

9 June 2021

The General Manager
Orange City Council
PO Box 35
ORANGE NSW 2800

Dear Sir/Madam,

RE: S4.55(2) MODIFICATION APPLICATION TO DA423/2019(1) IN RELATION TO 643 MITCHELL HIGHWAY (MOLONG ROAD) ORANGE

This report has been prepared to accompany an application under Section 4.55(2) of the *Environmental Planning and Assessment Act 1979* (the Act).

1. THE APPROVED DEVELOPMENT

DA423/2019(1) was approved by the Western Region Planning Panel (the Panel) on 8 December 2020.

Deferred Commencement Consent was issued by Orange City Council on 8 December 2020 for:

"Electricity Generating Works (5 MW solar farm)".

The consent applies to land legally described as Lot 200 in Deposited Plan 1194585 and with a street address of 643 Mitchell Highway, Orange.

2. BACKGROUND REGARDING DETERMINATION OF DA423/2019(1) AND RELEVANCE TO THIS APPLICATION

DA 423/2019 was approved subject to a series of deferred commencement and other conditions to specifically address a series of issues that were raised during the Panel's determination meeting on 8 December. One (1) of these issues is directly relevant to the subject modification application and it relates to Condition (1)(b) of Part B (Operative Conditions).

Condition (1)(b) of Part B limits operation of the solar farm for a maximum period of 25 years from the date of occupation. However, the intended operational timeframe for the solar farm is 35 years, which was the timeframe originally recommended by Council in its report to the Panel. The 25-year period was set by the Panel based on one Panel member's concern in relation to the growth currently being experienced in Orange and the purported intention for the land to comprise urban development in the future and well before 2050.

We note the assessment undertaken by Council for the original DA clearly stated that given the constraints of the land and surrounds, it is "likely to be one of the last properties to be redeveloped for residential purposes as a part of existing strategies". It did not identify any concrete strategic planning basis/context for any less than a 35-year operational consent. This was the basis for Council's original recommendation for a 35-year lifespan condition.

Due to the financial and operational requirements of the approved solar farm, we seek to formally modify Condition (1)(b) of Part B to extend the 25-year operational lifespan to 35 years.

3. PROPOSED MODIFICATION

3.1. Overview of Modification

The subject application seeks to modify one condition of consent, being Condition (1)(b) of Part B, to extend the maximum period of the lifespan of the approved solar farm from 25 years to 35 years.

The justification for this modification is addressed in this statement.

3.2. Condition to be Modified

This application seeks to modify Condition (1)(b) as shown in **red** text.

▪ Condition (1)(b)

Condition	Proposed Modification
<p>(1) The development must be carried out in accordance with:</p> <p>(a) Plans by ITP Renewables - drawings numbered:</p> <p>ORA2B-G-040 Rev 1 dated 28/8/2020; ORA2B-G-210 Rev 2 dated 28/8/2020; ORA2B-G-211 Rev 2 dated 28/8/2020; ORA2B-C-120 Rev 1 dated 7/8/2020; ORA2B-C-430 Rev 1 dated 27/8/2020; ORA2B-C-530 Rev 1 dated 24/10/2019; ORA2B-C-610 Rev 2 dated 28/8/2020; ORA2B-C-620 Rev 1 dated 9/12/2019; ORA2B-C-710 Rev 2 dated 10/8/2020; ORA2B-E-341 Rev 1 dated 7/8/2020; ORA2B-E-411 Rev 2 dated 28/8/2020; ORA2B-E-430 Rev 1 dated 24/10/2019; ORA2B-E-530 Rev 1 dated 24/10/2019; (13 sheets)</p> <p>(b) statements of environmental effects Version B Dated 28 August 2020 or other similar associated documents that form part of the approval as amended in accordance with any conditions of this consent and/or any plans.</p> <p>The solar farm (maximum capacity of 5.0MW) is to operate for a maximum period of 25 years from the date of occupation. The applicant is required to provide written confirmation to Council within 7 days of the solar farm operation commencing, advising of the date on which the solar farm operation has commenced.</p> <p>In accordance with the details set-out, the design of the solar panel array is to comply with the following:</p> <p>* The maximum height of any solar panel installed (at maximum tilt) at the premises is to be 2.617m.</p>	<p>(1) The development must be carried out in accordance with:</p> <p>(a) Plans by ITP Renewables - drawings numbered:</p> <p>ORA2B-G-040 Rev 1 dated 28/8/2020; ORA2B-G-210 Rev 2 dated 28/8/2020; ORA2B-G-211 Rev 2 dated 28/8/2020; ORA2B-C-120 Rev 1 dated 7/8/2020; ORA2B-C-430 Rev 1 dated 27/8/2020; ORA2B-C-530 Rev 1 dated 24/10/2019; ORA2B-C-610 Rev 2 dated 28/8/2020; ORA2B-C-620 Rev 1 dated 9/12/2019; ORA2B-C-710 Rev 2 dated 10/8/2020; ORA2B-E-341 Rev 1 dated 7/8/2020; ORA2B-E-411 Rev 2 dated 28/8/2020; ORA2B-E-430 Rev 1 dated 24/10/2019; ORA2B-E-530 Rev 1 dated 24/10/2019; (13 sheets)</p> <p>(b) statements of environmental effects Version B Dated 28 August 2020 or other similar associated documents that form part of the approval as amended in accordance with any conditions of this consent and/or any plans.</p> <p>The solar farm (maximum capacity of 5.0MW) is to operate for a maximum period of 35 years from the date of occupation. The applicant is required to provide written confirmation to Council within 7 days of the solar farm operation commencing, advising of the date on which the solar farm operation has commenced.</p> <p>In accordance with the details set-out, the design of the solar panel array is to comply with the following:</p> <p>* The maximum height of any solar panel installed (at maximum tilt) at the premises is to be 2.617m.</p>

