2019

Bioenergy Infrastructure Grant Program – Final Project Report

C-11614/V2

Mount Alexander Bioenergy Infrastructure Project

Report prepared and submitted by Smart Recycling to Sustainability Victoria (SV) as part of the grant awarded through the Bioenergy Infrastructure Grant program.

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Project Summary

Contract ID	C-11614/V2	
Contract Title	Mount Alexander Bioenergy Infrastructure Fund	
Stakeholder	Mount Alexander Bioenergy	
Project	Mount Alexander Bioenergy – Pre-Construction Stage 1. – C-11614/V1	
Contract Dates	Contract Commenced: 14 April 2020 Project Completed: **30/11/2021** Contract Expiry: 30 November 2021	
Milestone Dates (as at XX)	Milestone M01	Signed Contract
	Milestone M14	Feedstock Letters of Intent
	Milestone M15	Community Engagement Stage 1
	Milestone M16	High Level Design
	Milestone M17	Regulatory Approval documentation
	Milestone M18	EPC Tender documentation
	Milestone M19	Final Report and Presentation
Approved Grant	**$100,000**	
Financial contribution	*Stage 1 of Preconstruction has had contributions from Don Smallgoods, Loddon Landfill Diversion Fund and MASG. Stage 2 is estimated to require a further $250,000 to achieve Financial Close.*	
Governance structures	*Mt Alexander Bioenergy Board of Directors,* *Project Manager reports to Chair of Board.*	
Project Objective	Deliver pre-construction activities in support of achieving financial close.	
Project Outcome(s)	Completion of these Milestones will mean that we will be in position to achieve Regulatory approvals, to appoint and EPC contractor and to secure investor finance through the Stage 2 of Pre-construction.	

1. Introduction

The purpose of this report is to capture the outcomes of the SMART Bioenergy Infrastructure Fund project from application through to project completion. In doing so it will give an overview of the:

1. Infrastructure upgrade and / or construction process, and

Completion of this Final Report will demonstrate how the project tracked against the contracted outcomes.

We would also appreciate your feedback and any comments you may have in relation to working with Sustainability Victoria to deliver this project.

It has been a pleasure working with you to complete your project.

2. Project Achievements

2.1 Description of activities undertaken

Provide an overview of the project works and activities undertaken throughout the life of the project

Milestone 1: C11614/V2M-01
The Agreement was signed with an agreed schedule of milestones.
Milestone 2: C11614/V2M-14
Letters of Intent were received that covered 60% of the feedstock requirements as specified in the Business Case.
Milestone 3: C11614/V2M-15
Community Engagement, as per the Community Engagement Plan Stage 1 was completed.
Milestone 4: C11614/V2M-16
High Level design documentation
Milestone 5: C11614/V2M-17
Regulatory documentation for the EPA Development Pathways, Council Planning Permit and AQIS License completed and available.
Milestone 6: C11614/V2M-18
EPC Tender documentation completed and available.
Milestone 7: C11614/V2M-19
Final Report and Presentation to Sustainability Victoria

3. Challenges and Remedies

Describe the key project management challenges that emerged, and actions taken to rectify.

Milestone 1:
The only challenge was the requirement for a Guarantor. Some projects would not easily find someone who would be prepared to do that.
Milestone 2:
The securing of Feedstock commitments for a project that will not deliver for 2 or 3 years into the future was challenging. The waste market is very volatile, and contracts are all short term. However, we were able to get Letters of Intent, understanding that circumstances may change many times before a contract would be signed.
Milestone 3:
Community Engagement Stage 1 took us up to the project launch. At this time we had secured agreement on the site and the terms at which we would provide energy to Don Smallgoods. It was now possible to engage with the neighbours identified as being within 1km, issue a press release and engage with the press, and engage with stake holders. There is no easy way to do this. The mere act of selecting neighbours to engage suggests to them they have something to fear. We established a Web site, Facebook page and a Q&A document and process. *We have progressed from this to Stage 2, where we have held a Town Hall meeting, and have commenced running Listening Post sessions on Saturday mornings in the main street. The feed back we are getting is that we are largely supported, even by the neighbours. There are possibly 4 households who will continue to oppose.*
Milestone 4:
The High Level Design document was completed as best it can be, with an understanding that an EPC contractor may introduce variations in the technology once appointed. It set the parameters within which this can operate and finalised some things where we had juggled some options. For instance, we settled on a Pyrolysis process for the Biomass.
Milestone 5:
The EPA Pathways was initiated and was linked to Council Planning under an agreement that they will assess the application jointly. This is a process they encourage so that notifications and engagement can be conducted jointly. The documentation has been prepared for the EPA and Council Permit, as well as for AQIS. *These are held back from physical submission as we need to secure significant funds to submit. Council submission will cost $25,000 and EPA license approximately $134,000. The investors will fund this once the final go ahead for the project is obtained.*
Milestone 6:
The EPC Tender documentation has been completed and will be issued in the coming weeks.
Milestone 7:
Final Report and Presentation to Sustainability Victoria *The only issue here is the impact of Covid 19 complicating communications.*

