

Reach Solar Energy Pty Limited  
Registered office  
C/o Fordham Business Management  
Rialto South Tower  
Level 29, 525 Collins Street  
MELBOURNE VIC 3000

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Email: rez@planning.nsw.gov. au

### **CWO REZ Access Scheme Issues Paper**

Reach Solar energy (**Reach**) is pleased to provide its response to the Energy Security Board (**ESB**) discussion paper entitled “Renewable Energy Zones - Access Scheme, Issues Paper” (**Paper**) dated March 2021.

By way of background, Reach is a developer of large-scale solar photovoltaic (**PV**) and distribution connected energy storage projects. Reach management ([www.reachsolarenergy.com.au](http://www.reachsolarenergy.com.au)) have a proven track record with development, large-scale capital raising and operations, for both energy and infrastructure projects in across Australia and internationally.

In mid 2017, Reach raised \$500m of project finance for Bungala One and Two, 2 x 110MWac solar PV in South Australia. Reach is currently developing 450MWac as the first stage of a 900MWac solar PV and 70MWh energy storage consented site in NSW, and sub 5MW distribution-connected batteries in South Australia.

Responses to the specific questions raised in the Paper are provided in the attached NSW Planning Submission Form. In summary:

**Option 1 is preferred.** Renewable projects will need to balance connecting outside of the REZ (as there remains pockets of under-utilised grid infrastructure, and more as fossil-fuels exit), against the additional cost and non-NEM features of the REZ Access Scheme.

The National Electricity Market (NEM) provides incentives to increase utilisation by installing energy storage behind the connection point (generation and/ or load), and the market is changing. The latest being a proposed two (2) second fast frequency response market by the AEMC, and a suggestion by the Energy Security Board of capacity being valued (generation and/ or load management).

Intuitively, energy storage co-located with generation (or load) is likely to have a lower cost than energy storage connected at higher voltages.

**No lessening of competition.** There is a real risk the barriers to new entrants are increased by the REZ Access Scheme and the detailed terms of the NSW Roadmap. It is critical the LTESA terms are designed properly and do not increase the barrier to new-entrants and in turn lessen competition. The NSW Government LTESA tender should permit all NSW renewable projects

inside or outside of a REZ to participate from the first round of the NSW tender process to capture “shovel-ready” projects, with strong land-owner and community support in rural regions and initiatives to attract more employment to these regions.

**The access rights should at least match the notional tenor of loans.**

Banks base the notional life of the loan using project asset life and risk profile. Typically in the Australian market notional loan terms are between 18 and 22 years. Reach prefer the minimum term matches the term of the connection agreement.

**A transition arrangement** should exist to recognise existing renewable projects (operational or well-advanced) which are within or adjacent to a REZ (operational and/or well-advanced). Care should be taken to ensure project value is not destroyed as part of the REZ Access Scheme.

**MLF volatility should reduce** but note it can be materially affected by other factors including power flows between different States due to say a change in State-Government renewable energy target.

This is evidenced for a number of NSW projects in the draft March 2021 MLF by AEMO where Victoria RET scheme has increased power flows to NSW. It is mitigated by the project site, connection voltage and local demand.

**A totally planned regime is not always best.** Consider if the NEM in 1998 had guaranteed grid infrastructure with firm unconstrained access to the prevailing fossil-fired generators for say 30 years. In this scenario new technologies including the reduced cost of renewables, distributed demand/ generation schemes, would have been frustrated from entering the market and competition would have been lessened: adversely affecting the electricity price to customers.

I hope the NSW Government (Planning) find the Reach response useful in forming its views on the REZ Access Scheme arrangements. Reach considers the policy is important and please do not hesitate to contact me if you have any questions.

Yours faithfully,



Tony Concannon

CEO

Reach Solar energy



Encs: NSW Planning Submission Form