Reason for modification:

It is uncommon for land use consents, including those for solar farms, to be time limited. By restricting the operational lifespan of the project to 25 years, the financial viability of the project is undermined. Investment decisions are based on expected performance outputs generated by detailed technical modelling that forecasts energy output decades into the future based on historical, location specific weather conditions recorded in Orange.

The solar system components of the proposed development have a lifespan in excess of 35 years. Solar photovoltaic panels are designed with extensive performance warranties that usually cover several decades. Most industry solar panels on the market today come with a multistage warranty guaranteeing the panel's output of at least 90% of its rated performance after 10 years then at least 80% of its rated performance after 25 years. It is for this reason solar panels and its associated structures that make up a solar farm are designed to withstand significant environmental weather elements and challenges to continually produce renewable energy for many decades before warranting any significant overhauls of the plant as whole.

For example, the proposed solar panel intended to be used at the subject site can produce 530W of energy at its maximum new out of the box, in 10 years' time, despite being outdoors and exposed to the elements it is still expected to generate at least 477W. Then, in 15 years after this, the solar panel is still expected to produce 424W. If any modules do not live up to these warranty parameter set points, the manufacturer will essentially issue a new one or provide compensation for it.

As the solar panels themselves are non-mechanical featuring non-moving, non-serviceable parts with self-cleaning protective glass, there would be little cause to replace large quantities of panels for any reason other than physical damage caused by accidents or serious adverse weather conditions.

3.3. Supporting Documentation

The subject Section 4.55(2) Modification Application is supported by the following documentation:

- ITP Financial Model at **Attachment 1**.

4. STATUTORY CONSIDERATIONS

4.1. Section 4.55(2) of the Environmental Planning and Assessment Act, 1979

Section 4.55(2) of the *Environmental Planning and Assessment Act*, 1979, enables a consent authority to modify a development consent upon application being sought by the applicant or any other person entitled to the act on the consent, provided that the consent authority as part of the assessment process take into consideration the following matters:

- 1. It is satisfied that the development to which the consent as modified relates is substantially the same development as the development for which consent was originally granted and before that consent as originally granted was modified (if at all)**

The subject modification application seeks to generally maintain the development consent as approved. The condition to be modified relates to the practical operation of the solar farm.

In our view, "*substantially the same development*" means "*essentially or materially or having the same essence*" as defined by Pearlman C.J. in *Schroders Australian Property Management Ltd v Shoalhaven City Council and Anor* (1999) NSWLEC 251. Accordingly, it is the substance of the proposal relative to the substance of the development as originally approved. The development, as modified would essentially and materially have the same essence. We note the following:

- Despite the request to increase the lifespan of the operations of the solar farm from 25 to 35 years, there will be no change to the nature (solar farm), scale or intensity (5MW) of the use. The issue discussed at the original Panel determination meeting around the longevity of the solar farm is in essence, a strategic planning consideration, and does not alter the overall

approved physical form, character or use of the solar farm and is therefore not considered to result in a development that is not substantially the same as what was approved.

