LORD HOWE ISLAND BOARD

EXPRESSION OF INTEREST

Stage 2 - Connection of
Private Solar PV systems (up to 3kW)
To the Lord Howe Island Electricity Network

February 2014

Closing Time for Submitting Expressions of Interest
4:30pm, Tuesday 25th March 2014

Introduction

The Lord Howe Island Board (LHIB) is seeking Expressions of Interest (EOI) from Lord Howe Island leaseholders who are interested in installing Private Grid Connected Solar Panels (up to 3kW) on their lease before 31 December 2014. This EOI process will allocate to eligible leaseholders an “option” to obtain Development Consent to install Private Grid Connected Solar Panels to the LHI electricity grid. A total of 20kW of Solar PV generation capacity will be allocated as part of this EOI process.

Background

The LHIB has policies in place relating to the installation of renewable energy generation systems to protect the LHI electricity grid and the supply to electricity consumers. Current policies state that new private grid connected renewable energy generation systems cannot feed electricity into the LHI grid. Under the policy, leaseholders can apply for approval to install a renewable energy system if it is effectively a “stand-alone” system which includes batteries or other load shedding devices to prevent feed in of excess electricity into the LHI grid. The policy acts as a disincentive for leaseholders to connect renewable energy systems as there is significant additional cost to a leaseholder’s renewable energy system to achieve this no “feed in” requirement.

With the development of the LHI Energy Supply Road Map, there is the opportunity to remove this disincentive as the Island progresses towards greatly increased renewable energy generation capacity.

Private Grid Connected Renewable Energy Generation

Enabling the connection of private renewable energy systems to the LHI grid was determined by LHIB and the Sustainable Energy Working Group (SEWG) as a key component of the future supply of energy to the island. This private generation capacity benefits Lord Howe Island by:

- Distributing renewable energy inputs to the grid across the island which assists in stabilising the renewable energy input into the grid. Rapid fluctuations of load entering the grid, due to impacts of cloud cover, are reduced.
- Enabling private systems to be oriented differently subject to roof pitch and alignment resulting in a more even distribution of electricity generation during daylight. For example some systems will face more easterly increasing morning generation and some will be more westerly facing increasing afternoon generation.
- Enabling leaseholders to generate their own power and to reduce reliance on purchased energy.
- Increasing private equity into the provision of the Island’s power generation.

Private Grid Connected Solar Panel systems, installed as a result of the 2012 EOI, are successfully operating on 16 leases at a capacity of 72kW.

Challenges to Private Grid Connected Renewable Energy Generation

Unfortunately given the very small scale of the LHI grid, relatively small amounts of uncontrolled renewable energy generation can have significant impacts on the reliability of the LHI power supply. These impacts include increased blackouts caused by circuit breakers tripping, increased wear and tear on the diesel generator sets and loss of fuel efficiency of generator sets.

This Stage 2 EOI, to release an additional 20kW, is possible because the LHI electricity grid has performed well under the existing 72kW or private solar systems. Further release of private solar beyond Stage 2 will not be possible until the larger components of the Energy Supply Road Map are installed over the next few years.

Why should a leaseholder consider installing a Private Grid Connected Solar system?

Leaseholders should consider installing if:

1. You want to generate some of your own electricity requirements;
2. You want to reduce the Island's reliance on diesel electricity generation;
3. You want to reduce your power bill through reduced reliance on grid supplied electricity;
4. You can afford to purchase, install and maintain a system; and
5. You have a roof able to support a system.

Roll out of Private Grid Connected Solar

The roll out to the LHI community of Private Grid Connected Solar will occur over several stages as detailed below:

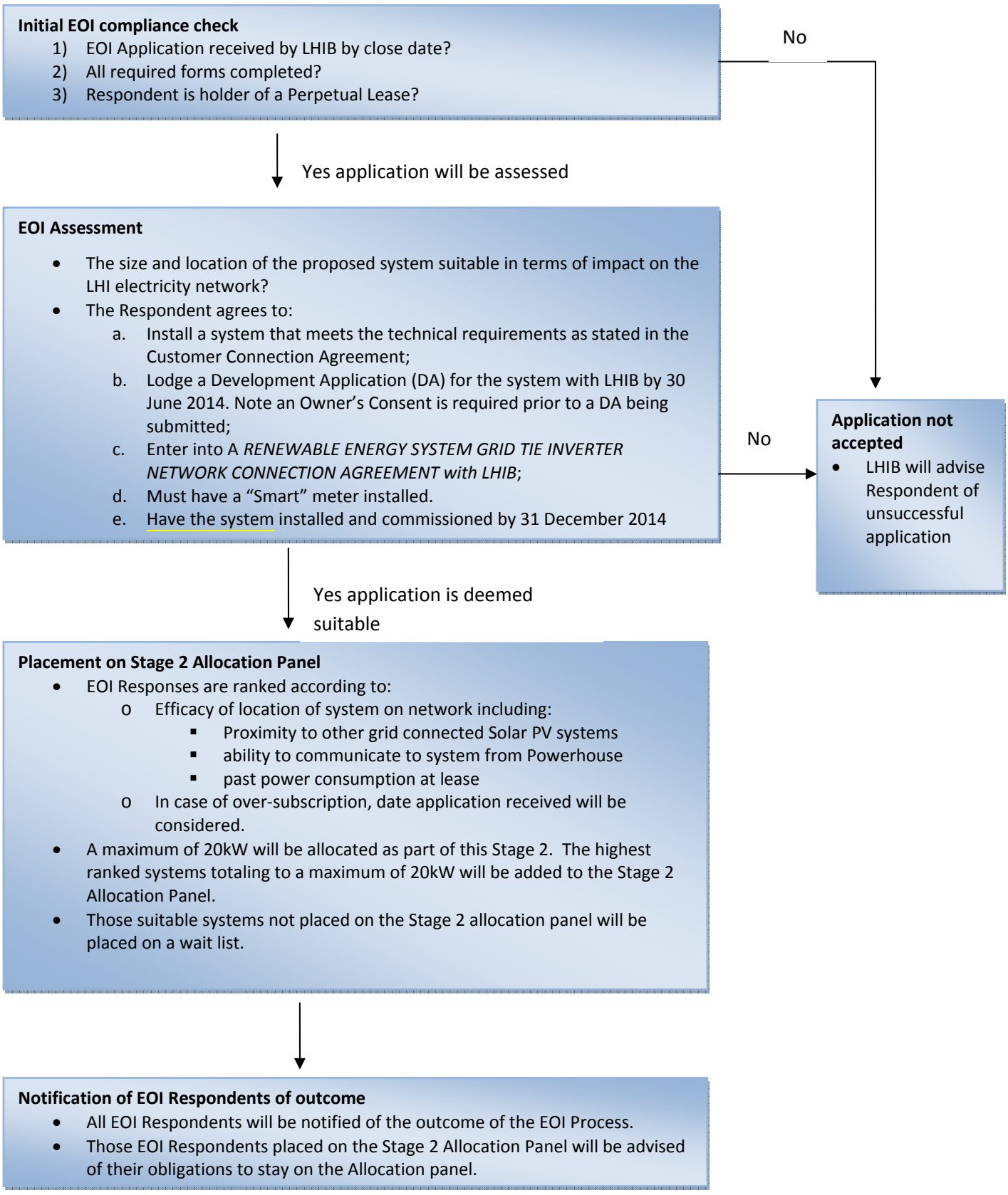
Stage 1, 2012 – Release of 100 kW in maximum 5kW Solar PV systems through a public EOI.

Stage 2, 2014 – Release of 20kW in maximum 3kW Solar PV systems through a public EOI – this process.

Future releases of Private Grid Connected Solar will be dependent on the final implementation of the Energy Supply Road Map over the next few years.

Placement on Stage 2 Allocation Panel

The following flowchart outlines the EOI assessment process.



Stage 2 Solar PV Allocation Panel (the Allocation Panel)

Those EOI respondents that are notified of their addition to the Allocation Panel will remain on the Allocation Panel subject to compliance with the following conditions:

- The system to be installed must meet the technical requirements as stated in the Customer Connection Agreement (see agreement attached);
- A Development Application (DA) for the system must be lodged with LHIB by 30 June 2014. Note an Owner's Consent is required prior to a DA being submitted;
- A *RENEWABLE ENERGY SYSTEM GRID TIE INVERTER NETWORK CONNECTION AGREEMENT* is to be executed (see attached);
- A New Electricity "Smart" meter is to be installed; and
- The system must be installed and commissioned by 31 December 2014.

Should an EOI Respondent fail to comply with one of the above requirements they may be removed from the Allocation Panel at the discretion of LHIB. If LHIB removes an EOI Respondent/leaseholder from the Allocation panel, LHIB will write to the EOI Respondent/Leaseholder advising them of this removal and explaining why they have been removed. The allocation will be offered to the next in line.

