Phase 1 of the reform program, with Phase 2 being the development of a business case by KPMG to analyse the outlined reform options in detail (including a cost/benefits analysis) from which an investment case can be developed.

Based on the findings from this report, the Victorian State Government Budget 2018/2019 provided $20 million dollars towards the 'Rural Council Reform Program' over two funding rounds:

> "To help 31 rural and regional councils meet their financial and operational challenges through incentivizing the implementation of regional service delivery and shared services. This has included joined-up service delivery of corporate services, procurement and asset management" (State Government of Victoria, 2023: 1).

Developed in 2022 as a response to the KMPG report, the *Alternative sources of income for local government* report by Rural Councils Victoria (RCV, 2022) outlines rural-specific financial sustainability options. According to RCV's report, in 2022, "RCV member councils comprise[d] 11.5 per cent of the Victorian population, 77.2 per cent of the state's land area and 62 per cent of Victoria's local roads network" (RCV, 2022: 4). This report sought to leverage the findings from the Rural and Regional Councils Sustainability Reform Program (KPMG, 2017) and consider new options rural councils might use to enhance ongoing financial sustainability "beyond rating, fines, and state and federal government grants (RCV, 2022: 4).

Some of the literature and other sources of data and relevant information the RCV accessed and reviewed include:

- Past and current legislative frameworks pertaining to local government financial operations
- Victorian council annual report audits
- Qualitative and quantitative findings from Australia wide local government surveys
- Consultation with relevant stakeholders, including individuals with local government expertise
- Reports and other literature from similar sized and funded jurisdictions internationally (RCV, 2022).

The RCV's 2022 report acknowledges several challenges that may be hindering rural councils from building and maintaining their own sources of revenue. One of the main issues rural Victorian councils contend with is the fact that councils still rely heavily on government income. As was identified in the 2017 KPMG report, such reliance unfairly disadvantages rural councils due to their smaller population base and lower socio-economic status, which means their communities are less able to pay higher rates and other charges for services.

Another challenge for rural Victorian councils identified in this report is that they are already 'running lean' and so cost cutting and other service reduction methods will not materially benefit councils over the long run and will also impact detrimentally on existing services.

What these reports illustrate is that rural Victorian councils operate under geographical and economic constraints that mean they are overly dependent on government funding and have less capacity to generate their own income streams than their urban counterparts. If these councils are to thrive, alternative forms of

income need to be sourced and developed. One opportunity which, to date, has received little attention is the financial and other benefits of renewable energy as a longer term, sustainable revenue stream. Such opportunities may turn what was a disadvantage of geographical location into an advantage and, as is clear from this current study, some councils within the GNET catchment are already leaders in this space.

Results

The Grampians region is generating a little over 2825 MW of energy from existing developments, with an additional 40 percent of growth expected (1180 MW) from projects in planning stages.

Ten LGAs (Ararat, Ballarat, Golden Plains, Hepburn, Hindmarsh, Horsham, Moorabool, Northern Grampians, Pyrenees and Yarriambiack) within the study area are receiving PILOR income from existing renewable energy developments.

Only one LGA is not currently receiving any income (West Wimmera). However, this LGA does have two small renewable energy developments in planning stages and can expect PILOR revenue as these projects become operational. One council (Golden Plains) is not reporting PILOR income as an individual line item, although energy generation facilities are operating within the LGA.[3]

Current PILOR income for LGAs

Local Government	Reported PILOR income (21-22)	Calculated PILOR income from renewable energy generation (21-22)	PILOR as percentage of own source capital expenditure (20-21)[4]	PILOR as percentage of rate income
Ararat	$499,000	$451,753	5.45%	3%
Ballarat	$132,000	$66,140	0.18%	
Golden Plains	Not reported	$474,184	*4.95%*	*3%*
Hepburn	$1,000	$5,000	0.02%	
Hindmarsh	$96,000	$103,939[5]	2.11%	1%
Horsham	$260,000	$238,227	2.53%	1%
Moorabool	$1,161,000	$909,248	6.22%	3%
Northern Grampians	$525,000	$340,667	3.89%	2%
Pyrenees	$1,154,000	$1,385,613	61.48%	15%
West Wimmera	0	0	0	
Yarriambiack	$87,000	$374,014	1.36%	3%

The data indicates that most LGAs are receiving relatively small contributions from energy generators. With the exception of the Pyrenees Shire, the contribution (as per rate income) is between 1 and 3 percent.