- Further to the above, the proposed modification will not result in any change in the relationship of the approved solar farm with the site or surrounds and no change in the level of "impact".
- There is a question as to whether surrounding land will be released for urban development within the additional 10 years of operation being sought under the subject application and whether there would be any land use conflict at that point in time. However, as discussed in detail later in this statement, given the strategic planning framework that currently exists in relation to the site, surrounds and wider region, it is reasonable to conclude that there is a low likelihood that the subject site and surrounds will be released for urban development in the 25–35-year time period. This opinion is formed on the basis of the constraints of the site, the recognised need to achieve an appropriate balance between greenfield development and in-fill development and the availability of alternative rural land for urban release if required.

Accordingly, the proposed modification is not considered to change the essential features of the approved development.

2. **It has consulted with the relevant Minister, public authority or approval body (within the meaning of Division 4.8) in respect of a condition imposed as a requirement of a concurrence to the consent or in accordance with the general terms of an approval proposed to be granted by the approval body and that Minister, authority or body has not, within 21 days after being consulted, objected to the modification of that consent,**

This 4.55(2) application concerns a modification to an approved development that does not require the concurrence of the relevant Minister, public authority or other approval body.

3. **It has notified the application in accordance with:**

- (a) **The regulations, if the regulations require; or**
- (b) **A development control plan, if the consent authority is a council that has made a development control plan that requires the notification or advertising of applications for modification of a development consent; and**

4. **It has considered any submissions made concerning the proposed modification within any period prescribed by the regulations or provided by the development control plan, as the case may be.**

It is anticipated surrounding properties may be notified of the proposed modification in accordance with Council's notification policy. Consideration of any submissions made will be made during the assessment process if applicable.

5. **In determining an application for modification of a consent under this section, the consent authority must take into consideration such of the matters referred to in section 4.15(1) as are of relevance to the development the subject of the application.**

- (a) *The likely impacts of the development, including environmental impacts on both the natural and built environments, and the social and economic impacts in the locality*

The increase in longevity of operations of the facility will not create any additional environmental impacts. We note the following:

- The development preserves all the existing elements of Broken Shaft Creek that traverses the property until at least 2056 as the solar farm is sufficiently separated from, and does not affect, any of the existing flow lines/channels. The solar farm does not discharge to or draw any water from the creek.
- As the generation plant ages over time, it will require regular scheduled annual operation and maintenance. Any intervening minor servicing, compliance checks, spare parts replacements will be contracted out to local trades including, electricians, plumbers, landscapers, horticulturist, carpenters, fabricators, IT, etc. Furthermore, the system will also require ongoing annual compliance checks in relation to fire safety and

monitoring systems, whereby local consultants will be engaged to undertake this work. To this end, the additional 10-year lifespan will further contribute to the local economy through regular employment generation, resulting in a positive impact.

- The suitability of the development from an impact perspective was assessed pursuant to the original DA. The assessment remains unchanged as a result of the proposed increase in lifespan, particularly in relation to visual impact, noise, traffic and the like. The facility is considered to be a development whereby potential impacts can be readily mitigated (noting visual impact as the primary consideration and noting the development will be suitably screened from view to minimise that impact). Therefore, should there be any nearby development for residential or other purpose(s), there are not likely to be any adverse or unreasonable impact as a result of the development.

Having regard to the above, we consider the impact of the increase in operations from 25 to 35 years to be primarily a strategic planning matter and therefore, a public interest consideration as addressed in detail in (c) below.

(b) The suitability of the site for the development

The suitability of the site has been comprehensively addressed and considered by virtue of the granting of development consent. The proposed development is considered substantially the same development. There is no change to the location, form, scale and function, therefore the suitability of the site remains unchanged.

(c) The public interest

Pursuant to case law of *Ex Gratia P/L v Dungog Council* ([2005] NSWLEC 148), the question that needs to be answered is “*Whether the public advantages of the proposed development outweigh the public disadvantages of the proposed development?*”

There are clear public advantages of supporting the proposed extension in the operation of the solar farm. The additional 10 years of operation (between years 25-35) ensures the proposed investment in renewable energy is financially viable and therefore becomes a critical contribution to the Australian Government's carbon reduction strategies. The approved solar farm is part of the NSW Regional Community Energy Fund (RCEF) program, whose funding grant is being used to install a battery on the site. This program recognises the public interest in these community energy projects in regional NSW and accordingly, allocates funding based on three (3) key streams. The program ultimately aims to increase renewable energy generation, improve energy reliability and help communities save money on electricity costs. The project has an opportunity for up to 44% to be owned by the community through the co-op Energy Democracy, to own government subsidised solar plots by those unable to install solar panels on their own rooftops (as well as access virtual battery storage).

