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## **Goonumbla Solar Farm – Objection to Activation Precincts SEPP and Parkes Draft Master Plan**

### **1 Introduction**

- 1.1 We refer to the public exhibition by the Department of Planning, Industry and Environment (**Department**) of the Explanation of Intended Effects for the Activation Precincts State Environmental Planning Policy (**Activation Precincts SEPP**) and the Parkes Special Activation Precinct Draft Master Plan (**Draft Master Plan**).
- 1.2 Goonumbla Solar Farm Pty Ltd (**GSF**) is the owner of the 68.7 MW AC Goonumbla Solar Farm project (**Project**), which is located approximately 10 km west of the town of Parkes. GSF is wholly owned by Goonumbla Target Holdings Co Pty Ltd (**GSF Target**), which is wholly owned by Goonumbla Asset Co Pty. Ltd. as trustee for the Goonumbla Asset Trust. The Project is located on land described as [REDACTED] (**Project Site**).
- 1.3 Together with FRV Services Australia Pty Limited (which has an asset management agreement with the Project owner in respect of the Project), GSF, GSF Target and Goonumbla Asset Co Pty. Ltd. are members of the Fotowatio Renewable Ventures group, a global renewable energy solutions provider and leading solar developer. Reference to “**FRV**” in this document is to each Fotowatio Renewable Ventures company with an interest in the Project.
- 1.4 This submission is an objection by FRV against both the Activation Precincts SEPP and the Draft Master Plan insofar as they propose a northern link road through the Project Site. The reasons for this objection are elaborated below.

### **2 Relevant Background**

- 2.1 The Project was assessed as State significant development and consent was granted by the Minister for Planning on 5 December 2016. The development consent and all assessment documents were made publicly available on the Department's website ([http://www.majorprojects.planning.nsw.gov.au/index.pl?action=view\\_job&job\\_id=7618](http://www.majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=7618)).
- 2.2 On 4 August 2017, the Australian Energy Market Operator (**AEMO**) issued an acceptance letter in relation to the Project under clause 5.3.4A of the National Electricity Rules.
- 2.3 On 10 October 2017, FRV executed a Generator Project Agreement with NSW Electricity Networks Operations Pty Limited and a Connection Agreement with Transgrid.
- 2.4 In August 2018, Transgrid issued a Notice to Proceed in respect of the Project.
- 2.5 In October 2018, FRV entered into a Power Purchase Agreement (**PPA**) with Snowy Hydro for the sale of the electricity produced by the Project. Under this agreement, there is an expected level of energy production and expected commencement date. The agreement provides for payment by FRV of liquidated damages and termination clauses if the Project does not deliver the committed values.

