



President's Report: CE4G AGM 21/09/18

Good evening everyone.

This is a classically constructed report consisting of three clear sections:

Good News
Bad News
Good News

So I'll start with some good news:

In Peter Fraser's President's report last year, he asked:

Where to from here?

1. Secure Connection information from Essential Energy

Done

2. Contract with a design company to complete design work and connection and flow studies to satisfy Essential Energy and submit connection application

Done

3. Commission NRF to compile contract documents, tender documents, and design an Offer Information Statement

Done

4. Commission financial consultant to review feasibility study, review document and current costings and complete a business case to be incorporated into the Offer Information Statement

Done

5. Design and implement a marketing plan to locate and sign up prospective investors.

Well under progress

What else has been done?

1. Assessed numerous solar farm construction alternatives and selected 5B, an innovative cheaper Australian design, saving \$400k in construction

costs.

2. Assessed various company structures for the farm, and selected a Co-op:
 - Community centric
 - Members, not shareholders
 - One vote per member
 - Members must participate
3. All but completed design work and Essential Energy contract
4. Investigated various PPA options in final negotiation stage with two, GMC and Energy Locals

Work in Progress:

1. Completing compliance issues: DA; Essential Energy contract
2. Drafting Offer Information document
3. Establish Co-op
4. Finalise PPA(s)
5. Final negotiation with EPC partner

So we are very nearly there! We were planning a launch date of October 30th...6 weeks time

But here's the BAD NEWS:

1. Up until about a month ago, our financial modeling indicated a profitable venture returning between 2.5% - 6% to our investors. Yes that is a huge range, and the larger 6% was dependant on some very encouraging discussions we'd had with the NSW govt indicating to us a very likely "this is what we want to do" capital grant of possibly over \$1m. Without that the return would have been an acceptable 2.5%; with it, a very attractive 6%.
In subsequent discussions just this week , we have been told that "likely" is now "a strong possibility" and that the earliest we can expect a decision is "the end of the year" despite "real enthusiasm for us from Don Harwin, the relevant Minister". So it's been watered down significantly.
2. The current Federal policy position (if you can describe it as that) has led to huge uncertainty in the electricity market (in both the renewables and fossil fuel sectors) with a resulting complete instability in wholesale electricity pricing.

Until the recent Prime Minister spill led by Tony Abbott/Peter Dutton and supported by our local member, Angus Taylor, there was consensus in the LNP party room about the NEG. It wasn't a perfect policy; far from it. But it WAS a policy....outside the party room everyone from the Greens to the extreme right wing had issues....but it had consensus and it had been agreed.

But since it's trashing, opinions on the most relevant issue for us, electricity pricing, vary wildly,;and any attempt by us to project cash-flow and profitability beyond 4 years is nothing but guesswork.

3. The indecision of the NSW government and its lack of support has gravely affected our ability to get the farm on the ground. To put this into context, early community owned renewable farms in Denmark, UK and Germany all received substantial govt support to get the concept under way. Even in Australia, the Hepburn Wind farm received \$1.725m in support from the Victorian govt.; and even the Goulburn abattoir, a privately owned business, received \$2.1m from the federal government funded ARENA, 35% of the entire cost. We have received a paltry carrot-like feasibility study grant of \$50k from the NSW govt, and nothing more from anywhere once the farm was proved, by that feasibility study, to be viable.
4. Under these circumstances, and after 4 years very very hard work and despite being "ready to build", it is with huge regret but with a strong sense of reality, your committee has made the decision to delay the build. We HATE it, but we cannot go to potential investors with guesswork as financial projections.

But I said there was more good news.....

1. For us, the community owned solar farm is SO important. As the largest community owned solar farm in the country, it was to be or indeed will be a beacon not only for the region, but for all of NSW and the entire country. It would show everyone what can be done. And it's physical position adjacent to the railway and the northern entry into Goulburn sends such powerful visual message.

All is NOT lost with the solar farm. We are virtually ready to build. All we need is a positive outcome from the NSW govt and for the clarity in the federal policy position; both of which... might happen.

2. And in conjunction with that, we will bring forward the projects that were intended to be "post farm".

There has always been a plan to build behind the meter, probably rooftop, installations, in conjunction with supporting the more disadvantaged within the

Goulburn community.

In the past we have had lengthy discussions with the gaol about a sizeable behind the meter installation.

Now we will commence discussions with the leading community group in behind the meter, Repower Shoalhaven, who already have seven separate installations up and running. We invented the community owned solar farm wheel; it'll be nice to have some experience to lean on!

But the bottom line is that behind the meter installations are far more profitable and simpler than an into the grid project: no DA; no lengthy Essential Energy contractual wranglings; far higher prices.

So if there's any "perfect" in this world, we will build the solar farm in the next 6 - 12 months, and be simultaneously initiating a number of behind the meter projects.

Now none of that will have happened without a stunning performance from your highly dedicated totally volunteer committee.

So my most important duty this evening is to publicly thank them.

In no order:

Sonya. Minute taker extraordinaire, and Manager of our member database and member communications. Sonya can sometime appear a bit quiet in meetings, just listening and absorbing....but then right at the end there is the highly insightful contribution that makes us re-think.

Bill. Go to man on practical issues like fencing quotes and as an ex Citizen of the year, a valuable community ear.

Nestor. Treasurer who resigned a few weeks ago, but was absolutely invaluable in his control of progress with GMC, Essential Energy, and the Leases. Nothing slipped through his fingers.

Gretchen. Straight into the deep end: took over the Treasury from Nestor and agreed to oversee the establishment of the Co-op. Welcome!

Ian. Is not a member, but is contributing some really insightful financial thinking

Martin. The owner of his own solar installation company who contributed a lot of technical info, and despite resigning for work pressure reasons, is still available as a source of technical knowhow.

Alex. Contributes more than the rest of us put together on high-end technical issues including grid connection and PPAs and he's so well connected. Need some seriously high level consultation? Ask Alex. And Alex has agreed to project manage the behind the meter strategy.

Peter. Invaluable. As the ex-President, he knew so much stuff that I didn't. Peter brings passion (well we all do, but Peter's in a class of his own!), marketing and PR strategy, connections, and takes things on without even being asked.