Shares have already been sold to community members and business owners around the State and remain open to those who currently have solar at home and/or wish to have direct financial ownership of an ethical and sustainable diversified form of investment income.

Henceforth, the additional 10-year lifespan for the facility provides an extended generation life to the co-operative's members who co-own the plant in allowing 35 years of ‘portable’ power generation of their clean own energy, irrespective of where they choose to live in NSW.

Further to the above, the battery itself is an example of privately owned electrical assets that can provide higher grid resilience and stability to the public network. The presence of local power generation/storage decreases the potential losses in the system which places downward pressure on power prices. This is influenced by deferring the need for investment in transmission and distribution infrastructure and by reducing losses in the system: power generated locally is consumed locally. The inclusion of the battery further enhances this effect

as power can be drawn from the plant at any time, irrespective of sunlight hours. It is therefore in the public interest for as many new batteries not only to be incorporated into the grid, but to be operational for as long as possible across NSW. This will aid in the overall transition to renewable energy in a grid that is not only stable, but also sustainable.

Attachment 1 includes a partially redacted, but rationalised form of the financial model for the solar farm which considers the total capital costs run against the future anticipated energy costs, modelled against the systems future anticipated output. Table 1 (an extract of the key output summary) clearly demonstrates the importance of the years 25-35 in establishing financial viability.

Table 1 Financial Model Summary

Project lifetime	35 years	30 years	25 years	20 years	15 years	10 years	5 years
IRR (Internal Rate of Return)	7-9%	6-7%	5-6%	3-4%	1-2%	-3--4%	-20--30%
Net Present Value	\$750,000	-\$500,000	-\$1,000,000	-\$1,250,000	-\$1,500,000	-\$2,000,000	-\$2,500,000
Levelised Cost of Energy							
Lowest Debt Service Coverage Ratio							
Payback period	12.65						

As can be seen in Table 1, the running return remains negative at year 25. Given the difficulty in acquiring suitable sites for solar farms generally, and the public benefit of renewable energy investment in the regions, it is our view that it is unreasonable to restrict the lifespan of the subject solar farm on the basis of the possibility that the land may be developed for urban purposes in the long term.

To further supplement the above, advice has been received from KPMG (refer **Attachment 2**) which confirms that in the current investment environment, a reasonable and competitive assumption for the operational life of the project would be in the order of 30-35 years. KPMG further notes that a shorter operational duration will result in a project which is less competitive in the market, impacting its viability and therefore, ability to deliver the public benefits outlined above.

It is understood the basis for the Panel's decision to limit operations of the solar farm to 25 years was primarily based on the anticipated future pressure for the land and surrounds to be released for urban development prior to 2050. A review of the strategic planning framework relevant to the site indicates that whilst the land may be required for urban purposes at some stage in the long term, there is no clear timeframe identified and there are other options to address residential/urban land supply issues in the form of other release areas and in-fill options.

In a broad sense, the **Central West & Orana Regional Plan** (CWORP) 2036 discusses the management of new rural residential development in Direction 28 of the plan. The plan acknowledges the conflict between rural residential and agricultural, industrial, and resource harvesting land uses; and gives preference to productive rural land. The CWORP also states that rural residential land uses should be avoided on land with "high environmental value assets", which could be interpreted as applying to the site due to the presence of a riparian corridor, its groundwater vulnerability, and terrestrial biodiversity on the site in accordance with the Orange LEP 2011 (see Figure 1 below). Whilst the redevelopment of the site for the purpose of the solar farm has been capable of taking the site constraints into consideration, these constraints may be more restrictive for future, more intensive, residential uses.