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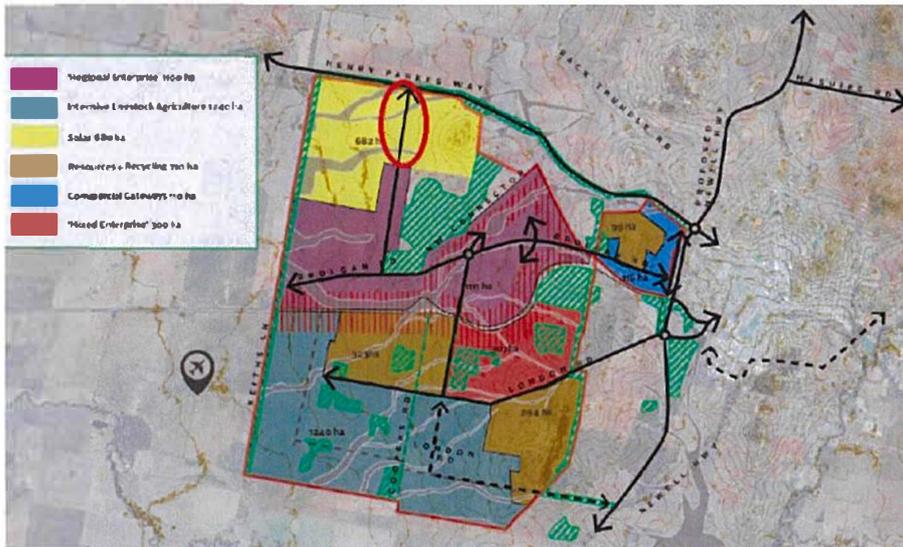
- 2.6 In March 2019, FRV signed with Gransolar an early works agreement for the Engineering, Procurement and Construction (**EPC Contract**) of Goonumbla Solar Farm, triggering the commencement of engineering works.
- 2.7 On 1 July 2019, FRV notified the Department of the successful achievement of all conditions precedent stipulated in the development consent and the consequent start of the works on site.
- 2.8 In July 2019, FRV entered into a loan agreement with certain financial institutions securing the financing of Goonumbla Solar Farm. These financial arrangements were obtained based on the guaranteed energy sale agreed between the parties to the PPA. Any change to the PPA terms would cause a breach of the Project loan agreement and would therefore trigger a refinancing of the Project with a likely outcome of non-viability.
- 2.9 Subsequent to the securing of the financial arrangements, the full EPC Contract was executed with the consortium Gransolar/Astronergy. This agreement includes compensation payments to the EPC Contractor in the event of delays.
- 2.10 In August 2019, Project engineering was 94.5% complete, procurement activities almost finalised, and construction activities had commenced onsite. Substantial Completion is due under the EPC Contract on 2 April 2020.

### **3 Comments on Exhibition Documents**

- 3.1 The Activation Precincts SEPP suggests that preparation of several technical studies has provided an "evidence-base" to "support the opportunities and identify constraints" of the Parkes Special Activation Precinct. FRV disagrees.
- 3.2 The exhibited documents show a proposed road intersecting the Project from North to South, which is referred to as "New Northern Link Road" (Draft Master Plan page 10 and Draft Structure Plan pages 55 and 63) or "North-South Connection – Brolgan Road to Henry Parkes Way" (Infrastructure and Transport Evaluation Report Appendix I, page 4). The proposed road is shown in the figure extracted below.



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- 3.3 The current road proposal was not raised by any of the multiple government agencies (including the Department, Roads & Maritime Services and Parkes Shire Council) involved in the 2016 assessment of the Project's State significant development application.
- 3.4 The exhibition documents fail to appreciate the advanced stage of the Project. For example, page 5 of the Draft Master Plan only depicts the nearby Parkes Solar Farm and ignores the Project Site.
- 3.5 The Draft Master Plan (page 11) claims that the "Solar Sub-Precinct recognises the significant investment already made in renewable energy generation and supports the Special Activation Precinct to become Australia's first UNIDO Eco-Industrial Park". There is a similar comment in the Draft Structure Plan (page 55). However, there is no analysis of the inherent conflict between the proposed road location and the Project.
- 3.6 The Infrastructure and Transport Evaluation Report briefly refers to the proposed road "cutting through the solar farm" (page 67). The same page seems to envisage a "50m wide reserve" for the purpose of a "sufficient corridor width". Again, there is no attempt to assess the impacts on the Project. As discussed below, these would be in the order of tens of millions of dollars and result in contractual issues that jeopardise the viability of the Project.
- 3.7 The necessity for the proposed road is unsubstantiated. According to the Draft Master Plan (page 13) and Draft Structure Plan (page 63), the new connector road from Brolgan Road and Henry Parkes Way would provide "additional accessibility" to the precinct. The Infrastructure and Transport Evaluation Report (Appendix I, page 4) says that the road "will be required to improve efficiency of vehicle movements between the various proposed land uses and to facilitate a circular economy within the precinct". cursory and vague references to additional accessibility in no way justify the disproportionate effect of placing a road through the middle of the Project Site.
- 3.8 Flooding risks relating to the proposed road have only been superficially addressed in the exhibition documents (e.g. page 15 of the Draft Master Plan). Figures in the Flood and Water Quality Management Study Report also seem to contemplate detention basins being imposed on the Project Site.