However, for the Pyrenees Shire, energy developments represent 15% of rate income, and over 60 percent of own source income, indicating that renewable energy generation has developed into an important industry for

[3] This is understood to be reported within 'contributions monetary' within financial statements for the Golden Plains LGA. It is not possible to determine actual PILOR amount within this line item. Correspondence with Council indicates that calculated figure (see footnote 3) is in range. (email correspondence 28/9/23).

[4] Calculation to determine own source income derived from capital expenditure minus capital grants and sale of assets as reported in each LGA annual report. Percentage is calculated from calculated PILOR if under reported PILOR rate. If calculated PILOR is over reported rate (as for Yarriambiack, Hindmarsh, Hepburn and Pyrenees) calculation is from reported PILOR rate.

[5] Removal of Diapur figure brings result close to Hindmarsh rate - $96,439.

this LGA and represents a stable additional income stream.

Anticipated PILOR income for LGAs from current and planned projects (in planning scheme)

The Grampians region also has a significant number of additional wind and solar energy developments in progress. An additional forty percent of MW generation is anticipated from developments in the planning stage.

The following table depicts anticipated changes (indicative) to revenue for LGAs from wind and solar energy projects that are in the formal development stage (seeking planning approvals). These projects are highly likely to proceed to operation in the short term (3 months – 2 yrs).

Local Government	Calculated PILOR income (21-22)	Anticipated additional MW generation from new developments (in planning stages)	Estimated PILOR income from existing developments and projects at formal planning stage (2022-23 rate)[6]	Revenue lift created by new projects over existing PILOR income ($ per financial year)[7]	PILOR as percentage of own source capital expenditure (estimate)[8]	PILOR as percentage of rate income from existing developments and projects in planning (estimate)
Ararat	$451,753					
Ballarat	$66,140					
Golden Plains	$474,184	Golden Plains Windfarm (**300 MW**)	$934,656	$460,472	9.75%	5%
Hepburn	$5,000	Hepburn Energy Park Solar (**5 MW**)	$10,000[9]	$9000	0.19%	0.05%
Hindmarsh	$103,939[10]	Nhill Solar Farm (**5MW**)	$115,819	$19,819	2.54%	1.59%
Horsham	$238,227	Natimuk Solar Farm (**1.2MW**); Wimmera Plains Windfarm (**300 MW**); Horsham Solar Farm (**50 MW**); Rifle Butts Windfarm (**40 MW**); Jung Windfarm (**8 MW**); *Murra Wurra solar 235MW [advised* **175MW** *share allocation]*	$1,292,055	$1,053,829	13.7%	5.66%
Moorabool	$909,248					

[6] Where energy generation is split across LGAs – a split calculation of fixed charge has been determined based on turbine allocation to each LGA.

[7] Data is calculated for 2022-23 financial year and assumes a development speed for projects that may exceed actual results. Financial returns will be subject to indexation of PILOR rate in subsequent years.

[8] Estimate only – 20-21 Annual Report figures used to calculate own source income using updated anticipated income. For LGAs where accurate MW generation split between LGAs cannot be confirmed calculation sits with LGA where development is listed in full. This may result in overstatement or understatement of income for some LGAs.

[9] Calculated as minimum amount payable for community generators under 25 MW.

[10] Removal of Diapur figure brings result close to Hindmarsh rate - $96,439.

