

Uterne Power Plant Pty Ltd
ABN 20 143 260 057
c/o Epuron Pty Ltd
Level 11, 75 Miller Street
North Sydney NSW 2060

19 August 2014

Mr R G Sims, Chairman
Australian Competition & Consumer Commission
23 Marcus Clark Street
Canberra ACT 2601

Attention: Carbon Co-ordination

By email to: carbonco-ordination@accc.gov.au

Dear Mr Sims,

Re: Uterne Power Plant Pty Ltd substantiation statement and documents

I refer to ACCC's substantiation notice dated 4 August 2014.

Uterne Power Plant Pty Ltd owns and operates a 970kW solar power station at Alice Springs. Uterne Power Plant Pty Ltd is wholly owned by Epuron Solar Pty Ltd (ACN 159 250 647). The solar power station exports all power generated to the local grid at Alice Springs, owned by the Northern Territory Government's Power and Water Corporation (PWC).

The Uterne Power Plant operates under a 20-year Power Purchase Agreement (PPA) with PWC which was executed on 25 October 2010. The price charged for the solar generated power is set under the PPA, and is based on a tariff per kWh produced. The tariff is not affected by changes in input costs. The tariff has no dependence on any carbon price, carbon tax or other similar mechanism.

Neither the introduction of the carbon tax on 1 July 2012, nor its repeal this year appear to have significantly influenced costs, directly or indirectly, associated with Uterne Power Plant. The input costs relate to operation and maintenance of the facilities. The cost of imported electricity for the solar power plant on-site use is set by the PPA, and that tariff does not vary if input costs change. Other input costs include site visits by local personnel to attend to maintenance activities such as inverter resetting, weeding, routine checking and annual site servicing. The cost of the maintenance activities is set by the availability of suitable personnel. No carbon tax costs are identifiable in their hourly rate. It is expected that the electricity bill for the office in North Sydney will reduce as a result of the repeal of the carbon tax, however we have not yet received our quarterly electricity bill, and any reduction in

the overall bill attributable to Uterne Power Plant's office operations is expected to be in the order of only a few dollars per year. (Uterne's estimated portion of the whole office power bill would, if Energy Australia reduces its price by 5% as a result of the carbon tax repeal, reduce by less than \$1 per quarter).

Accordingly, in response to the Carbon Tax Removal Substantiation Notice:

- (i) a. The carbon tax repeal does not appear to have significantly affected Uterne Power Plant Pty Ltd regulated supply input costs, as the solar power station has only negligible, carbon-based fuel costs.

b. Any reductions in Uterne Power Plant's costs attributable to the repeal of the carbon tax are not reflected in prices charged by Uterne Power Plant Pty Ltd to PWC, because price is set by the PPA, irrespective of any variation in input costs (whether related to the carbon tax repeal or otherwise).
- (ii) I attach the front page of the commercial-in-confidence PPA to further substantiate the PPA-basis of pricing for electricity produced by Uterne Power Plant for PWC.

I trust the above description provides the relevant information, however please advise if this is not the case.

Uterne Power Plant Pty Ltd does not have its own website. I would appreciate your advice on whether the above information is required to be published on Epuron's website.

Yours faithfully



Martin Poole
Director
Uterne Power Plant Pty Ltd