

TKLN Solar Pty Ltd
ABN 62 143 937 044
c/o Epuron Pty Ltd
Level 11, 75 Miller Street
North Sydney NSW 2060

18 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: TKLN Solar Pty Ltd substantiation statement and documents

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

TKLN Solar Pty Ltd owns and operates three solar (photovoltaic) power stations in the Northern Territory with a total capacity of just under 1 megawatt. TKLN Solar (ACN 143 937 044) is wholly owned by Epuron Solar Pty Ltd (ACN 159 250 647). The solar power stations at Alpurrulam (also known as Lake Nash), Ti Tree and Kalkarindji are connected to diesel grids owned by the Northern Territory Government's Power and Water Corporation (PWC).

Each of the solar power stations was built to supply electricity under a separate Power Purchase Agreement (PPA) with PWC, executed on 27th April 2011. The price charged for the solar generated power, which is wholly supplied to PWC, is set under the relevant PPA for the 20-year term. 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.

The solar power stations came about as a result of a tender process run by PWC and in line with the corporation's obligations under the Renewable Energy Act. The solar power stations were built with the assistance of a Commonwealth Government Renewable Remote Power Generation Program (RRPGP) grant.

Neither the introduction of the carbon tax on 1 July 2012, nor its repeal this year appear have significantly influenced input costs, directly or indirectly, for TKLN Solar. The input costs relate to operation and maintenance of the facilities. The cost to TKLN Solar of on-site usage of electricity at the solar power plants, such as power at

night for lights and air-conditioners in control rooms, is set by the PPAs for the 20-year term, and as for the power export tariff has no dependence on any carbon price, carbon tax or similar mechanism.

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 and no carbon tax costs are identifiable in their hourly rate. It is expected that the electricity bill to run our 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 TKLN's electricity consumption is expected to be in the order of only a few dollars per year. (TKLN's estimated portion of the whole office power bill would, if Energy Australia reduces its prices 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 TKLN Solar Pty Ltd regulated supply input costs as the solar power stations have only negligible carbon-based input costs.
 - b. Any reductions in TKLN Solar's costs attributable to the repeal of the carbon tax are not reflected in prices charged by TKLN Solar to PWC because prices are set by the PPAs, irrespective of any variations in input costs (whether related to the carbon tax repeal or otherwise).
- (ii) I attach the front page of each of the commercial-in-confidence PPAs to further substantiate the PPA-basis of pricing for electricity produced by the TKLN Solar power stations for PWC.

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

TKLN Solar 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
TKLN Solar Pty Ltd

Power Purchase Agreement -Ti Tree

Power and Water Corporation
ABN 15 947 352 360

(PWC)

TKLN Solar Pty Ltd
ABN 62 143 937 044

(TKLN)

Epuron Pty Ltd
ABN 70 104 503 380

(Epuron)



PowerWater

I CERTIFY THAT THIS IS A TRUE
COPY OF THE FRONT PAGE OF
THIS AGREEMENT.



DIRECTOR, TKLN SOLAR P/L
18 AUG 2014

Power Purchase Agreement - Kalkarindgi

Power and Water Corporation
ABN 15 947 352 360

(PWC)

TKLN Solar Pty Ltd
ABN 62 143 937 044

(TKLN)

Epuron Pty Ltd
ABN 70 104 503 380

(Epuron)

**PowerWater**

I CERTIFY THAT THIS IS A TRUE
COPY OF THE FRONT PAGE OF
THIS AGREEMENT.

Mark Paul

DIRECTOR, TKLN SOLAR P/L
18 AUG 2014

Power Purchase Agreement - Lake Nash

Power and Water Corporation
ABN 15 947 352 360

(PWC)

TKLN Solar Pty Ltd
ABN 62 143 937 044

(TKLN)

Epuron Pty Ltd
ABN 70 104 503 380

(Epuron)



PowerWater

I CERTIFY THAT THIS IS A TRUE
COPY OF THE FRONT PAGE OF
THIS AGREEMENT.

Mark Pordy

DIRECTOR, TKLN SOLAR P/L
18 AUG 2014