Northern Grampians	$340,667	Ledcourt solar farm (**5MW**); Stawell solar farm (**5 MW**);	$348,927	$8,250	3.98%	2%
Pyrenees	$1,385,613	Brewster windfarm (**42 MW**)	$1,501,139	$115,526	79.98%	16%
West Wimmera	0	Wombelano windfarm (**30MW**); Charam solar farm (**5 MW**)	$104,482	$104,482	2.16%	1.49%
Yarriambiack	$374,014	Murra-Wurra Solar (235 MW [**209 MW** advised by YSC])	$706,250	$332,236	11.05%	6%

Anticipated PILOR income for LGAs from all known in-region projects – (not yet in the planning scheme)

There are also a substantial number of known projects that have not yet reached the stage of submission for formal planning approvals. This means that data about these developments is not available via the Victorian Government's mapshare data, and it is not possible to see the full extent of developing projects for the grampians region.

Additional research was undertaken to find information about these developing projects and to assess potential financial impacts for LGA income from these developments. This was achieved by accessing industry website information about new projects and by connecting with key organisations likely to have engaged with such developments in early stages.

The additional known developments in early planning stages within the Grampians region will represent an additional 214% MW generation for the region.

Local Government	**Reported / calculated PILOR income (21-22)**	**Anticipated additional MW generation from new developments (in planning or pre-planning stages)**	**Estimated PILOR income from existing developments and projects in pre-planning (2022-23 rate)[11]**	**Revenue lift created by new projects over existing PILOR income ($ per financial year)[12]**	**PILOR as percentage of own source capital expenditure from existing projects and in pre-planning (estimate)[13]**	**PILOR as percentage of rate income from existing developments and projects in pre-planning (estimate)**
Ararat	$451,753	Bushy Creek windfarm (50 MW)[14]	$922,710	$470,957	11.13%	6.6%
Ballarat	$66,140	0				
Golden Plains	$474,184	Golden Plains Windfarm (1330 MW)	$2,392,651	$1,918,467	24.96%	12.74%

[11] Where energy generation is split across LGAs – a split calculation of fixed charge has been determined based on turbine allocation to each LGA.

[12] Data is calculated for 2022-23 financial year and assumes a development speed for projects that may exceed actual results. Financial returns will be subject to indexation of PILOR rate in subsequent years.

[13] Estimate only – 20-21 Annual Report figures used to calculate own source income using updated anticipated income. For LGAs where accurate MW generation split between LGAs cannot be confirmed calculation sits with LGA where development is listed in full. This may result in overstatement or understatement of income for some LGAs.

[14] Shared development between Ararat, Moyne and Southern Grampians LGAs. Have split development for PILOR calculation to 1/3 (50 MW) as actual split between LGA areas is not known. Total project development will generate 150 MW.

		[300 MW currently in formal planning stage]				
Hepburn	$1,000	Hepburn Energy Park (5MW) [in formal planning stage]	$10,000[15]	$9000	0.19%	0.05%
Hindmarsh	$96,000	Nhill Solar Farm (5MW)	$115,819	$19,819	2.54%	1.59%
Horsham	$238,227	Natimuk Solar Farm (1.2MW); Wimmera Plains Windfarm (300 MW); Horsham Solar Farm (50 MW); Rifle Butts Windfarm (40 MW); Jung Windfarm (8 MW); *Murra Warra solar 235MW [advised* 175MW *share allocation]* [All in formal planning stage]	$1,292,055	$1,053,829	13.7%	5.66%
Moorabool	$909,248	0				
Northern Grampians	$340,667	Stawell solar farm (5 MW); Ledcourt solar farm (5MW); [In formal planning stage] Watta Wella Wind farm (376MW); Watta Wella solar farm (85MW); Campbells Bridge windfarm (900 MW) Navarre green energy hub wind farm(600 MW) [In pre-planning stage]	$3,206,465	$2,865,788	36.61%	21.94%
Pyrenees	$1,154,000	Brewster windfarm (42 MW) [in planning stage] Nyaninyuk windfarm	$1,807,530	$653,530	96.3%	19.8%

[15] Calculated as minimum amount payable for community generators under 25 MW.

