

Yorke Biomass Energy Project



Acciona's 25 MW Sanguesa Biomass Plant, Navarra, Spain

26 May 2016



Yorke Biomass Energy

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Yorke Biomass Energy

Presentation Outline

- Project Overview
- Sanguesa Video
- Project Details
- Project Business Model
- Project Benefits
- Project Timetable
- Community Consultation
- Hybrid Microgrid (?) with SAPN
- Questions and Answers



Project Scope and Unique Approach

- 20 MW maximum biomass project centred on using straw based fuel source of around 120,000 tonnes per annum
- Project is modelled on similar plants operated by EPC* exclusive partner Acciona (*EPC – engineer, procure and construct)
- Unique approach through the use of a biomass resource supplier ***Community Co-Operative – Yorke Biomass Supply*** (refer later section) and ***an open-book negotiation process***
- Located near Ardrossan – close to the Ardrossan West substation and to the nearby coast for water cooling purposes
- Potential for major benefits to biomass suppliers and local community



Sanguesa Video



Project details – Location and Resource(s)

- Near Ardrossan on South Australia's Yorke Peninsula
- Known high grain production zone and considerable information available on resource
- 120,000 tonnes within 50 km radius and moisture content around 15%
- Flat terrain and excellent grid based transport routes
- Plant located near existing industrial zone, close access to grid/customers
- Modelled on existing operating plants operated by Acciona in Spain



Project Site Location

North western corner of Silo Road and Yorke Highway

Around 2 kms south of Ardrossan centre

Close to Ardrossan West Substation (near corner of Maitland and Silo Roads)

Close to coast for access to cooling water from sea

Close to industrial precincts



Yorke Biomass Energy relationships with *Supplier owned “cooperative style”* YBS Pty Ltd and Electricity Market/Off-takers/Customers



Feedstock Supply Agreement

- Exclusive (both ways)
- \$/tonne supplied
- Volume per year with quotas that can be traded
- Moisture content ~15%
- **Open book process for negotiation of supply price per tonne**
- **Profit share (see below)**
- Independent advisor KPMG

Off-take Agreement

- Up to 20 MW most likely 15 MW
- Requires at least 90,000 tonnes
- Sale of power and renewable energy certificates
- Multiple parties with PPAs
- Direct connect customers
- **May involve supply to local supply to 6,390 local customers connected to 33kV or below from Ardrossan (includes Maitland, Minlaton, Curramulka, Pt Vincent and areas in between)**

YBS Pty Ltd
3 to 5 board members and 2FTEs

YBE Pty Ltd
IRR 12% min.

Electricity market (NEM)
Retailers and/or Local customers

\$ / Tonne
\$85 min. in real terms plus profit share for returns above 12% by YBE

IRR 12% min.

c/kWh or \$/MWh
Reduction of 15% in price maintained for up to 20 years in real terms plus further reductions arising from YBE returns above 12%

Supplier owned “cooperative” – supplier owned and controlled - less than 50 suppliers (aggregators & individual farmers). Less than 50 supply contracts with YBS. YBS board determine profit share allocation

Ownership
Kallis Family Trust
Exclusive EPC contractor
Acciona
Consultants
WSP: PB
Clean Carbon

Off-take Agreement (PPA)*

- Electricity
- Renewable Energy Certificates

* PPA – power purchase agreement

Exclusive Negotiation Agreement (ENA)

Two stage process – ENA for a period of up to 3 years followed by a binding supply agreement through the YBS (Coop)

Stage One

- Simple exclusive negotiation agreement for exclusivity of biomass supply – delivered to YBE
- Focused on supplier of biomass (farmer, aggregators)
- Exclusive period for 3 years and payment of \$500 per annum plus GST
- Initial agreements have been signed which will be opened more broadly to others within 50 kms of Ardrossan
- Four parts to exclusive negotiation agreement – introduction/background, the exclusive negotiation agreement, standard terms & conditions and an example of the key terms for the later binding supply agreements (Stage two)
- Example of one such a term is *“Minimum price of \$85 per tonne increasing with 100% of CPI for life of plant (around 20 years)”*
- ENA’s to be assigned from YBE to YBS (Coop) after YBS is formed



Project Benefits

YBE Project has significant potential benefits including;

- Opportunity for farmers (suppliers of biomass) to diversify their income – with 100 plus farmers sharing in excess of a total of \$6 million p.a. – providing a direct cash benefit for the local economy within 50 kms of Ardrossan
- Up to 40 new long terms jobs – biomass plant operations and collection/transport – a further direct injection of \$3 million p.a. locally
- Economic indirect spin offs estimated at 3 to 1 multiplier – equating to around \$27 million per annum for local Yorke Peninsula economy
- Potential for long term improvements to the long term sustainability of local farming – soil health, crop rotation and weed management
- Introducing a new model for community involvement and engagement in renewable energy projects – member ownership of the Co-Op – YBS Pty Ltd
- Links agriculture, energy and industry/commerce – in a mutually supportive win/win solution for local jobs and the environment.
- Significant reduction to greenhouse gases and improved energy security of the Yorke Peninsula



