

Minutes

SolarShare-EPSSD meeting 5 February 2018

Present:

[REDACTED] Nick Fejer, Lawrence McIntosh, Daniel Harding, Simon Grice, [REDACTED]
Brianna McKewon, Lisa Caruso, Greg Buckman.

SolarShare actions arising:

- SolarShare to meet with Access Canberra Utilities Technical Regulation to discuss lessons learnt from previous solar farms with a view to establishing a path towards the solar farm securing an operating certificate;
- SolarShare to provide EPSSD with an update of the Milestone Schedule for its project (Part E1 of its 2017 proposal);
- SolarShare to provide EPSSD with greater detail about the contingency/cash reserves budget in its 2017 proposal;
- SolarShare to provide EPSSD with a signed version of the 2018 Evoenergy Network Technical Study;
- SolarShare to provide more detailed drawings and/or a tech spec for a technical review to be undertaken by EPSSD; and
- SolarShare to provide EPSSD with new feed-in tariff (FiT) prices that would flow from it keeping 100% or 50% of the Large Generation Certificates (LGCs) its solar farm will create.

EPSSD actions arising:

- EPSSD to undertake a technical review of SolarShare's proposed solar farm.

Discussion:

- Minister Rattenbury is keen to progress SolarShare's community solar proposal and see it constructed, EPSSD's actions requested of SolarShare will facilitate this;
- Significant time has passed since the community solar scheme started in 2013, all sides now want it moving to a construction phase as soon as is prudently feasible;
- EPSSD hopes to be in a position where it can brief Minister Rattenbury on a FiT entitlement and grant for SolarShare in eight to 12 weeks time (depending on provision of SolarShare information), in addition to this time, it will take three to four weeks for the minister to process the brief;
- SolarShare has a strong skill set and saw the Network Technical Study as the final outstanding task ('enabler') to be undertaken before it could get a FiT entitlement but accepts that the above actions need to be undertaken before the entitlement can be secured;

CIRCULATION RESTRICTED TO MEETING PARTICIPANTS

- Utilities Technical Regulation can brief SolarShare on the lessons learnt with previous ACT solar farms and what it should look out for with its proposal;
- EPSDD has not previously granted a FiT price higher than \$186/MWh to any solar or wind generator and would like SolarShare to explore FiT/LGC trade-offs that get it close to that FiT price;
- If SolarShare retains some, or all, of the LGCs its solar farm creates, it will be taking on the future price risk attached to them;
- SolarShare does not feel it has capacity to reduce the return it is currently proposing to provide for its investors but will investigate possible FiT price/LGC retention tradeoffs;
- SolarShare has fully budgeted its initial T1 funds and needs to retain its solvency so cannot take on any further short-term financial commitments, however, it does not see the above actions as requiring further expenditure of funds;
- Once SolarShare has a FiT entitlement, its milestone dates—particularly its securing of funds and commencement of generation dates—will become critical, if milestone actions are not undertaken by their specified dates, SolarShare will be in breach of its deed and, as a last resort, EPSDD can terminate its deed; and
- If SolarShare commences FiT supported generation later than its originally proposed milestone date, EPSDD will not change its FiT grant to reflect the later start date.

**Environment, Planning and Sustainable
Development Directorate**

SENSITIVE

To: Minister for Climate Change and
Sustainability

Tracking No.: 18/16865

09 JUL 2018

Date: 25/06/2018

From: A/g Director, Energy Markets and Renewables

Subject: Community solar scheme feed-in tariff entitlement

Critical Date: 20/07/2018

Critical Reason: To enable a timely response to SolarShare

- DG .../.../...
- DDG, Sustainability and the Built Environment .../.../...

Purpose

To seek your determination in relation to a feed in tariff entitlement for SolarShare Canberra's (SolarShare) proposed community solar project.

Recommendations

That you:

1. **Agree** to grant SolarShare a large feed-in tariff entitlement, noting that residual project risks remain;

Agreed / Not Agreed / Please Discuss

2. **Agree** to the entitlement being negotiated and signed by EPSDD, with a subsequent grant signed by you; and

Agreed / Not Agreed / Please Discuss

3. **Agree** to a feed-in tariff price of \$195.60/MWh on the basis that SolarShare keeps its Large Generation Certificates.

Agreed / Not Agreed / Please Discuss

Shane Rattenbury MLA 3/9/18

Minister's Office Feedback

SENSITIVE

Background

1. The Community Solar Scheme (the Scheme) formed commitment 3.3 of the 2012 ACT Parliamentary Agreement. In February 2014, Cabinet approved the release of 1 megawatt (MW) of capacity under the *Electricity Feed-in (Large-scale Renewable Energy Generation) Act 2011*, for the Scheme (decision 13/447/CAB).
2. On 29 May 2017, EPSDD received a third Scheme proposal from SolarShare. The proposal form (at [Attachment A](#)) is for a 1MW fixed panel solar farm located on rural block 707 Majura, to the immediate north of the existing 2.3MW Mt Majura Solar Farm.
3. In June 2017, EPSDD completed a financial assessment of SolarShare's proposal (through accountants Ernst and Young, at [Attachment B](#)). In June 2018, it also completed a technical assessment of the proposal (through solar engineers Clean Technology Partners, at [Attachment C](#)). EPSDD has conducted several meetings with SolarShare about its proposal over the past 12 months.