Electricity Feed in Tariffs

The LHIB does not currently have any electricity feed in tariffs and nor does it buy electricity from private generation. Most electricity meters on the Island do not have the capacity to record electricity generated and supplied to the LHI grid from private generation sources.

NSW Solar Bonus Scheme

The NSW Solar Bonus Scheme provides a feed-in tariff for eligible customers with small solar or wind generators that are connected to the grid. The Scheme commenced on 1 January 2010 and operates until 31 December 2016.

The NSW Solar Bonus Scheme is closed to new applicants and the scheme did not apply on Lord Howe.

Solar PV System Installers

The LHIB does not endorse or recommend any suppliers. We do not warrant the quality or effectiveness of any supplier. It is up to the individual to undertake due diligence and source a system that meets their requirements.

There are several companies who have installed solar panel systems on the Island, so ask advice from other residents who have installed a system.

In order for the work of installing solar panels to attract available government rebates, the installer must be accredited by the Clean Energy Council of Australia. Information on accredited installers and other details are available on their website: www.cleanenergycouncil.org.au.

Do I need an engineer to certify my roof?

If the building you propose to install the system on is older than 10 years it is likely that no building inspections were undertaken during construction and no Occupancy Certificate was issued. If this is the case there are no records that the building has been built in accordance with the Building Code of Australia.

Consequently, as part of the Development Approval process, the applicant will need to get a structural engineer's certification that the building will be able to structurally handle the installation of a Solar PV system.

LHIB does not recommend any particular structural engineer and any structural engineer would be able to provide this service.

If the building has an Occupancy Certificate issued then a structural engineering certificate is not required.

New Electricity "Smart" Meters

As stated above most LHI meters do not have the capacity to record the electricity generated by private generation systems. If a leaseholder applies under this EOI process to install a Solar PV system, there will be a requirement for the leaseholder to replace their current meter with a new "Smart" meter.

Smart meters have the capacity in the future to:

- Record electricity consumption from grid;
- Record electricity generated from private renewable energy system;
- Communicate consumption and generation data to the Powerhouse;
- Record data on time of use of power consumption;
- Enable real time data on power use;
- Enable a future "time of use/off peak tariff" system to be implemented with tariffs based on time during the day in which power is consumed;
- Enable remote meter reading; and
- Manage electricity loads such as electric boosters on hot water systems by being able to switch them on or off.

The installation of "Smart" meters is an important component of the LHI Energy Supply Road Map and enables leaseholders who install a Solar PV system to reduce their power bills. The "Smart" meter will record electricity consumed from the grid and the electricity produced by the Solar PV system. The net consumption of electricity off the LHI grid is what the leaseholder will pay in their electricity bill.

Existing electricity meters are owned by LHIB. Following installation of the Solar PV system and a request from the leaseholder, LHIB will remove the existing meter and supply and install a "Smart" meter at a minimum cost of $650 per electricity supply point. The cost for the required Smart meters will be invoiced at the time of installation of the meter. The meter is installed by the LHIB Senior Electrical Officer and is separate to the installation of the Solar PV system.

The Solar PV system will only be able to be connected to the LHI Electricity Network once the "Smart" meter is paid for and installed. The "Smart" meter will remain the property of the Lord Howe Island Board.

Planning Approval Process

Please note that nothing in this EOI process gives the EOI respondent/leaseholder approval to install a private grid connected renewable energy system. All renewable energy systems need to go through a Development Consent process in accordance with the NSW Environment Planning and Assessment (EP&A) Act prior to approval to install and connect to the LHI grid.

As part of the Development Application (DA) process for Solar Installations, applicants will need to be on the Allocation Panel. A DA will not be considered if you are not on the Allocation Panel. A DA checklist, for completion by applicants, will again be used to streamline the assessment process.

Stand – Alone Renewable Energy Systems

Please note this EOI process does not apply to leaseholders wishing to install a stand-alone (non-grid connected) Renewable Energy System. Leaseholders wishing to install a “stand-alone” system need only to gain Development Consent in accordance with the EP&A Act.

Previously approved Renewable Energy Systems

This process does not affect any solar panel systems previously approved through a Development Consent process.

NOTICE TO RESPONDENTS

No contract or legal obligations arise from this Expression of Interest.

