

Appendix H-1

Agreement between Upper Hunter Shire Council and Applicant



Mat Pringle
Upper Hunter Shire Council
135 Liverpool Street
Scone NSW 2337
Via email

22 November 2023

Dear Mat,

Revised Offer – Voluntary Contributions from Hills of Gold Wind Farm Pty Ltd for Community Enhancement Fund

Thank you to you and your colleagues for recent discussions regarding a voluntary contribution to a proposed community enhancement fund in respect of the Hills of Gold Wind Farm (the **Project**), which is the subject of Development Application Number SSD-9679 (**Development Application**).

We confirm that the Project proponent, Hills of Gold Wind Farm Pty Ltd (ACN 145 173 324) (**HOGWF**) is willing to make the following revised offer to Upper Hunter Shire Council (**Council**) with respect to the Project, subject to the execution of a voluntary planning agreement or similar agreement acceptable to the parties to formalise these matters, on terms acceptable to each party, and to the approval of the Development Application.

We note that HOGWF's revised offer reflects best practice and is consistent with recent draft Wind Energy Guidelines issues by the Department of Planning and Environment (**DPE**).

1. Community Enhancement Fund:

- (a) HOGWF will establish a dedicated community enhancement fund to be operated by the Council (**Community Enhancement Fund**) for the benefit of communities impacted by the Project and the broader local government area.
- (b) HOGWF will provide contributions based on the proportion of approved turbines that are constructed within Council's Local Government Area (**LGA**) (currently 11 turbines of the 64 turbines proposed), and will receive the corresponding proportion of the 1.5% Capital Investment Value (**CIV**), equating to \$1,985,155. We propose that up to 33% of this (i.e. \$661,718 based on current CIV) be made available upfront and paid during construction of the Project (**Upfront Payment**). This Upfront Payment shall be available for projects that are approved by the committee, to be established as set out in paragraph (d)(i) below. Additionally, we propose to commit the remaining funds to be paid annually and designed to serve the community proximate to the Project and the region as a whole, as summarised below (noting dollar figures are indicative only):



Turbines in LGA	11 turbines of 64 turbines (based on current design)	
Fund	Total \$ Amount (indicative, subject to finalising the CIV)	Timing
Community Enhancement Fund 0.5% CIV	\$661,718	\$20,625 Annually from the start of construction and for the life of operations (32 years)
Regional Enhancement Fund 1.0% CIV	\$1,323,437	\$44,171 Annually for the life of operations (30 years) OR (for negotiation) \$661,718 during construction if capital works project/s could be agreed on with the Council that benefit the wider region (Upfront Payment) and then \$22,000 annually for the life of operations (30 years)
Total	\$1,985,155	\$64,796 per annum + CPI

- (c) The above specified amount of the contributions by HOGWF to the Community Enhancement Fund are based on November 2023 dollars and will be adjusted to reflect any change in the New South Wales Consumer Price Index in effect as at the date of the later of (a) approval of the Development Application, and (b) a final decision with respect to any appeal or judicial review proceedings under the Environmental Planning and Assessment Act 1979 (NSW)) and thereafter annually.
- (d) Following consultation with the Council, the funds to be contributed to the Community Enhancement Fund by HOGWF will be administered in accordance with the following principles:
- (i) a suitable governance framework proposed under section 355 Community Committee guidelines will be established prior to the first wind farm commissioned on the Project site becoming commercially operational, to ensure a committee consisting of the Council, HOGWF and community representatives (**Committee**) can be formed that meets the Council's requirements for transparency, accountability and probity in respect of the use and dissemination of funds;
 - (ii) it will be acknowledged that the funding will be dedicated within the first 5 years to initiatives that are considered to enhance the communities which may be impacted by the Project, following which the funding guidelines will be reviewed by the Committee as required;
 - (iii) HOGWF may assist the Council in respect of the establishment and early operation



of the Community Enhancement Fund to ensure Committee roles and responsibilities, establishment and voting rules are customised to ensure the simple and effective operation of the Community Enhancement Fund;

- (iv) the community representatives of the Community Enhancement Fund will be elected volunteers from the community;
- (v) the Committee will meet as agreed with Council but as a minimum, once a year to vote on allocation of funding to projects;
- (vi) administration costs associated with establishing and operating the Community Enhancement Fund will be deducted from the total committed funds contributed to the fund; and
- (vii) the Committee will determine the finer details of project eligibility, community representation and other mechanics following the approval of the Development Application; however, it will be acknowledged that consideration must be given to both the cost of any long-term obligations on Council and the opportunity to fund long-term strategic initiatives brought forward by the community.