Issues

4. SolarShare has developed a relatively sophisticated scheme proposal that includes a preferred construction contractor, an engineering consultant, a guarantor and potential sources of bank and community finance. It has also demonstrated significant ACT community support through its successful raising of \$125,000 in seed funding from community investors in 2017 and its procurement of 518 investors that have pledged a further \$2.894m. However, there remain a number of residual risks associated with its proposal.



Feed-in tariff price risk

9. SolarShare has sought the maximum \$200 per megawatt hour (MWh) feed-in tariff (FiT) price available for the Scheme. Following discussion with you, SolarShare was offered the option of retaining its Large Generation Certificates (LGCs) instead of transferring them to the ACT Government. SolarShare has proposed that, if it retains all of its LGCs, its FiT price would be \$195.60 per MWh, and, if it retains its LGCs for the first five years of operation (only), its FiT price would be \$196.00 per MWh. SolarShare's proposed FiT prices under different LGC retention options are at Attachment D.
10. If you determine SolarShare should be granted a FiT entitlement, EPSDD recommends that SolarShare be granted the \$195.60 per MWh FiT price and be allowed to keep all of its LGCs. This is the lowest FiT price that SolarShare has offered, and its LGC volume will make little difference to the ACT achieving 100 per cent renewable electricity supply by 2020. However, all of SolarShare's FiT prices are above the \$186 per MWh FiT entitlement awarded to the Royalla and Williamsdale solar farms in 2012 and 2013 and the maximum \$135 per MWh benchmark set by the Australian Renewable Energy Agency in 2016. [REDACTED]
11. Because 1MW of capacity has already been released for the scheme under the *Electricity Feed-in (Large-scale Renewable Energy Generation) Act 2011* (through DI2014-17 at Attachment E), and because the scheme does not have an alternative generator and is of small capacity, EPSDD recommends that Cabinet does not need to endorse your decision in relation to any FiT entitlement. If you decide that SolarShare should be granted a FiT entitlement, EPSDD will forward you a grant of FiT entitlement to sign.

Financial Implications

12. The granting of a FiT entitlement to SolarShare Canberra would have no short term impact on the budget of EPSDD.

Consultation

Internal

13. The Utilities Technical Regulation section of Access Canberra was consulted.

Cross Directorate

14. No cross directorate consultation was required for this brief.

External

15. SolarShare, Clean Technology Partners and the Mt Majura Solar Farm were consulted.

Benefits/Sensitivities

16. If granted a FiT entitlement, SolarShare's proposed solar farm will be the largest community solar farm in Australia.

Media Implications

17. There are no media implications at this stage, however, a media announcement will be prepared in consultation with your office if a FiT entitlement is signed between the ACT Government and SolarShare.

Signatory Name: Hugo Temby, Manager, Energy Projects

Phone: 59337

Action Officer: Greg Buckman

Phone: 54435

Attachments

Attachment	Title
Attachment A	SolarShare proposal form
Attachment B	Financial review of SolarShare proposal
Attachment C	Technical review of SolarShare proposal
Attachment D	SolarShare FiT price options
Attachment E	DI2014-17

Electricity Feed-in (Large-scale Renewable Energy Generation) FiT Capacity Release Determination 2014 (No 2)

Disallowable instrument DI2014–107

made under the

Electricity Feed-in (Large-scale Renewable Energy Generation) Act 2011 - Section 10
(FiT capacity release)

1 Name of instrument

This Instrument is the *Electricity Feed-in (Large-scale Renewable Energy Generation) FiT Capacity Release Determination 2014 (No 2)*.

2 Commencement

This Instrument commences the day after its notification.

3 Determination of FiT capacity release

I determine that:

- 1) 1MW of the FiT capacity provided for under the Act be made available for the grant of FiT entitlements, by direct grant process;
- 2) any FiT entitlement that may be granted under this release will be for:
 - a) a term of 20 years;
 - b) solar energy generation; and
 - c) large renewable energy generators located within the Australian Capital Territory; and
- 3) the minimum capacity of a large renewable energy generator's generating system in relation to which a FiT entitlement may be granted under this release is 201kW.