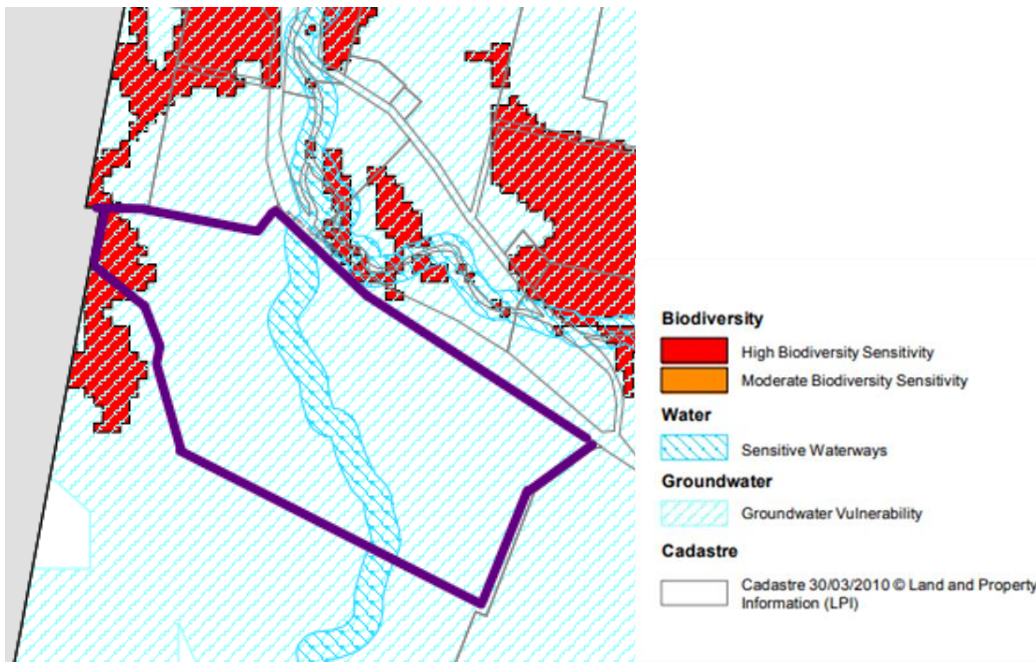


Figure 1 Map of site showing environmental factors influencing the site, with the lot outlined in purple
(Source: NSW Legislation)

The **Orange Local Strategic Planning Statement (LSPS)** 2020 identifies that housing supply/demand and the conflict with the desire to retain strategic agricultural land remains one of the most significant challenges in land use planning facing Council. The LSPS identifies that whilst there will be a need to support the delivery of new homes in residential release areas, it is equally important to increase the range of housing options in existing urban areas through appropriately managed infill development and increased density (medium density residential development close to the CBD). This is emphasised in “planning priority 2”. Therefore, whilst there will be a need for new land to be released, there is equal importance placed on increasing density within suitable existing urban areas in Orange.

The **Orange Sustainable Settlement Strategy (OSSS)** is the current strategic document which sets out the location and general timing of future urban land releases, however we note it is somewhat dated with the latest review having been undertaken in 2010 and subsequently implemented via Orange LEP 2011. What is more relevant is the **Orange Local Housing Strategy (LHS) – Research Phase Paper** (2019) which provides more recent analysis and will inform the impending Orange LHS. The LHS will set a plan for the delivery of housing for the Orange Local Government Area (LGA) to 2036 and will supersede the OSSS once implemented.

We note Orange is broken down into “areas” consistent with the OSSS and the subject site is outlined in dark blue in LU-4.

