



SolarShare

CANBERRA

SolarShare Canberra
PO Box 7025
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Thursday 21st January 2016

National GreenPower Accreditation Program
NSW Trade and Investment
Level 11 323 Castlereagh Street, Sydney, NSW 2000
CC: greenpower.admin@trad.nsw.gov.au

RE: GREPOWER PUBLIC CONSULTATION SUBMISSION

Dear Sir or Madam,

Thank you for providing this consultation opportunity.

SolarShare is an innovative social enterprise that allows the Canberra to invest in and co-own a local solar farm. Our members gain a connection to others in their community, a connection to investment in local infrastructure, and connection to how renewable energy is generated. All while making a sustainable investment with a financial return.

SolarShare is developing a 1.3MW flagship solar project as well as smaller rooftop sized projects that will be owned by members of our community. We intend to register our flagship project with the GreenPower scheme: as project 1MWac / 1.3MWdc in size it will be the largest community owned solar project in Australia, yet still relatively small in the context of other Australian solar projects in commercial developers' pipelines. We currently have over 500 Canberra locals registered to invest approximately \$3 million and achieve approximately a 5% return on their investment.

PROJECT SIZE THRESHOLDS FOR GREENPOWER REGISTRATION

The overheads of operating a community investment vehicle are significant in the context of a relatively small project portfolio. However, we strongly believe the benefits are worth it as community project increase the level of familiarity and comfort that the community has with renewable energy projects. This in turn reduces the likelihood of community opposition in the renewable energy sector. Our annual organisational overhead budget is in the order of \$20,000, every \$1,000 counts when working with this level of budget constraint. We are pleased to see the new draft GreenPower rules acknowledging the importance of community energy and raising the MW size threshold for this and reducing the annual fee.

COMMUNITY PROJECT DEFINITION

We would request that steering group review the way it defines a community owned project, particularly with respect to the minimum ownership proportion. A 20% threshold on this definition will limit the scope of the sector to secure underwriting. Raising community finance for a project is a challenging series of chicken-and-egg type dependencies and underwriting can offer significant advantages in achieving other finance milestones. Underwriters will usually take the form of commercial project developers or alternatively social impact investors. Some underwriters will expect a minimum level of ongoing investment in the project and this is can be around 20%. Recent negotiations we've held were for a minimum ongoing stake of 20% and an underwrite up



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to a maximum of 49%. It seems that if we were to draw on any of the underwrite beyond the minimum 20% we would fall outside the draft Greenpower Rules' definition of a community renewables project.

We naturally have a strong desire to ensure our project is not taken over by interests outside our community through a single particularly powerful investor. In our view it is much more preferable to invite more people in our community to be investors than have a single large investor limiting how much equity is available for others to buy. Nonetheless we think that setting aside 20% as a minimum for the underwriter is a reasonable trade-off if, in return, they will cover the short fall if community investment is undersubscribed. To balance this trade-off and protect the project from being taken over by commercial interest we have adopted a clause in our constitution also limiting large investors, but not limiting underwriting. We request that the Greenpower scheme consider adopting a definition with similar intent so as to not limit an underwriter's role in the project financing arrangements.

The example clause from our own constitution is below:

Each Member of the Company must not hold more than X% of the share capital of the company, except where that member's shareholding is held in the capacity of being an underwriter to the company.

GREENPOWER PROVIDER VOLUMETRIC MINIMUM FEES

As strong driver of a community renewable project is the opportunity for members to gain a closer connection to their energy supply. As you are no doubt aware, it is difficult / unusual for a retailer to offer energy specifically from a particular generator (or generators) in a retail offering. Nonetheless, many community energy groups including SolarShare aim to eventually provide members with a mechanism (through a retailer partnership) where they can say that energy they use at their premises has been sourced directly from the relevant community generator. This would require a specifically tailored GreenPower product that allows an energy customer to do just that and provide a way for a retailer to offer a highly differentiated product. Current fees and regulations surrounding GreenPower particularly the \$5,000 annual minimum fee, make it cost prohibitive to offer a GreenPower product on such a small scale. We support the recommendations that Hepburn Wind have put forward as part of their submission.

Best Regards,

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