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Energy

Large-scale solar industry takes off as 12 new plants secure finance

Support from the Australian Renewable Energy Agency has helped put large-scale solar on a solid footing despite cuts to its own funding



Broken Hill solar farm. Twelve new plants awarded grants by the Australian Renewable Energy Agency are now in the pipeline. Photograph: Josh Wall/Guardian Australia

Australia's large-scale solar industry now appears to be on solid ground, with all 12 plants recently awarded grant funding by the Australian Renewable Energy Agency reaching "financial close" this month.

That means they are fully financed and have locked in engineering, construction and grid connection agreements, as well as council and environmental approvals.

Construction has already begun at nine of the 12 Arena-funded plants, and the others three are a done deal, with the NSW White Rock solar farm the final project to reach financial close last week.

Arena's chief executive, Ivor Frischknecht, said there were at least six more plants being developed in Australia without grant funding, suggesting the grant program had succeeded in establishing a self-sustaining industry.

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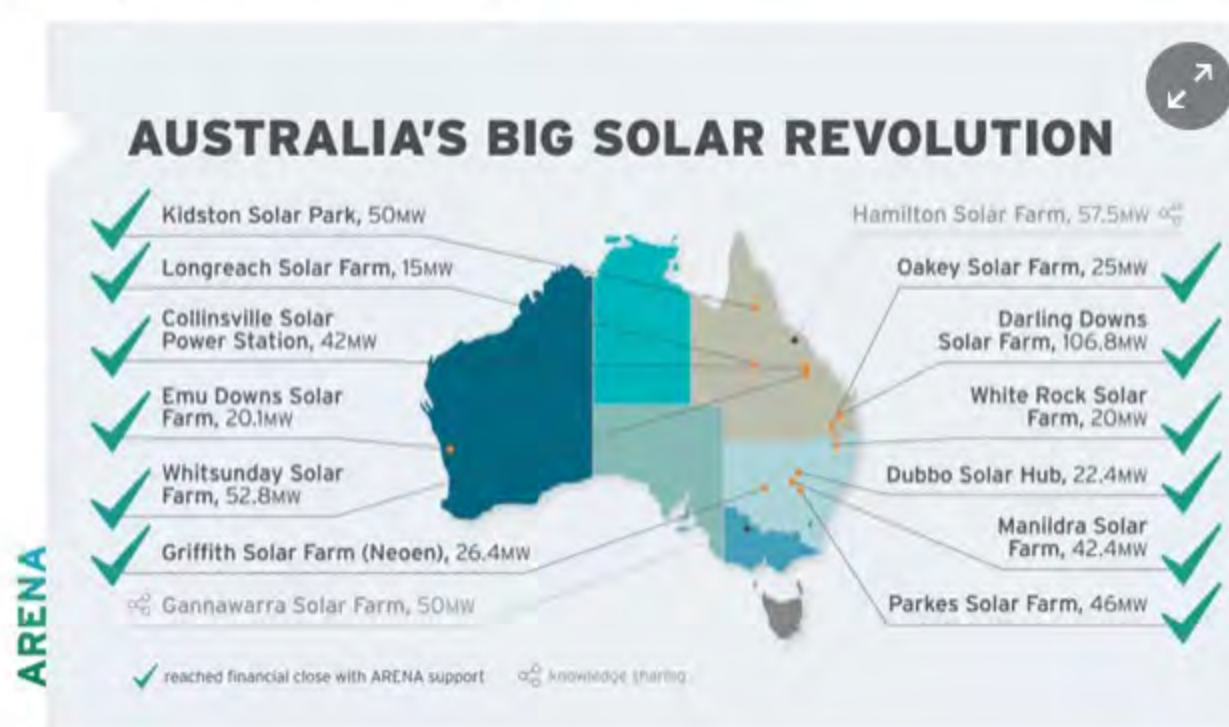
When completed, the 12 power plants will provide enough electricity to power 150,000 homes, and account for 10% of the new capacity needed to meet Australia's 2020 renewable energy target.

In earlier grant rounds, before Arena's existence, some projects were never completed and others took years to reach financial close after being awarded grants. All 12 of the recent projects reached financial close in months, and all with record low levels of grant funding.

"This competitive round is the perfect demonstration of how Arena is accelerating Australia's shift to a low emission, renewable energy future," Frischknecht said. "From zero to more than 20 plants in five years, Australia's large-scale solar industry has grown at a tremendous pace thanks to concerted efforts by Arena and the CEFC [Clean Energy Finance Corporation]."