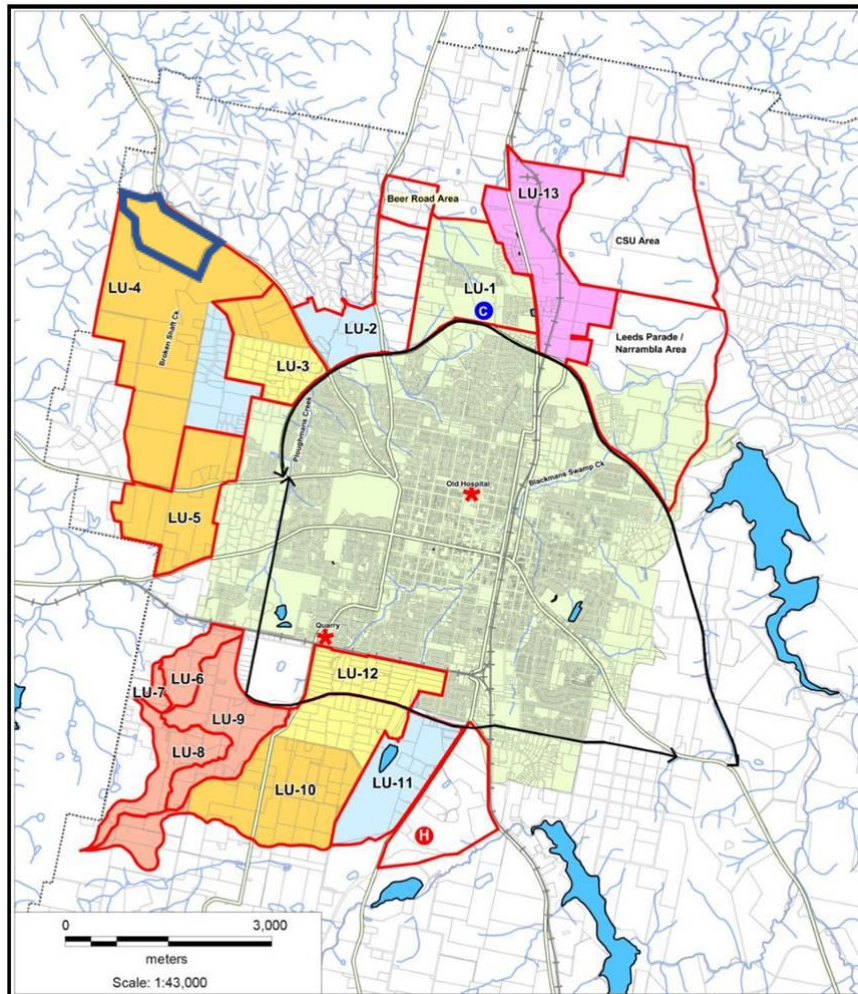


Figure 2 Updated structure plan of "areas" for urban release, site outlined in dark blue
(Source: OSSS).

The following figures are from the LHS Research Paper which provide an overlay of the OSSS release areas and current zonings. As can be seen in these figures, there are some areas that have already been rezoned and are part of the current supply of urban/residential land.