NT 1. DESCRIPTION OF PROCESS

This Expression of Interest process is to identify suitable leaseholders who will be given the opportunity to apply for up to 3kW of Private Grid Connected Solar PV to the Lord Howe Island Grid.

Applications received, assessed as meeting the criteria, and endorsed as part of this process will be added to the Stage 2 Solar PV Allocation Panel.

NT 2. STRUCTURE OF THIS EXPRESSION OF INTEREST (EOI)

This Expression of Interest comprises of:

i. **Conditions of EOI** which describe the conditions for EOI submission and the EOI process. The Conditions of EOI will not form part of any Contract. The Conditions of EOI also describe assessment criteria to be used in selecting the panel.

ii. **EOI Form** which is to contain details about the Respondent and the system offered.

iii. Draft Notification of Allocation

NT 3. CONTACT OFFICER

Respondents requiring additional information should contact:

Andrew Logan

Manager Infrastructure & Engineering Services

Phone (02) 6563 2066

Email: andrew.logan@lhib.nsw.gov.au

NT 4. LOCATION FOR LODGEMENT OF EXPRESSIONS OF INTEREST

All EOIs must be lodged at the LHIB Administration Office by the date and time listed on the cover of this EOI.

End of Notice to Respondents

CONDITIONS OF EXPRESSION OF INTEREST

The Conditions of EOI will not form part of any Contract or legal obligation.

CE 1. LHIB reserves the right to not accept any EOI application that is not submitted by the date of close of the EOI.

CE 2. LHIB reserves the right to not place respondents on the Stage 2 Solar PV Allocation Panel.

CE 3. LHIB reserves the right to add to the Stage 2 Solar PV Allocation panel at its discretion at anytime.

CE 4. LHIB reserves the right to remove Respondents from the Stage 2 Solar PV Allocation panel at its discretion. LHIB will advise the Respondent as soon as practicable of their removal and the reasons for their removal.

CE 5. EOIs must be lodged at the LHIB Administration Office by the date and time listed on the cover of this EOI. All EOI Responses will be date stamped on receipt.

CE 6. To remain on the Stage 2 Solar PV Allocation Panel, Respondents must meet milestone deadlines as listed in this EOI.

Evaluation of EOIs

All EOIs received will be assessed using the methodology outlined below.

Initial Compliance Statement

LHIB will examine each application received against the requirements of the EOI. Clarification or additional information may be sought from Respondents.

Nonconforming EOI

Any EOI that does not comply with the EOI or is incomplete may be deemed to be nonconforming and may be excluded from further consideration. Applicants will be given 1 opportunity to resubmit the EOI.

Evaluation

The EOI form will be assessed for compliance to EOI criteria. Respondents that comply with all criteria will be nominated suitable.

Ranking of EOI Responses

Suitable EOI Responses will be ranked according to their suitability of integration into the system. Should there be an over-subscription of suitable systems, then the date of receipt of the application will be taken into consideration when ranking the applications.

Notification of Outcome

All EOI Respondents will be notified in writing of the outcome of the EOI Process.

EXPRESSION OF INTEREST FORM

Name of Panel: LORD HOWE ISLAND BOARD STAGE 2 SOLAR PV ALLOCATION PANEL

Location of EOI closing Office: LORD HOWE ISLAND BOARD ADMINISTRATIVE OFFICE

Name of Respondent _____

(in block letters)

Lease Portion Number _____

Address for correspondence _____

_____

Telephone number: _____

Facsimile number: _____

E-mail address: _____

hereby requests to be added to the above panel and if added to the panel will comply with the following conditions

1.	**The Solar PV system will be installed on my lease**	**YES** ☐	**NO** ☐
2.	**The system will have a max generation capacity of 3kW**	**YES** ☐	**NO** ☐
3.	**The system will comply with system technical requirements as specified in the customer connection agreement**	**YES** ☐	**NO** ☐
4.	**I will submit a Development Application by 30 June 2014**	**YES** ☐	**NO** ☐
5.	**I will execute a customer connection agreement**	**YES** ☐	**NO** ☐
6.	**I agree to LHIB installing a new smart meter at a min cost of $650**	**YES** ☐	**NO** ☐
7.	**The system will be installed and commissioned by 31 December 2014**	**YES** ☐	**NO** ☐

Signed for the Respondent by: _____

Name (in block letters): _____

Dated this _____ **day of** _____.

RENEWABLE ENERGY SYSTEM GRID TIE INVERTER NETWORK CONNECTION AGREEMENT