		(330 MW) [in pre-planning stage]				
West Wimmera	0	Wombelano windfarm (30 MW); Charam solar farm (5 MW) [in planning stage]	$104,482	$104,482	2.16%	1.49%
Yarriambiack	$87,000	Murra-Warra Solar (235 MW [209 MW advised by YSC]) Warracknabeal Energy Park (1500MW); Wilkur energy park (776 MW) [shared with Buloke shire] Murra Warra Stage 3 windfarm (300 MW) [in pre-planning stage]	$4,374,710	$4,287,710	68.42%	38.57%

The development of additional energy industries across the 11 LGAs will lift the revenue for most LGAs.

The revenue lift for LGAs such as Yarriambiack, Northern Grampians, and Golden Plains can be expected to provide a substantial alternative source of income. For Yarriambiack this can be expected to provide over 60 per cent of own source income and comparably, almost 40 per cent of the rate base. In the Pyrenees Shire, expected PILOR income will come close to providing 100 per cent of own source expenditure at current levels as additional projects develop. This indicates a substantial additional discretionary income stream for this LGA.

Discussion

There is a substantial known pipeline of energy generation projects in various stages of development for the Grampians region, representing short to medium term growth potential for energy output of more than 200 per cent. Energy generation projects have the potential to provide "$6.16 billion dollars in potential direct capital investment" for the Wimmera Southern Mallee region alone (Wimmera Southern Mallee Development, 2023, p 11). The data presented in this report shows that wind energy generation developments have the potential to improve discretionary income for LGAs and diversify income streams with secure developments with a medium-term horizon of approximately 25 - 30 years.

Also noted is the rapid change in income levels for LGAs that can be achieved through the attraction of renewable energy developments. Some of these developments have the potential to operate concurrently with existing land use activities on private land and as such provide a 'value-add' and diversified income stream for private landowners and LGAs.

The Pyrenees experience

The data identifies that, for Pyrenees Shire Council, existing renewable energy projects are providing over $1.1 million in revenue, which is over 60 per cent of the own source capital expenditure for the council and provides an alternative income stream representing just over 12 per cent of the rate base. As additional projects in planning stages are commissioned, there is potential for these developments to provide over 95 per cent of this LGA's own source income.

This represents a substantial and stable alternative income stream with payments regulated and indexed to CPI by the Victorian Government through the PILOR scheme. It demonstrates that with appropriate accessibility to grid infrastructure, it is possible to deliver an additional income stream of LGAs in the Grampians region which also serves to reduce the reliance on ratepayer and grant income, a key concern highlighted for rural LGA sustainability (KPMG, 2017).

Structural barriers

The data shows that developments are occurring across the region in a sporadic way, with some LGAs experiencing greater opportunities than others to attract and benefit from renewable energy generation developments.

For example, West Wimmera has very few wind energy generation projects (existing or pipeline) and the potential for this council to access additional support through this method is geographically hampered by the lack of proximity of this LGA to existing grid infrastructure (shown below):