Figure 8 – Current land use zoning of SSS North-West and West areas

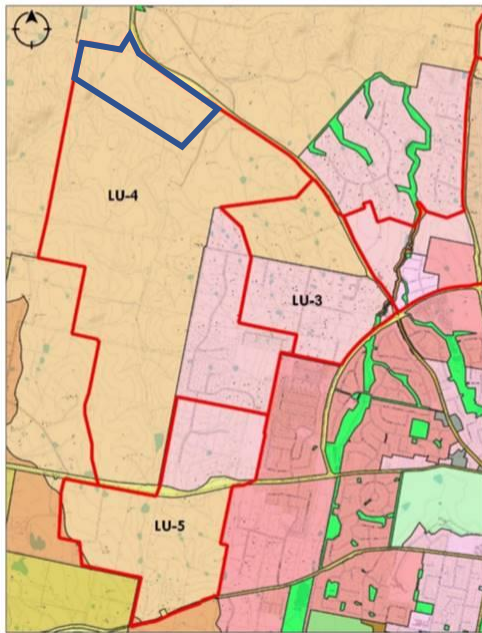


Figure 7 – Current land use zoning of SSS North and North-East areas

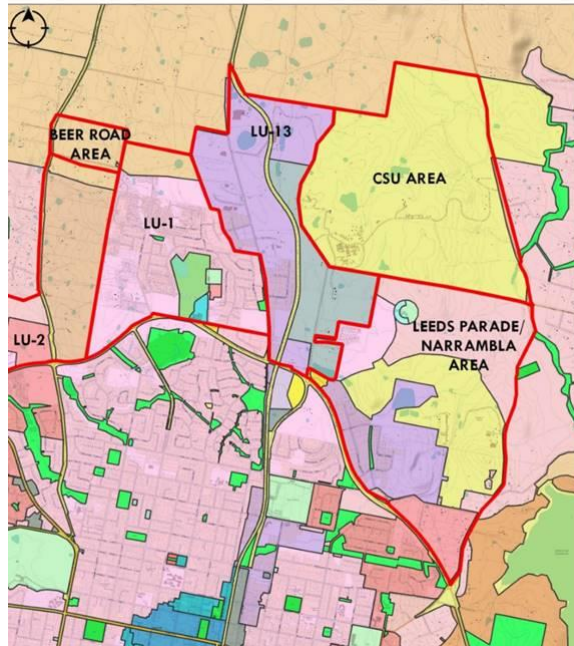


Figure 9 – Current land use zoning of SSS South areas

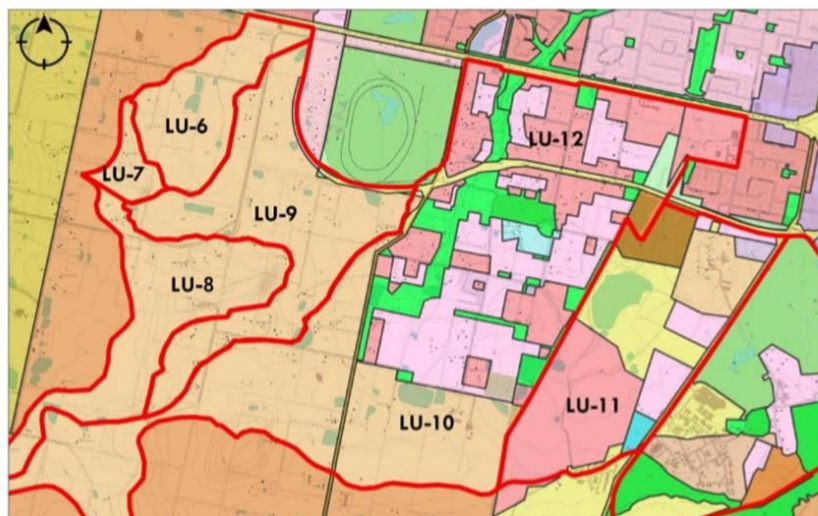


Figure 3 Extracts from LHS Research Paper - overlay of OSSS areas with current LEP land use zones

With regard to Figure 3 and the content within the LHS Research Paper, we note that there is certainly capacity within LU-6 - LU-9 (inclusive), as well as within the southern and south-western parts of LU-10 for future urban land release. This is in addition to LU-5 and LU-4 (whereby the subject site is situated). There also appears to be capacity for other areas (such as LU-2, LU-3 and LU-11) for increased density and residential supply through better utilisation of current zonings and and/or reduced minimum lot sizes.

There are servicing issues that would need to be resolved for LU-6 -LU-9, but servicing is an issue for any new urban release area. Therefore, it is relevant to note that whilst the subject site may be situated within land earmarked for urban development in the future, it is a "long term" option with no definitive timeframe and there are other alternative release and in-fill options that could be expedited in advance of LU-4 to satisfy housing demands.

The assessment report by Council in relation to the original DA noted a large portion of the land is constrained. The report states:

Advice from Council's Technical Services Division indicates that future development within the Broken Shaft Creek Valley will require a major pumping station for sewer - noting that the previously envisaged second sewerage treatment plant will not be required. Moreover, a large amount of the subject land is constrained given topography and the presence of defined water courses and Broken Shaft Creek. Additionally, it is noted that progression of the residential areas to the northwest of the city will logically occur by extension from the existing urban areas. As such, the subject land is likely to be one of the last properties to be redeveloped for residential purposes as part of existing strategies.

This is relevant to the discussion around servicing of land release areas. Whilst we understand the land may be released at some stage in the future for residential/urban development, the additional 10-year extension in the lifespan of the solar farm in our opinion, will not be material in addressing supply/demand issues in that period.

In the event there was a need to release LU-4 for urban purposes within the life of the solar farm, the land could still undergo a rezoning process. As the subject site sits at the north-western-most extent of this future release area, it is likely to be the last "lot" to be redeveloped and therefore, closer to (if not after) the 35-year mark.

Furthermore, strategic planning by Council beyond 2036 and the market itself will determine when land should be released. If land release is appropriate in 25 years' time, any form of existing use on the land at that time will likely make way for residential/urban development and if not, this would be on the basis of there not being sufficient demand. Artificially constraining the timeframe of existing uses will not change that situation.

To conclude, in considering all of the above, we contend that the benefits of the proposed modification outweigh any potential public interest issues around the supply and demand of housing in Orange and surrounds. In fact, restricting the lifespan of the solar farm to 25 years may result in the need to source an alternative site for the development, which is a wider public interest issue in itself given the broad need to invest in renewable energy.

4.2. Relevant Planning Instruments and Development Controls

The principal planning controls applying to the development are contained in:

- Orange Local Environmental Plan 2011
- Orange Development Control Plan 2004

A range of SEPPs also apply to the site/proposal.

Since there are no substantive changes to the development proposed, the modified proposal remains consistent with the relevant provisions of those controls as detailed in the original application and as subsequently assessed by Council in granting the consent.

5. CONCLUSION

The proposal is for a Section 4.55 (2) application to the approved solar farm on the site known as 643 Mitchell Highway, Orange at Lot 200 DP 1194585.