For the avoidance of doubt, the revised offer contained in this letter is reflective of, and not in addition to, commitments made in respect of the establishment of a community enhancement fund in the Development Application and is replaces any previous offer, including HOGWF's offer made by letter dated 19 May 2021.

If the above offer is acceptable to Council, please sign where indicated below to confirm such acceptance. Once signed, a copy will be provided to DPE for inclusion of the relevant commitments by HOGWF in the Project's Statement of Commitments.

We look forward to hearing from you and would welcome any further discussion.

Yours sincerely

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[Redacted Signature]

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Jacqui Niemand

Head of Stakeholder Relations

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Leigh Newbery

General Manager Asset Development & Delivery



ACCEPTANCE BY UPPER HUNTER SHIRE COUNCIL:

Subject only to the execution of a voluntary planning agreement or similar agreement by the parties to formalise these matters and to the approval of the Development Application, Upper Hunter Shire Council hereby confirms its acceptance of the terms contained in this letter.

Signed for and on behalf of **Upper Hunter Shire Council** by:

[Redacted signature]

Signature

Greg McDonald

Name (please print)

General Manager

Position (please print)

Appendix H-2

Letter of offer from Applicant to Tamworth Regional Council



Gina Vereker
Tamworth Regional Council
Ray Walsh House, 437 Peel Street
Tamworth NSW 2340
Via email

17 November 2023

Dear Gina

Revised Offer – Voluntary Contributions from Hills of Gold Wind Farm Pty Ltd for Community Enhancement Fund

Thank you to you and your colleagues for your time on 9 November 2023 to discuss a voluntary contribution to a proposed community enhancement fund in respect of the Hills of Gold Wind Farm (the **Project**), which is the subject of Development Application Number SSD-9679 (**Development Application**).

Further to our discussions, we confirm that the Project proponent, Hills of Gold Wind Farm Pty Ltd (ACN 145 173 324) (**HOGWF**), understands that Councillors are focused on an increase in the amount of funding upfront, along with discretion as to how that funding would be used. During the five years of discussions related to the proposed community engagement(s) fund for the Hills of Gold Wind Farm (**Project**), HOGWF has:

- (a) increased its offer from \$2,500 per turbine to over \$6,000 per turbine based on a 30-year operating life (a total available funding increase from \$4.2m to \$9.5m);
- (b) increased upfront funding from \$150,000 to \$2,400,000;
- (c) brought forward the timing of funding from wind farm operations commencement to construction commencement; and
- (d) made numerous changes to proposed governance framework, including an independent chair and offered administration fees in line with TRC expectations.

We wish to put forward the below offer to Tamworth Regional Council (**TRC** or **Council**) in respect of the Project, subject to the execution of a voluntary planning agreement or similar agreement acceptable to the parties to formalise these matters, on terms acceptable to each party, and to the approval of the Development Application.

We hope to continue to work constructively with TRC as the Project progresses towards construction. We note that HOGWF's revised offer (which supersedes all prior offers) reflects best practice and is consistent with recent draft Wind Energy Guidelines issues by the Department of Planning and Environment (**DPE**).

1. Community Enhancement Fund:

- (a) HOGWF will establish a dedicated community enhancement fund to be operated by the Tamworth Regional Council (Community Enhancement Fund) for the benefit of communities impacted by the Project and the broader local government area, noted that early funding should be prioritised for communities around Nundle and Hanging Rock.



- (b) HOGWF will provide contributions based on the proportion of approved turbines that are constructed within TRC Local Government Area (**LGA**) (currently 53 turbines of the 64 turbines proposed), and will receive the corresponding proportion of the 1.5% Capital Investment Value (**CIV**), equating to \$9,564,843. We propose that 25% of this be made available upfront upon commencement of construction of the Project (**Upfront Payment**). This Upfront Payment shall be available for projects that are approved by the committee, to be established as set out in paragraph (iv) below. Additionally, we propose to commit the remaining funds to be paid annually and designed to serve the community proximate to the Project and the region as a whole, as summarised below (noting dollar figures are indicative only):