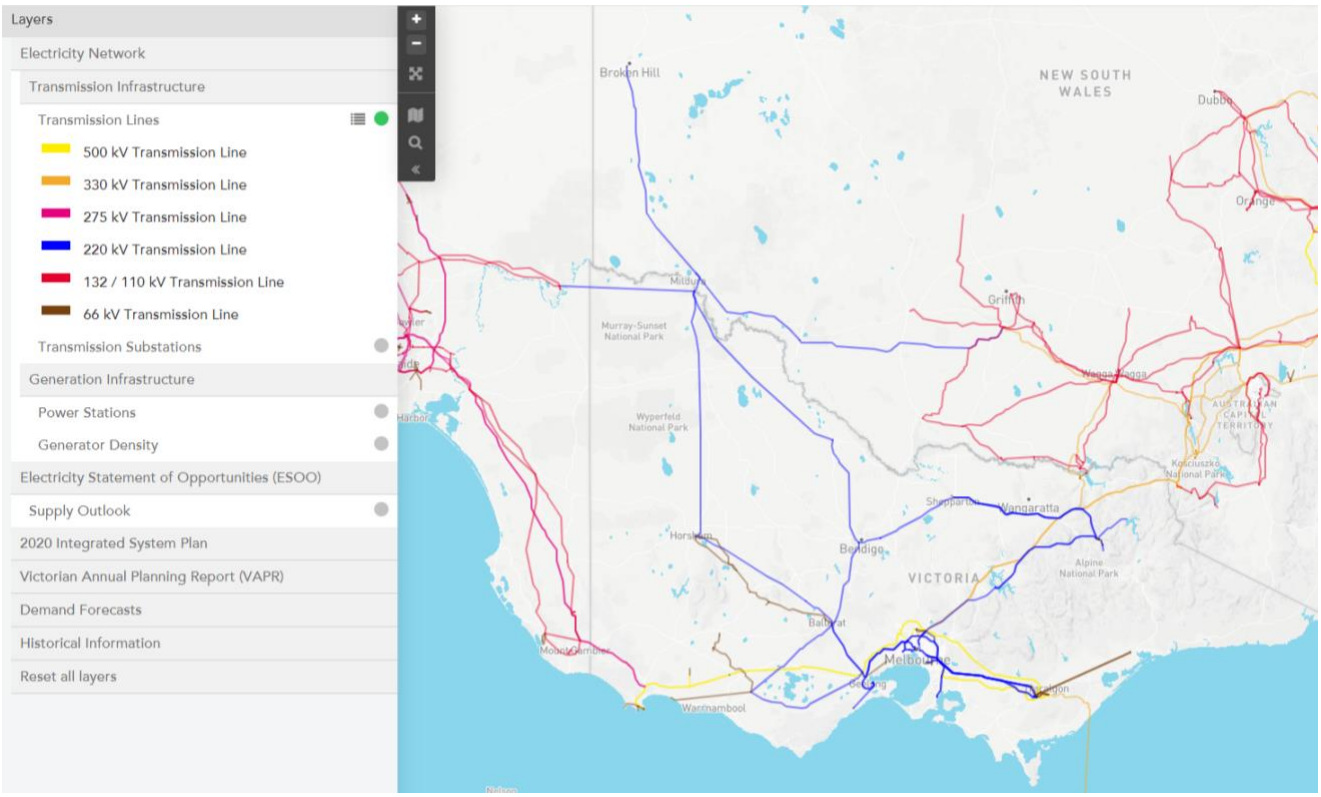

Figure 2: Victorian Electricity Transmission Infrastructure & connections to interstate. (AEMO, 2023)

Data and Information

Utilising public datasets to complete this work provides only a partial picture of development activity underway in the study area. Only projects that are in planning and assessment phase, construction phase or operational phase are accessible using VicGrid data.

This makes it difficult to gain a full picture of all the opportunities that are being developed in this region, and the potential impact of these developments is only able to be assessed in a stepped manner. This is likely to be hampering the ability of State Government departments and agencies, and even local government to prepare for cumulative impacts of development as energy generation projects only become visible in these data sets as they are in formal planning assessment stages.

This report highlights the large number of additional developments for the Grampians region that are known to

be in pre-planning stages. These projects do not feature anywhere officially in government planning data around renewable energy developments, and information about developments in pre-planning stages is sparse and limited to a small amount of information featured on an energy company website or possibly only through word of mouth within a community. Connecting with these proposed developments has proven to be difficult.

Conclusion

This report has collated information about current and proposed wind and solar energy generation projects within the Grampians region, with the intent of providing some guidance around the potential future direct income for LGAs as a result of wind and solar energy developments. This information should be understood as **indicative,** and represents possible outcomes depending on investment and future energy generation developments. The report attempts to provide perspective around these different outcomes by providing data about current income, income from known projects in the planning scheme (in final stages of development), as well as from projects that are in early development across the GNet region.