The Modification Application seeks to modify the consent issued on 8 December 2020, under DA423/2019(1). In summary, the proposed Section 4.55 (2) application:

- is considered *substantially the same development* as the development for which consent was originally granted;

- is appropriate when assessed by reference to the relevant matters for consideration under Section 4.15 (1); and
- will have no adverse environmental impacts on the site, the properties in the vicinity of the site, resulting in no change to the overall building envelope, form, scale and function, as originally approved.

The proposal as amended under this Section 4.55 (2) application warrants approval.

Should you require any further clarification or information in respect to the application, please contact the undersigned on 0403 520 690.

Yours sincerely,



Mishka Talent



Attachment 1 – Financial Model

Construction & Development Costs			Size		Year		NEM/PPA Price	Certificate Price		
Item	Cost per W (AUD)	Total Cost (AUD)	PV capacity	6,400 kWp	2021	Year 1				
Development Approval			Inverter Capacity	5,000 kW	2022	Year 2				
Finance Setup			Specific production	2,102 kWh/kWp/yr	2023	Year 3	\$40 to \$60	\$5 to \$20		
NEM Registration			Year 0 production	13,453 MWh	2024	Year 4				
PPA Negotiations			Degradation rate	0.50%	2025	Year 5				
PPM/Design			Total Loss Factor	1.0660	2026	Year 6				
Civil Works/Site Prep			Finance			2027	Year 7	\$60 to \$75	\$5 to \$20	
Mounting/Tracking						2028	Year 8			
PV Modules						2029	Year 9			
Inverters						2030	Year 10			
BOS						2031	Year 11			
Labour						2032	Year 12			
Shipping						2033	Year 13			
Margin/Contingency						2034	Year 14			
Transmission/Substation						2035	Year 15			
EPC Management						2036	Year 16			
Decommissioning			2037	Year 17						
TOTAL	\$1.029	\$6,584,565	2038	Year 18			\$60 to \$80			
Operating Costs			2039	Year 19						
Item	Unit Cost (AUD)	Annual Cost (AUD)	Tax		2040	Year 20				
O&M			Tax rate		2041	Year 21				
Admin			Depreciation length	25 years	2042	Year 22				
AEMO Fees			Depreciation mode	Straight-line	2043	Year 23	\$65 to \$80			
Lease cost					2044	Year 24				
Auxiliary Power					2045	Year 25				
Total		\$176,000			2046	Year 26				
Replacement Costs					2047	Year 27				
Inverters	Trackers	Other			2048	Year 28	\$60 to \$85			
Year 16					2049	Year 29				
Year 30					2050	Year 30				
					2051	Year 31				
					2052	Year 32				
					2053	Year 33	\$70 to \$85			
					2054	Year 34				
					2055	Year 35				

Project lifetime	35 years	30 years	25 years	20 years	15 years	10 years	5 years
IRR (Internal Rate of Return)	7-9%	6-7%	5-6%	3-4%	1-2%	-3--4%	-20--30%
Net Present Value	\$750,000	-\$500,000	-\$1,000,000	-\$1,250,000	-\$1,500,000	-\$2,000,000	-\$2,500,000
Levelised Cost of Energy							
Lowest Debt Service Coverage Ratio							
Payback period	12.65						

Scenarios	Med	Low	Med	NEM Price BAU Med
Development Cost Scenario				
Construction Cost Scenario				
Operating Cost Scenario				
Revenue Scenario				

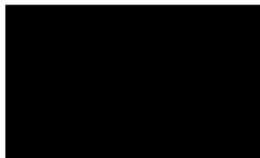
Attachment 2 – Advice from KPMG



KPMG Corporate Finance
A division of KPMG Financial Advisory Services
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14 May 2021

Dear 

Solar farm assumptions

KPMG Corporate Finance has been asked by  to provide a general view on assumptions commonly used by investors to assess solar farm investments, as part of the consideration by the Orange City Council and Western Regional Planning Panel (WRPP) of a utility scale solar farm proposed by ITP Development Pty Ltd.

We have reviewed financial models and returns for a variety of solar farm projects in our capacity as one of the largest advisors in the renewable and solar energy sector in Australia. In the current investment environment, we consider a reasonable and competitive assumption for operational / project life would be in the order of 30-35 years. This is typically based on the expectation that actual economic life will exceed warranted or design life for a project, which is generally 25-30 years.

Projects with shorter operational duration will be less competitive in the market compared to projects which adopt a longer operational life.

We note that this letter provides a general view only and should not be relied upon by any party. In providing this view, we have not considered any specific project characteristics or circumstances and do not base this view on any engineering or technical analysis.

Yours sincerely



Sabine Schleicher
Representative

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