As reported in September, the 12 plants received a total of \$92m in grants, which sparked more than \$1bn in private investment.

By expanding the industry, Arena has reduced the amount of grant funding needed to get large-scale solar projects off the ground from \$1.60 per watt three years ago to just 28c per watt. At least six projects at advanced stages of development have received no grant funding.



Photograph: Arena

Arena said the total cost of the projects had been reduced by 40% in that time.

It helps reduce costs for the industry as a whole by securing "knowledge sharing agreements" with the projects it funds.

Frischknecht said planning, developing and financing large-scale solar projects was a complex task involving many different parties, and it was important to allow new projects to learn from earlier ones.

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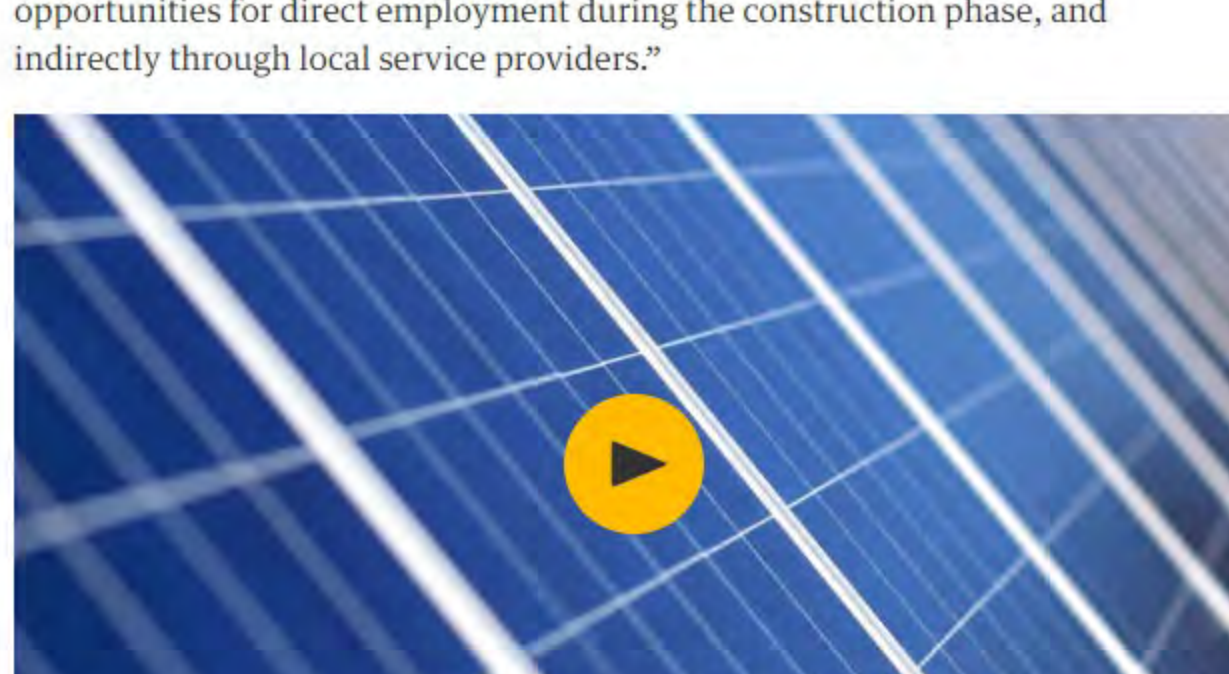
One company that received funding for a plant leveraged the money to also develop two more. Arena then secured knowledge-sharing agreements for all three plants, despite only funding one.

"This invaluable knowledge from 14 solar farms in total will further accelerate the growth of our large-scale solar industry," Frischknecht said.

When Arena announced the recipients of the grants in September, the Coalition government was trying to pass a bill cutting its funding by \$1.3bn. In a deal with Labor, the cut was reduced to \$500m.

The minister for the environment and energy, Josh Frydenberg, said in a statement: "The support for these projects has fast-tracked large-scale solar in Australia and is part of the Turnbull government's technology neutral approach to affordable and reliable energy as we transition to a lower emissions future."

"The projects will provide benefit for local communities by providing opportunities for direct employment during the construction phase, and indirectly through local service providers."



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