Turbines in LGA	53 turbines of 64 turbines (based on current design)	
Fund	Total \$ Amount (indicative, subject to finalising the CIV)	Timing
Community Enhancement Fund 0.5% CIV (for initiatives within 20km of the project)	\$3,180,000	\$99,375 Annually from the start of construction and for the life of operations (32 years)
Regional Enhancement Fund 1.0% CIV	\$6,384,843	\$2,391,210 upfront (Upfront Payment) at the commencement of construction (Commencement Date) \$124,801 annually commencing on the 2 nd anniversary of the Commencement Date (32 years including 2 years of decommissioning)
Total	\$9,564,843	\$224,176 per annum + CPI (based on annual payments with 25% upfront)

- (c) The amount of the contributions by HOGWF to the Community Enhancement Fund (with the exception of the Upfront Payment) will be adjusted on an annual basis to reflect any change in the Consumer Price Index from the Consumer Price Index in effect as at the date of approval of the Development Application.
- (d) Following consultation with the Tamworth Regional Council, the funds to be contributed to the Community Enhancement Fund by HOGWF will be administered in accordance with the following principles:
- (i) Tamworth Regional Council will nominate a respected local person with neutral views on the Project to act as the independent chairperson of the Community Enhancement Fund for the first 5 years of the administration of the Community Enhancement Fund;
 - (ii) a suitable governance framework will be adopted that maintains simplicity and reduced operating cost and council resources to manage. HOGWF will be guided by TRC on the best governance and administration through a Voluntary Planning Agreement. HOGWF commits to working with Council to ensure simplicity in the administration, eligibility and governance and creating suitable committee roles and responsibilities guided by TRC's views;



- (iii) HOGWF will provide all reasonable assistance to the Tamworth Regional Council in respect of the establishment and early operation of the Community Enhancement Fund to ensure committee roles and responsibilities, committee establishment and voting rules are customised to ensure the simple and effective operation of the Community Enhancement Fund;
- (iv) a Community Enhancement Fund committee (**Committee**) will be established prior to the first wind turbine commissioned on the Project site becoming commercially operational to ensure that a committee consisting of Tamworth Regional Council, HOGWF and volunteer community representatives can be formed that meets the Tamworth Regional Council's requirements for transparency, accountability and probity in respect of the use and dissemination of the funds;
- (v) the community representatives of the Community Enhancement Fund will be elected volunteers from the community;
- (vi) the Committee will meet as agreed with TRC but as a minimum, once a year to vote on allocation of funding to projects;
- (vii) administration costs associated with establishing and operating the Community Enhancement Fund will be deducted from the total committed funds contributed to the fund; and
- (viii) the Community Enhancement Fund Committee will determine the finer details of project eligibility, community representation and other mechanics following the approval of the Development Application; however, it will be acknowledged that consideration must be given to both the cost of any long-term obligations on Tamworth Regional Council and the opportunity to fund long-term strategic initiatives brought forward by the community.

We understand that Council have identified potential special capital works projects that could deliver local benefits, including safety and amenity upgrades on roads that would benefit Nundle and surrounding residents. HOGWF believes it is important to provide governance around decision-making, initially such that local community interests are discussed for these special capital works projects.

We hope that the above offer provides TRC comfort that it is HOGWF's intention to work with TRC to identify great opportunities for funds to be brought forward for capital works projects that will benefit local communities.

We look forward to hearing from you and would welcome any further discussion.

Yours sincerely

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Jacqui Niemand
Head of Stakeholder Relations

20 November 2023

DocuSigned by:

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Leigh Newbery
General Manager Asset Development & Delivery

17 November 2023



ACCEPTANCE BY TAMWORTH REGIONAL COUNCIL:

Subject only to the execution of a voluntary planning agreement or similar agreement by the parties to formalise these matters and to the approval of the Development Application, Tamworth Regional Council hereby confirms its acceptance of the terms contained in this letter.

Signed for and on behalf of **Tamworth Regional Council** by:

Signature

Name (please print)

Position (please print)

Appendix H-3

Letter from Tamworth Regional Council

Clay Preshaw
Executive Director of Energy and Resource Assessments
Department of Planning and Environment

Email: [REDACTED]

Dear Clay

HILLS OF GOLD AND THUNDERBOLT WINDFARMS – COMMUNITY BENEFIT SHARING ARRANGEMENTS

Ref: *as/GV/PB/DocSetID 1949873*

The purpose of this letter is to advise of the in-principle terms of agreement that Tamworth Regional Council is prepared to accept regarding both the Hills of Gold and Thunderbolt Windfarm proposals. Some of the aspects that are not yet agreed are also outlined below.

