

16 February 2018

Mr Luke Walton

Director, Industry and Infrastructure Policy

Department of Planning and Environment

information@planning.nsw.gov.au

Dear Mr. Walton,

Canadian Solar Australia Submission on the Draft NSW Large-Scale Solar Energy Guideline

Canadian Solar (Australia) Pty Ltd (**Canadian Solar**) fully supports the NSW State Government's bold plan to achieve the net-zero emissions by 2020, rising to 40% of generation by 2050. As part of Canadian Solar's commitment to the NSW Government's initiative, we have developed a solar project pipeline in total more than 1.5GW in State of NSW alone. We commend the State's support for renewable energy throughout the project development and construction will be essential not only for the developers, but also for the benefit of all the local communities involved.

Global renewable energy commentator, Green Tech Media, recently released their report titled "Top 15 Global Utility Solar Developers" in which the Canadian Solar group was listed in the top (3) three developers globally. Green Tech Media are held in high esteem with respect to being an independent and well-informed authority assessing the renewable energy sector. This speaks to Canadian Solar's capacity to deliver quality, sustainable, projects to the highest global standards.

Fully support on NSW State Government Sustainability Strategy

Canadian Solar has a high regard for State Government's Strategy:

- The decision to stay committed to and address the aims of the International Paris Agreement;
- The decision to achieve net-zero by 2050 and deliver on NSW Renewable Energy Action Plan;
- Continue to contribute to the Commonwealth's renewable energy target;
- To assist in meeting energy demand and improving energy security for NSW in the context of the regulatory framework for the National Electricity Market;

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- Intention to help solar industry to streamline the development approval processes and provide necessary assistance for grid connection.

Canadian Solar as one of the industry leaders in solar development, we are ready to work with the State Government to achieve the goals. We welcome the opportunity to respond to this draft and help NSW to improve solar development process. Together we can make a difference.

Lack of transparency and inefficient grid connection process with NSW's Local DNSP

Canadian Solar (including Recurrent Energy) has been investing and developing major projects in NSW and work with local DNSP for more than 7 years, there are some critical issues from our past experience that can create unnecessary barriers and increase significantly the grid connection timeline and sometimes in worse situation, stops the project development.

The major barriers included but not limited to the below:

- Lack of transparency on the grid capacity, often, the queue system that DNSP is currently having in the process can be misused by some developers to secure the capacity without actually investing in the solar project. The result of that is preventing real investors such as Canadian Solar to develop their project due to unknown capacity or unknown timeline for the available capacity to be released back to the market. We highly suggest State Government to help to increase the efficiency and effectiveness of the grid connection process together with DNSP;
- Slow process and long response time when working with local DNSP on grid connection issues. Regardless how much the effort the developer has put in; the process time is controlled by the DNSP who is processing the application. Canadian Solar found frequently the wait time for process 1 request can be up to 3 months without having the problem actually resolved. This created a high uncertainty and increase the financial risks for investors including Canadian Solar to accurately control the investment cost and timeline.

Relatively high development cost for solar project in NSW could result in higher LCoE and potential negative impact on business cases

When compared to other States such as Victoria and Queensland, NSW has the highest application charges in the process of Development Approval (DA) and Grid Connection especially the project connecting to Transmission facilities.

The high charges are a direct result of linking the DA application fee to the project CAPEX and CIV values, these charges will be factored into the financial model and resulting in a LCoE project, hence reducing the competitiveness for both investors and energy powers.

In order to encourage the solar investment and to further reduce the project cost in the State of NSW, Canadian Solar strongly suggest the State Government to revisit the DA application fee calculation methodology.

Jobs for Locals via Government PPA schemes such as Reverse Auctions

As part of Canadian Solar's social responsibilities, we are committed to providing at high percentage local content including allocating total labour hours through local apprentices, trainees and engineering cadets (trainees). Canadian Solar is committed to delivering local solutions that will result in sustainable employment.

NSW has the largest population and highest energy demand in Australia, Canadian Solar truly realise the potential of NSW's solar market and reflect in our project pipeline (>1.5GW). We believe one way to encourage the solar investment is to leverage on the buying power of the government. Reverse Auction based on the CfD is one of the most efficient way to buy renewable energy at the lowest possible cost while creating jobs and improving economy for the local communities. It has been proven by Canberra and implemented in Victoria. Canadian Solar understand NSW government has diligently look for a PPA model to best suit the state's needs, we strongly recommend and fully support to put it into action.

With respect to the content of this "Draft Guidelines"

We strongly support the New South Wales Government proactive approach to ensuring the process is clear for all stakeholders involved in large-scale solar projects. We would also like to take this opportunity to note the State Governments Planning teams approach to managing the SSD process for these projects. We have found a willingness to be highly responsive and clear in their requirements and the overarching process.

- The Guidelines are considered be well crafted and highly accessible;
- The department could consider adding the consideration of proximity to airdromes/airports as an area of constraint with respect to solar thermal project with central towers;
- The role of the respective local Council in the process could be made clearer in the Assessment Process section;
- The department may want to areas subject to inundation to the Areas of Constraint section;
- Whilst we acknowledge and respect to need to protect visual amenity of residents and sensitive locations, we believe the explanation of "sites with high visibility" could include reference to proximity when considering "residences with elevated view looking toward the site" as proximity will also determine the level of sensitivity.

We hope you find this feedback constructive and look forward to working with you in future.

If you have any further questions with regard to this submission, please contact Daniel Ruoss via telephone on 03 8609 1844 or via email at daniel.ruoss@canadiansolar.com

Yours sincerely,



Daniel Ruoss

General Manager, Energy Group