



Renmark Paringa Council

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Jane Eliza Solar Farm – Viewpoint

Renmark Paringa Council has recently signed a lease agreement with Akuo Energy for them to build, own and operate a 4.98mw solar farm on Lot 803 Jane Eliza Avenue.

The leasing of Lot 803 Jane Eliza Avenue has several different components including an upfront payment to Council of \$200k as well as rehabilitation of an ageing floodbank and native vegetation requirements. In addition Council conservatively estimates it will generate \$4.5m through the lease, including the renewal period.

In relation to the assigning of the lease Council undertook an Expression of Interest followed by a Request for Proposal which was facilitated by an externally chaired panel which made recommendations to Council.

Council agrees it has taken a conservative approach by only leasing the land, our treasury management policy dictates that we will take this type of approach to investment decisions. After all we have responsibility for the community's funds.

Following a consultancy presentation in November 2017 from a business and engineering consultancy company Council made the conscious decision it was not core business of Council to build own and operate a \$12m solar farm and be exposed to a volatile energy market.

In addition the community should be aware that for Council to undertake a project in excess of \$4m, which the solar farm would have been, that has a greater than usual risk in regard to financial or corporate governance arrangements requires Council to initiate the undertaking of an independent prudential review of the project.

Without a negotiated Power Purchase Agreement (PPA) of solar power produced it is doubtful that any external prudential review would recommend that Council proceed.

With the volatile energy market, uncertainty of Australia Government energy policy and amount of solar power planned for the near future that will change the supply/demand balance Council did not wish to attempt to negotiate a long term PPA as we are aware of examples which suggest this is difficult and risky.



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To put into perspective for the ratepayers the net return Council will receive equates to an average of \$6,550 per hectare per annum over a 25 year period without factors such as the risk of market access, water leasing prices or market oversupply.

Council also has taken into account our current infrastructure priorities in this financial year which include renewing our outdoor pool which has served the community for 50 years, developing Government Road into a strategic freight route and beautifying our Riverfront. These three projects represent a capital expenditure of \$8.834m.

Neil Martinson
Mayor