As you are aware Council has an adopted policy relating to renewable energy projects in the Tamworth local government area (LGA), as follows:

- Contribution of 1.5% of CIV excluding any Community Enhancement Fund;
- Payment of ½ of the 1.5% amount up-front and the other ½ via annual payments over the life of the development; and
- Council's preference is that any community enhancement fund be administered by a Community Benefit Fund provider rather than Council.

Hills of Gold Windfarm, Nundle - Engie

Council has liaised with the proponent since 2017 with the aim of establishing terms for community benefit sharing arrangements in relation to the proposed Hills of Gold windfarm.

Council is prepared to agree to the provision of 1.5% Capital Investment value (CIV) offered by Engie as at its most recent offer of 1 November 2023. The amount identified in the offer was \$9,564,843 subject to indexation over the period of the payments.

Engie's offer included an up-front payment 25% of the 1.5% of CIV (\$2,391,210).

This is not in accordance with Council's adopted policy, and Council does **not** agree to any reduction in its policy of 50% payment upfront, however in the interests of flexibility and moving forward, Council is prepared to continue to negotiate on this payment in the range between 25% to 50%.

With respect to the up-front amount, Council is prepared to commit to these funds being expended on an agreed major road project (or projects) that will directly benefit the residents of Nundle and Hanging Rock.

In terms of timeframe, Council's intention would be that these funds be expended as close as is possible to the commencement of operation of the windfarm.

Council also agrees that the remaining payments be made in equal instalments (subject to CPI) over the 32 years of operation of the project including the construction period. These funds would be set aside specifically for projects in towns, villages and rural areas within the Tamworth LGA including Nundle and Hanging Rock. The projects would be identified by the communities and approved by Council by way of its existing annual community grants programs and budget processes. Engie would also be consulted as part of this process. To avoid doubt, the funds would not be used for projects within Tamworth City.

Council does **not** agree with the current proposal for the administration of the community benefit sharing arrangements. Council strongly disagrees with the implementation of the community benefit sharing process via community committees as proposed by Engie. It is clear to Council that the protracted assessment and controversial nature of the proposal would make it extremely difficult to establish effective committees and that administering these committees will consume funds that should appropriately be spent on delivery of community projects.

Council has the finance, records and reporting systems to manage the funds directly as part of the annual budget process. Council already has S.355 committees and relationships with other groups across the LGA to provide a direct conduit to the community. The funds would be held in a restricted account and income and details of expenditure would be reported annually and recorded in Council's development contribution register to keep an ongoing permanent record until the completion of the project and the exhaustion of the funds.

Council remains open to the management of the funds by a third-party Community Benefit Fund provider in accordance with Council's adopted policy.

Please note that the aspects of in principle agreement above do not remove Council's strong objection to the proposal on the range of reasons consistently communicated over the last several years.

Thunderbolt Windfarm - NEOEN

Council has liaised extensively with the proponent and also with the adjoining Uralla Shire Council with the aim of establishing terms for community benefit sharing arrangements in relation to the proposed Thunderbolt windfarm. The windfarm is predominately located in Tamworth Regional Council and a second stage (solar) was proposed in Uralla Shire.

Council's policy remains that a contribution of 1.5% of CIV excluding any Community Enhancement Fund is appropriate. However, in this instance as the project is located on the boundary of the Tamworth Regional and Uralla Shire LGAs, Council is prepared to consider a joint voluntary planning agreement (VPA) with Uralla Shire Council and NEOEN to deliver community benefits.

To this end, it is understood that Uralla Shire Council has prepared a draft VPA which includes Tamworth Regional Council. There now appears to be some question as to whether the second stage of the NEOEN project located in Uralla Shire Council will proceed. As a consequence, Council is **not** prepared to stipulate a percentage split between the two Councils until the full impacts on each Council are determined.

In accordance with Council's policy, it is agreed that the community enhancement fund should be administered by a Community Benefit Fund provider as offered by NEOEN.

I trust this information is of assistance with your consideration of these matters. Should you have any questions regarding the points discussed in this communication, please contact Council's Director – Liveable Communities, Gina Vereker, at the details below.

Yours faithfully



Gina Vereker
Director – Liveable Communities

Contact: Gina Vereker 

7 December 2023