4 Criteria to be met by eligible persons

For a person to be eligible for a FiT entitlement granted under this release, the following criteria must be met:

- 1) The person must be a single, legal, incorporated entity that is a genuine ACT based community organisation;
- 2) The person must not be insolvent, or become subject to an insolvency event;
- 3) The person must not have had a judicial decision relating to employee entitlements made against it (not including decisions under appeal) and not have paid the claim;
- 4) The person must not have been named as an organisation that has not complied with the *Workplace Gender Equality Act 2012*; and
- 5) The person must have a completed proposal form and all required attachments by the specified closing date and time.

5 Criteria to be met by eligible proposals

For a person's proposal to be eligible for a FiT entitlement granted under this release, the following criteria must be met:

- 1) Proposals must be for the establishment of a single generating system that has no more than 1MW generating capacity as determined at its point of connection to an interconnected national electricity system;
- 2) A proposal's generating systems must be connected to the ACT electricity network;
- 3) Proposals must be for a new (yet to be constructed) generating system;
- 4) Proposals must have low risks to timely completion;
- 5) Proposals must have a high quality of engagement with the local community in which they are proposed to be developed;
- 6) Proposals must have significant economic development benefits for the ACT; and
- 7) Proposals must have attempted to minimise their reliance on the Treasury Financial Guarantee.

Simon Corbell
Minister for the Environment and Sustainable Development
4 June 2014



Andrew Barr MLA

Chief Minister

Treasurer

Minister for Social Inclusion and Equality

Minister for Tourism and Special Events

Minister for Trade, Industry and Investment

Member for Kurrajong

Mr Shane Rattenbury MLA
Minister for Climate Change and Sustainability
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2601



Dear Mr ~~Rattenbury~~ *Shane*

I have been advised by officials from my Directorate that you consider the SolarShare Community Solar Farm project, a proposed solar farm to be built at Majura, has met the requirements for the granting of a Feed-in Tariff (FiT), utilising renewable energy generation capacity released by the ACT Government in 2014. I understand SolarShare has requested the inclusion of a compensation arrangement with the Government for the 20 year FiT period, in line with the approach used for the majority of other large scale FiT supported renewable energy projects.

Following review of the documents associated with this proposal, I am pleased to indicate my support for the granting of the proposed FiT for the SolarShare Community Solar Farm, including the provision of compensation arrangements as outlined within the proposed deed of entitlement.

Yours sincerely

Andrew Barr MLA
Treasurer

16 OCT 2018

ACT Legislative Assembly

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@ABarrMLA



AndrewBarrMLA



actchiefminister



CANBERRA

From: Bales, Scott
Sent: Tuesday, 20 November 2018 10:08 AM
To: 'Lawrence McIntosh'
Cc: Temby, Hugo; [REDACTED] Nick Fejer
Subject: Followup to Solarshare Deed [SEC=UNCLASSIFIED]

Hi Lawrence

I wanted to follow up on the Deed of Entitlement and the questions discussed at our last meeting.

I've also made edits to the documents to take into account your feedback and our proposed resolutions at the meeting. This is still with our legal team and I apologise for the delay in getting it back to you.

“Does this definition include (or intend to include) Company Directors? Volunteers?”

Yes, agents and employees would definitely be expected to cover these groups. I've amended the line in the Deed to include reference to both of these, to provide further clarification.

No requirement for Proponent to be at fault

I talked with our legal team about this section. They communicated that:

- It is standard wording, and there probably is no scope to change it
- It is perhaps not as onerous as it seems at first glance. If there is a failure to comply with an obligation under the deed, there is a graduated series of actions that will hopefully remedy it before there are any significant consequences. This will include:
 - Informally drawing to your attention the concern;
 - Issuing a breach notice if the issue is not fixed within a reasonable time;
 - Developing a cure plan; and
 - Implementing the cure plan.
- This provides Solarshare with plenty of opportunity to respond to events that are outside of its control.

Public Liability insurance

Legal have advised that this needs to be in place before the Deed of Entitlement can be signed by the ACT Government. I hope this does not cause any inconvenience.

Please get in touch if you have any followup questions, and I'll send through the new Deed as soon as I am able.

Kind regards

- Scott

From: Lawrence McIntosh [REDACTED]
Sent: Monday, 3 December 2018 7:11 PM
To: Temby, Hugo; [REDACTED] Nick Fejer
Cc: Bales, Scott
Subject: Re: FW: Solarshare draft deed v2 [SEC=UNCLASSIFIED]

Hi Hugo,

Thanks for the time on the phone, I'm sorry that word has been playing up. Thanks to you and to Scott nonetheless for your efforts in updating the doc to address the various issues we discussed.

It sounds like you will get a moment to send us a clean version tomorrow. Much appreciated. For the clean up tomorrow I spotted a few things that might save you double handling:

For the below clauses I think we are agreed that date is 30 November now

- 16.2
- 16.10 Table "Amendment or repeal occurs between (dates inclusive)"
- Schedule 1 item 3a and 3b:

For Schedule 2: We had discussed increasing the allowed panel quantity by 10% (to 5352) to allow EPC a means of make-good if they are unable to meet contracted performance.