Project Timetable

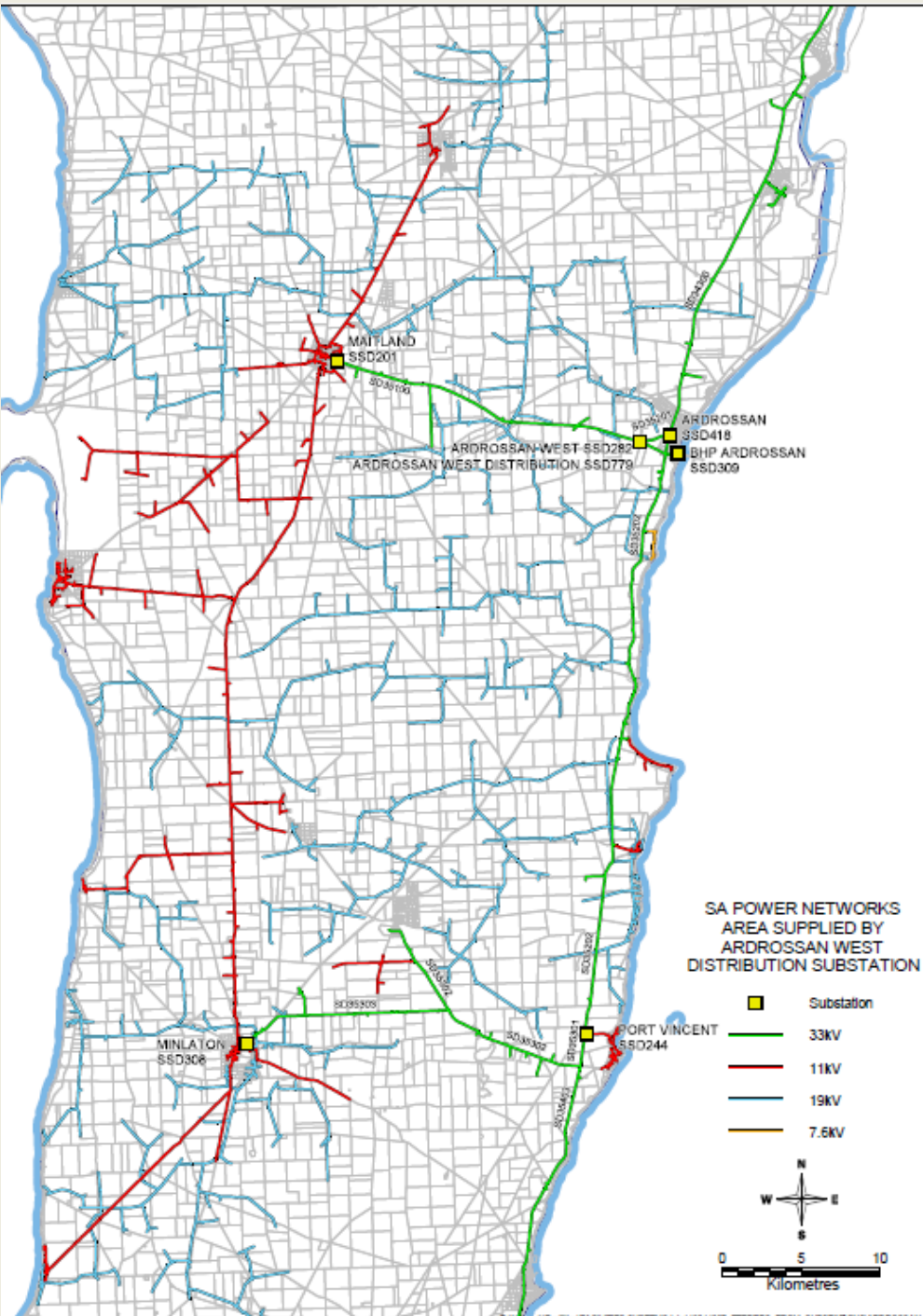
- Commence public and community consultation process - September 2015, then ongoing
- Complete ENA's for biomass supply by end of May 2016
- Finalize size and design of biomass plant, network connection and water cooling by end of May 2016
- Undertake tender specification and selection process for plant - May to September 2016
- Commence EPBC and DA preparation – June 2016
- Commence negotiations between YBE and YBS by end of June 2016
- Lodge EPBC third quarter 2016
- Lodge DA second half of 2016, then undertake public and community consultation
- Complete power purchase agreement - first half of 2016
- Commercial close – end of 2016/early 2017
- Commence construction – first half 2017
- Commence operation – by end of 2017/ early 2018



Potential for a hybrid micro-grid with SA Power Networks

Covers the areas shown on the adjacent map and includes;

- Ardrossan
- Maitland
- Minlaton
- Port Vincent
- Curramulka



Project Information Sessions with local community

- Provide a broad understanding of the biomass project – scope, benefits* and timetable (*biomass suppliers, local businesses & others)
- Collect issues to incorporate into our project development process – *“we are the beginning of the project not the end”*
- Provide potential biomass suppliers with information for their consideration
 - Project summary and exclusive negotiation agreement presentation
 - YBE Project fact sheet
 - YBE Project questions & answers
 - Exclusive Negotiation Agreement (legal agreement)



Questions & Answers





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