<u>New England Solar Farm</u>

The application for the New England Solar Farm (NESF) should be rejected until the developer can show through an independent financial analysis that the development is potentially profitable in the decades ahead. Otherwise, an approved DA will sit there in perpetuity and never be built, The economic benefits will never occur. Many of the economic (and social) impacts will. The local community will suffer for decades, as the Department has shown that it prefers to keep dormant renewables approvals on the books.

Tamworth Regional Council, adjoining Uralla shire, the location of the NESF, desires to be a leader in renewable energy.
From Page 29 of the Business Papers for the most recent Council Meeting (Feb 26, 2019), the Council's Sustainability Officer wrote:

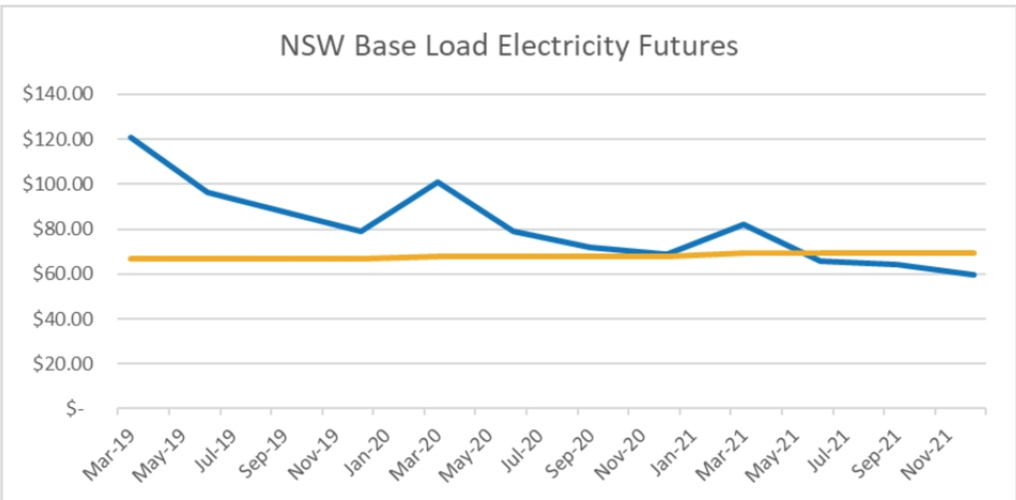
> "The community are looking to council to be leaders in sustainability; Council may wish to consider the purchase of renewable energy to show leadership in energy sustainability."

At that council meeting, councilors considered a consultant's report based on 12 Expressions of Interest (EOI) received after the council signaled its desire to increase its commitment to and penetration of renewable energy by hosting its own large scale solar farm.
The consultant's report was negative, basically because you could most likely buy power more cheaply from the grid over the life of the investment. In the Council's business paper annex, there was this graph which compared:

> "a prediction from Australian Stock Exchange (ASX) for energy prices against one of the offers for solar energy received in the EOI […] Up until May 2021, the offer of renewable energy pricing is less than predicted energy cost but after this date the expected generation cost will fall and the offer for renewables is gradually increasing. Solar energy is a long term investment and unlikely to recover capital costs before the cost of grid energy becomes less than the solar offer under the ASX forecast."

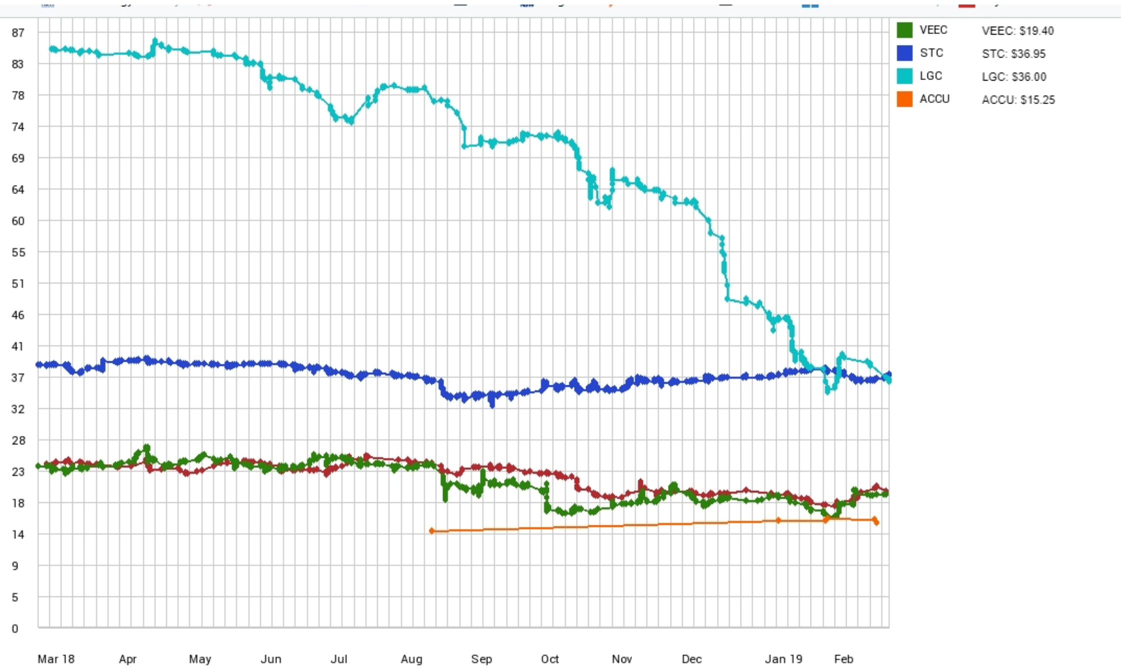
ORDINARY COUNCIL MEETING
ANNEXURE 1 TO ITEM 8.6 - ANNEXURE 1

26 FEBRUARY 2019



The ASX is saying that wholesale prices for electricity will drop over the coming years.

The other major source of revenue and profit for any solar farm is from the sale of Large Scale Generation Certificates (LGC). A year ago, when the NESF developer was writing their PEA and admiring the financials, the revenue from an LGC exceeded the revenue from the sale of the underlying MWh of electricity. Without revenue from LGCs at a high level, solar and wind farms are unprofitable.
What has happened to the price of LGCs? Their value has dropped like a stone as the following graph clearly shows.
Every indication is that this downward trend will continue.



In summary, this renewables DA and all others in the pre-approval pipeline – and there are many:

> "17,700 MW of new generation vying for connection to the grid" (NESF EIS Page 51)

should be rejected, as they are all more than likely unprofitable and therefore will not attract finance.
Alternatively, all unapproved wind and solar applications should be issued with a SEARs modification which requires a profitability study.
To not do this would show that, once again, the Department of Planning is putting rural communities last.