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#### 4 Consequences of Proposed Road

- 4.1 The road would have major time and cost impacts on FRV. In particular, the Project would need to be substantially re-designed and re-built to accommodate the proposal. Should this intervention be imposed on the current contractual framework, it would result in the following events:
- (1) Re-design of the affected areas and relocation of the infrastructure to an offsetting area which would affect the Project operations over a period of at least 6 to 8 months.
  - (2) Significant delay costs and variation claims under the PPA currently in place with Snowy Hydro. The Project would breach the current agreement for the interruption of the energy supply during the construction of the road, leading to considerable financial penalties and possible termination of the PPA.
  - (3) FRV would need to re-apply for the connection point to AEMO and Transgrid since the new configuration would change the already agreed General Performance Standards of the Project. This re-application process could lead to AEMO/Transgrid refusing to allow a connection or imposing additional onerous conditions, preventing the Project from continuing its operations.
  - (4) Should AEMO/Transgrid accept the new connection request for the new plant configuration, FRV would be required to redo the commissioning test of that new plant (necessitating an operational outage of between 4 and 6 months).
  - (5) The road will also impose additional operational issues and costs associated with compromised access and traffic conditions.
- 4.2 FRV has engaged a first tier engineering company to provide a high-level assessment of the engineering, procurement and construction costs associated with relocating infrastructure affected by the proposed road. The cost range is estimated to be between AUD 5,320,000 and AUD 6,621,000.
- 4.3 In addition to negative effects on engineering, procurement and construction, the Project would be exposed to various forms of financial detriment. These include but are not limited to:
- (1) reducing the amount of revenue generated by the Project;
  - (2) reducing the overall value of the Project;
  - (3) exposing the Project to significant legal claims for liquidated damages under the PPA and damages under the Connection Agreement;
  - (4) potential variation to the PPA should the proposed road reduce the total generation of the Project with the potential for PPA default and subsequent loss of revenue stream;
  - (5) increasing FRV's funding costs for the Project to deal with delay to completion and the variation to the design, including interest costs and construction facility default;
  - (6) legal and expert costs associated with the above, including any renegotiation with the Project sponsor and financiers.



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- 4.4 FRV would also be exposed to material regulatory risks (and potential delays) associated with the need for additional planning and other approvals to enable part of the Project to be lawfully relocated to some area outside the approved footprint.
- 4.5 There is no suggestion in the Activation Precincts SEPP, the Draft Master Plan or any of the exhibition reports that the impacts of relocating part of the Project to an adjacent "offset" area have been assessed, either properly or at all. Any "offset" area would be outside the existing 2016 development consent. Further, all land adjacent to the Project Site appears to be privately owned by third parties.
- 4.6 Costs and losses derived from the financial impediments on FRV's operating entity, as well as liabilities arising from any contractual breaches, cannot be quantified at this stage. However, they are likely be in the tens of millions of dollars, for which the Department would need to compensate FRV should it insist on imposing the road corridor through the Project Site.
- 4.7 There is no analysis of the economic impact on FRV, or ultimately on NSW public funds, of the road proposal. This should be a minimum requirement in assessing whether the northern link road through the Project Site is a necessary and proportionate planning measure. For instance, neither the Economic and Industry Analysis Report or the Infrastructure and Transport Evaluation Report take into account the economic impacts on FRV or the compensation for which the State would be liable.
- 4.8 FRV submits that a road through the Project Site should be omitted from the Activation Precincts State Environmental Planning Policy and Parkes Special Activation Precinct Master Plan. If it is not, FRV reserves its right to make additional objections and take any other necessary action to protect its interests.

Yours sincerely

Carlo Frigerio – Company Director