



# VECO Frequently Asked Questions

## **Why is this something local government needs to be involved in? Why don't you stick to roads, rates and rubbish?**

Climate change affects us all. It doesn't just need Federal and State Government action. Our climate is changing rapidly, and we recognise the need for immediate action from all levels of government to keep our communities safe.

Our community has consistently told us they want us to take real action on climate change – VECO delivers on that. We also have a legislated requirement to act on climate change in the new Local Government Act.

But on top of all this – this project gets value for our ratepayer's money. By pooling our energy contracts, the VECO councils are able to get a much better deal on our power bills than we would have individually. It's not just beneficial for the environment, it makes economic sense as well.

## **How much of your energy will be 100 per cent renewables?**

All of Strathbogie Council's electricity will be powered through the VECO project by the clean energy coming from Victorian wind farms for the next 9.5 years.

## **Why aren't other Councils committing to 100 per cent renewables?**

Many of them have committed to sourcing 100 per cent renewable energy under the VECO project, while others have chosen to source a lesser amount. Different councils have different needs and may have different contractual obligations in place. However, all 46 VECO Councils will be powering at least some of their assets or streetlights with renewable energy through the project.

## **Who is the energy contract with? How long is the contract? When will it start?**

The VECO councils have entered into a contract with Red Energy, which is owned by Snowy Hydro. It is a long-term contract for 9.5 years. Councils will officially begin using renewable energy through VECO on July 1, 2021.



### **Where will the renewable energy come from?**

The 46 VECO Councils will be using electricity generated from two Victorian wind farms, Dundonnell Wind Farm which is located near Mortlake, and Murra Warra 2 which is being built near Horsham.

### **How much renewable energy will the VECO Councils be using?**

The 46 VECO Councils have a combined energy need of 240 GWh per year. That's the equivalent of powering 48,000 homes. Councils will be using the renewable energy to power infrastructure like their town halls, community venues, performing arts centres, sports grounds, leisure centres and streetlights.

### **What benefits will VECO have for the environment?**

By going renewable, VECO Councils will be taking 260,000 tonnes of carbon emissions out of the atmosphere. To put it another way, that's equivalent of taking 90,000 cars off the road.

### **Will VECO result in cheaper energy bills for Council?**

Yes. We're unable to divulge specific confidential contract rates, however VECO will save some councils as much as 35 per cent on their electricity bills based on current costs. Our Council will save as much as [insert number - only include if you wish] per cent, based on current costs.

We've also had the project looked over by Energetics, a climate and energy consultancy firm, and they've confirmed the VECO councils will benefit from low prices in the near term.

### **Will VECO lower retail energy prices? Will it increase grid stability?**

Yes, we expect it will have an effect. We've had the project looked over by Energetics, a climate and energy consultancy firm, and they've confirmed VECO will lower the cost of prices and reduce risk exposure as the electricity market transitions from predominantly coal-fired generation to renewable energy.

Energetics CEO and renewable energy expert Dr Mary Stewart said the investment in wind energy would bring more renewable energy supply to the market, lowering the cost of supply and contributing to power security."



### **But what happens when the wind stops blowing?**

It will be business as usual - our lights will stay on. Victoria's electricity comes from a variety of coal, gas, hydro, wind and solar sources scattered throughout the state. These facilities are connected to an electricity grid which supplies consumers.

What VECO does is ask Red Energy to supply a specific amount of renewable energy to the grid from two wind farms, the electricity we know we need to power our streetlights, buildings and facilities. In VECO's case that is 240 GWh each year – that's enough to power 48,000 homes.

The energy from those wind farms goes into the pool of electricity in the grid, and while it may not flow directly to our Councils, we know we are responsible for that clean, affordable energy being there to be used by someone.

### **How can you say your electricity supplies are from 100% renewables if you're getting power from the grid, which also features coal-generated electricity?**

Renewable energy projects like Dundonnell and Murra Warra wind farms produce two things: energy that goes into the grid, and Largescale Generation Certificates - or LGCs. LGCs act as a receipt from the wind farms verifying the power we've paid for and they've generated has come from a renewable source. VECO Councils won't just be obtaining energy through the deal, but the LGCs as well.

### **Which Councils are signed on?**

VECO consists of 46 Councils and include just about every type of local government you can think of. From the smallest, the Borough of Queenscliffe, to the largest, the City of Greater Geelong. There are inner-city councils, regional city councils and rural shires as well. Geographically, they're spread right across the state from East Gippsland to Mildura, from the Alpine Shire to the Surf Coast.