Thanks, the revised deed is still under review by the SolarShare board but I will be pushing hard to get it signed this week. We are planning the public release of our offer document with ASIC on the 13th of December.

Kind regards
Lawrence McIntosh
Principal Executive Officer: SolarShare
www.solarshare.com.au
[REDACTED]

On Fri, Nov 30, 2018 at 4:04 PM Temby, Hugo <Hugo.Temby@act.gov.au> wrote:

Hi Lawrence

Please see the latest version of the draft deed, incorporating feedback from our legal team.

Can you please review and let us know if this all looks ok? Scott and I happy to discuss if any questions.

Best

Hugo

Hugo Temby | Manager, Energy Projects

Phone: +612 6205 9337 | [REDACTED] | Email: hugo.temby@act.gov.au

Energy Markets and Renewables | Environment, Planning and Sustainable Development Directorate | ACT Government

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ACT
Government

Environment, Planning and
Sustainable Development

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BRIEF

To:	Deputy Director-General	Tracking No.: 18/36376
From:	Senior Manager, Energy Markets and Renewables	
Date	10 December 2018	
Subject:	Deed of Entitlement for Solarshare Community Solar	
Critical Date:	12 December 2018	
Critical Reason:	To allow Majura Community Energy (SolarShare) to lodge documents to meet ASIC timeframes, without resulting in the need for an additional audit	

- ED, Climate Change and Sustainability .../.../...

Purpose

To seek your signature on the Deed of Entitlement with Majura Community Energy (SolarShare) for its ACT community solar project.

Recommendations

That you **sign** the Deed of Entitlement at Attachment A.

Signed / Not Signed / Please Discuss

Geoffrey Rutledge



12/21/18

DG Feedback

Background

1. The ACT's Community Solar Scheme (the Scheme) forms commitment 3.3 of the 2012 ACT Parliamentary Agreement. In February 2014, Cabinet approved the release of 1 megawatt (MW) of capacity under the *Electricity Feed-in (Large-scale Renewable Energy Generation) Act 2011*, for the Scheme (decision 13/447/CAB).
2. On 29 May 2017, EPSDD received a third Scheme proposal from SolarShare for a 1 MW fixed panel solar farm located on rural block 707 in Majura, to the immediate north of the existing 2.3 MW Mt Majura Solar Farm.
3. In September 2018, Minister Rattenbury agreed to grant SolarShare a feed-in tariff entitlement, and agreed to a deed of entitlement being negotiated and signed by EPSDD, with a subsequent notifiable instrument (a requirement under the *Electricity Feed-in (Large-scale Renewable Energy Generation) Act 2011*) to be signed by the Minister (18/16865).

Issues

4. EPSDD and SolarShare have successfully negotiated a deed of entitlement, which has now been signed by Majura Community Energy (Attachment A). No significant issues were encountered during negotiations. We recommend you sign the Deed at Attachment A.
5. The completion date for the solar farm is 30 November 2019.

Financial Implications

6. Nil. The feed-in tariff is paid as part of the distribution component of ACT consumer's electricity bills and not by the ACT Government.

Consultation

Internal

7. EPSDD Legal Services was consulted during drafting of the deed.

Cross Directorate

8. No cross directorate consultation was necessary for this brief. However, Treasury was consulted on, and has agreed to, the Treasury financial guarantee included in the deed.

External

9. EPSDD has developed the draft deed in consultation with SolarShare.

Benefits/Sensitivities

10. The deed of entitlement will allow SolarShare to commence raising funds from the ACT community and commence construction of the solar farm.
11. Solarshare's proposed solar farm will be the largest community solar farm in Australia.



12.



13. Potential investors will need to carefully consider their risk appetite before investing in the project, as they would for any investment. However, the risks to the ACT Government associated with a similar event occurring for the Solarshare project are considered low for the following reasons:
- a. Solarshare already has an agreement in place with an engineering, procurement and construction (EPC) subcontractor for the solar farm.
 - b. The deed places requirements on Solarshare to construct the facility on time, and failure to comply with this timeframe could result in Solarshare losing access to its feed-in tariff payments.
 - c. The risk associated with delays or cost overruns sits with the proponent, or the subcontractor. There is no identified risk to the ACT Government or ACT electricity consumers from a change to either timeframes or budgets for the project, other than the project not proceeding.

Media Implications

14. A media release is being prepared for Minister Rattenbury for the public announcement of the Community Solar Scheme, which will occur shortly after the signing of the Deed of Entitlement.

Signatory Name:	Hugo Temby	Phone: x59337
Action Officer:	Scott Bales	Phone: x54435