4. Budget

The table below illustrates the financial position of the project as at the end of Stage 1, Pre-construction. Attached is Progress Against Budget document which provides a more complet picture and also shows the Project Valuation as at the end of the September quarter. The Projections in the Project Against Budget are updated monthly and presented to the board of directors of Mt Alexander Bioenergy.

Project Budget			
Projected (as per Application)		**Actual**	
Description	**Amount**	**Status**	**Amount**
Term Sheet signed	$41,400	completed	$41,400
Secure Funding (60%)	$10,000	completed	$10,000
Contract Project Manager	$3,200	completed	$3,200
High Level Design	$23,200	completed	$23,200
Feedstock LOIs	$19,600	completed	$19,600
Regulatory Approvals	$72,400	completed	$72,400
Community Engagement	$29,600	On-going	$20,000
EPC Tender Docs	$11,200	completed	In-kind
Final Reporting	$12,000	completed	In-kind
EPC selection and Signing	$18,200	Post SV Agreement completion	
TOTAL $240,800		**TOTAL $ 189,800**	

5. Risk Analysis

Summary of project risk identified
To Date • *Decision timeframes – creates difficulties in financing and in maintaining resources* • *Community engagement – failure to educate* ***Risks to come*** • *Regulatory failure* • *VCAT failure* • *Failure to secure sufficient funding*

6. Project Partners

List of project partners appointed
Eco2Sys – Project Manager
Inoplex – Design Consultant
Don Smallgoods – Post Term Sheet negotiation, progressing

7. Data

If available, please provide information. This data will be used as a baseline for future collection reports.

	Quantity	Cost	
Baseline Data	**Collected (tonnes or kg)**	**Cost ($)**	**Projected Revenue ($)**
Energy	270,000GJ GJ of energy		
Emission reduction	88,500 Tonnes of GHG		
Landfill diverted	36,000Tonnes of Organic Waste		
Total			

8. Stakeholder Satisfaction Survey

Overall Engagement Satisfaction			
Rate your experience while working with Sustainability Victoria during the following stages (Please select the relevant box)			
Application	**Assessment**	**Contracting**	**Project Implementation**
Very poor ☐ Poor ☐ Neither Good nor Poor ☐ Good ☐ Very Good ☒	Very poor ☐ Poor ☐ Neither Good nor Poor ☐ Good ☐ Very Good ☒	Very poor ☐ Poor ☐ Neither Good nor Poor ☐ Good ☐ Very Good ☒	Very poor ☐ Poor ☐ Neither Good nor Poor ☐ Good ☐ Very Good ☒
Rate your level of communication received by Sustainability Victoria (Please select the relevant box)			
Level of Support Provided	**Quality of Information Provided**	**Timeliness of Information Provided**	**Overall experience of working with SV during this project**
Very poor ☐ Poor ☐ Neither Good nor Poor ☐ Good ☐ Very Good ☒	Very poor ☐ Poor ☐ Neither Good nor Poor ☐ Good ☐ Very Good ☒	Very poor ☐ Poor ☐ Neither Good nor Poor ☐ Good ☐ Very Good ☒	Very poor ☐ Poor ☐ Neither Good nor Poor ☐ Good ☐ Very Good ☒
Comments and Feedback			
What did Sustainability Victoria do well?			
Were flexible when it came to variations due to slippages that were out of our control			
What didn't Sustainability Victoria do well?			
No issues			
How could SV have improved and supported you better to achieve your project objectives?			
No issues			
Further Feedback			
Please add additional feedback or comments.			
Given funding constraints they did well. We would have liked to have access to more funds to take us through the full Pre-construction phase without becoming committed to Angel Investors. However, the commitment of Angel investors that will eventually become the final investors does reduce duplication costs and improves efficiencies. When at financial close, if MAB were to be asked by SV for a debrief with the objective of adding to the knowledge base what determines the optimal model for project development we would be pleased to oblige. By then the benefits of the model MAB is now applying will become clearer.			