The 46 VECO Councils are: Alpine Shire Council, Ararat Rural City Council, Ballarat City Council, Banyule City Council, Bass Coast Shire Council, Borough of Queenscliffe, Brimbank City Council, Buloke Shire Council, Cardinia Shire Council, Campaspe Shire Council, Central Goldfields Shire Council, City of Greater Dandenong, City of Greater

Geelong, Darebin City Council, East Gippsland Shire Council, Glen Eira City Council, Golden Plains Shire Council, Greater Shepparton City Council, Hepburn Shire Council, Greater Bendigo City Council, Horsham Rural City Council, Indigo Shire Council, Loddon Shire Council, Macedon Ranges Shire Council, Manningham City Council, Maribyrnong City Council, Maroondah City Council, Melton City Council, Mildura Rural City Council, Moira Shire Council, Monash City Council, Moonee Valley City Council, Mount Alexander Shire, Pyrenees Shire Council, South Gippsland Shire Council, Stonnington City Council, Surf Coast Shire Council, Strathbogie Shire Council, Swan Hill Rural City Council, Warrnambool



City Council, Wellington Shire Council, Whitehorse City Council, Whittlesea City Council, Wodonga City Council, Wyndham City Council, and Yarra Ranges Shire Council.

### **Why is Hobsons Bay not included?**

Hobsons Bay were initially supportive of the project but ultimately decided to go in a different direction. Any further information should come from Hobsons Bay. Regardless, VECO still has more than half of all Victorian councils (46 out of 79) signed up.

### **How is this project not just more virtue signalling/greenwashing?**

This collaboration delivers real outcomes for more than half of the communities in Victoria. By combining our energy needs we will reduce greenhouse emissions and lower each Council's energy bills. By saving money on our power bills, that means more money councils will put back into community programs and services.

We'll also create jobs and investment in regional areas of the state, and lower retail energy prices across Victoria, all while using energy created from Victorian wind farms through an Australian owned and operated retailer.

There's no box this project doesn't tick.

### **How long have you been working on this?**

VECO is the result of nearly three years' work and is the collective efforts of dozens and dozens of people across Victoria.

The Victorian Greenhouse Alliance kicked-started this project back in 2018 when our bills were skyrocketing. They helped navigate councils towards new options for how we buy electricity. VECO was born out of those discussions. Darebin has been leading on the project since late-2018.

### **Why is Darebin leading the project?**

Once those initial conversations took place, a number of Councils agreed the idea had potential but needed one organisation to take the lead. Darebin seemed the natural fit for this position for two reasons; it had staff experienced in developing deals like this, and sourcing renewable energy in partnership with other councils was a corporate action outlined in the Darebin Climate Emergency Plan 2017-2022 document.



### **Why's it taken so long?**

We've been comfortable with the progress of the project and have taken the approach of getting things 100% right, rather than going fast and potentially missing an important step along the way.

The project also needed to ensure that all 46 stakeholders had enough time to make decisions during key milestones along the way, and to produce an outcome that met the needs of everyone, which isn't a small task.

### **The Municipal Association of Victoria (MAV) were part of the project before? What happened?**

Refer this question to Darebin.

OR

The VECO project has been in development for some time and the MAV provided valuable input in the early stages. In early 2020 the procurement approach was adjusted and Darebin continued to lead the project with a different procurement agent.

### **Is VECO involved with the Western Victoria Transmission Network Project?**

No. The wind farms that will power VECO have infrastructure already connected to the electricity grid, and therefore will not need to be connected to the Western Victoria Transmission Network Project. The Dundonnell wind farm is already in operation, and even though Murra Warra 2 is still being constructed, it will be connected to Murra Warra 1 which is already connected to the national energy grid.

### **Dundonnell wind farm is unable to reach its maximum output. Will this be an issue?**

These are operational issues that we, as customers, are not in a position to manage or influence. This is why we have a retailer in between us and the wind farm projects. Rest assured that our agreement ensures we keep the lights on and Red deliver on their

contractual commitments. VECO will also source renewable energy from Murra Warra 2 when it is constructed, and therefore having two wind farms connected to our agreement helps us mitigate any output issues over time.

### **What's your reaction to Snowy Hydro building the Kurri Kurri gas power plant in NSW?**

Our contract is with Red Energy who are based in Melbourne. There's no doubt the future of Australia's electricity generation is in renewables.



By collaborating and pooling our energy needs, our 46 Councils have sent a strong message to communities, governments and electricity suppliers that we want clean energy from now and into the future. Energy used will come from Victorian wind farms using Victorian-made parts, like the wind turbine components built in Geelong.