Assessing the projects within the Grampians region in pre-planning stages indicates that, for a number of LGAs, these wind and solar energy developments have the potential to provide a substantial alternative income stream. Yarriambiack LGA stands to increase revenue streams by over $4 million dollars per annum if energy developments in early stages of feasibility proceed. Several others, including Horsham, Golden Plains and Northern Grampians can be expected to increase revenues by between $1 million and $2.6 million per annum. With more developed renewable energy generation facilities in place, Pyrenees Shire has the potential to almost completely fund their own source income expenditure (based on current figures) from PILOR payments for renewable energy generation.

The information provided should be understood in the context of the limitations around the accessibility and accuracy of data.

Recommendations

This report recommends key changes to information collected and presented publicly to increase the availability and quality of information about renewable energy generation for regional and community planning. Some of these changes are relatively simple but would significantly improve user experience and accessibility of information.

Beyond this, there remain gaps in accessibility of information for developing renewable energy projects in pre-planning stages.

Proposed changes to Renewable Energy Projects Victoria Website (Department of Transport and Planning)

The best source of information, from the multiple sources of information accessed for this report, was the *renewable energy projects Victoria* website. However, there were some gaps in information, which limited functionality for use at LGA and regional level. It is recommended that changes be made to support improved functionality:

1. *Include option (toggle map) to see LGA boundaries for geographical renewable energy projects and developments.*

   This change would allow an easy visual representation of renewable energy projects and developments within each LGA.

2. *Include LGA (or LGAs for each development) including split of MW generation between LGAs in tabular data (LHS of webpage)*

   This change would allow projects to be linked to one or more LGAs for much easier reference and would clarify LGA splits for energy generation. This is important information to assist with understanding the benefits from

renewable energy generation at local level.

Renewable Energy Transition Economic Modelling Tool (REMPLAN, 2021)

A number of discrepancies were found between the data provided on this website, and that of the *renewable energy projects Victoria* website. It may be that REMPLAN data is sourced from the *renewable energy projects Victoria* website, or from VicPlan, and updates may be manually applied. There was no information provided about how regularly this data is updated. Supporting the website seems like a double handling of wind and solar energy data which is available elsewhere. However, the site does include additional points of functionality that currently do not exist elsewhere. The site appears to have objectives which partially overlap that of the Energy Victoria website.

3. *Review the functionality and value-add provided by the REMPLAN website. Consider moving key features to the 'renewable energy projects Victoria website', to provide one clear information source for Victorian Government data around renewable energy projects to avoid confusion and double handling of data.*

New Projects – Information Sharing

Multiple concurrent projects in one LGA area can have significant impacts on local communities, and the information needs for communities to assess and plan for impacts needs to improve. In western Victoria, regional impact planning is not the direct responsibility of any entity to support planning and transition efforts from a place-based perspective. As a result, there is significant potential for zero planning and preparation to occur to manage regional and local impacts.

Similarly, individual project developments are not well placed to consider the cumulative impact of their development on a community, as they too lack access to information about other projects in pre-planning stages within the same geographical location. If early information about proposed projects could be improved, a more collaborative planning approach for regions could be achieved.

A further concern is that, at present, there is no real way for people to check the legitimacy of prospective developments independently. Communication around projects can commence informally within communities long before any official information about a project is made accessible in government data.

Further, the legislated responsibilities of council include ensuring:

> "the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks is to be promoted" (Local Government Act 2020, s 8(c))

This creates a level of responsibility for LGAs in understanding and engaging with the broader economic, social and environmental benefits from renewable energy generation. In order to do this effectively, a greater level of transparency about the expected social, environmental and economic benefits from such developments is required. This could include housing information about expected PILOR payments and community benefit fund payments from developments in planning phase, in addition to the information currently recorded about expected MW generation.

4. *State Government to develop a register of developing projects, providing geographical and contact information, expected annual PILOR returns and community fund benefits could also be housed on the Renewable Energy Projects Victoria website for projects in pre-planning stage.*

To address these needs more proactively, local resourcing would provide additional support.

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