

Sydney, November 19, 2019

Neoen and Tesla to deliver Australia's most innovative battery with the expansion of Hornsdale Power Reserve in South Australia

- A 50 per cent expansion of the world's largest battery, Hornsdale Power Reserve, also known as the *Tesla Big Battery*, will provide additional grid stability while continuing to reduce the cost of electricity to consumers.
- The site will be the first grid-scale battery in Australia to provide inertia benefits to the National Electricity Market facilitating the transition towards a high-penetration renewable grid.
- The delivery of additional Tesla Powerpacks strengthens Neoen's Hornsdale Power Reserve's position as the largest battery in the world.

Neoen, (ISIN Code: FR0011675362, ticker: NEOEN), one of the world's leading and fastest growing independent producers of exclusively renewable energy, today announces a 50 per cent expansion of its Hornsdale Power Reserve in South Australia. The 50 MW/64.5 MWh expansion, supported by Tesla, will further showcase the complete benefits that grid-scale batteries can provide to the National Electricity Market (NEM) and Australian consumers.

In its first year of operation, the battery has saved consumers more than \$50 million AUD, and the expansion which will be completed in the first half of 2020, will see these savings continue to grow.

Alongside additional power system reliability and continued cost savings to consumers, the expansion will provide an Australian-first large-scale demonstration of the potential for battery storage to provide inertia to the network which is critical to grid stability and the future integration of renewable energy. This will ensure South Australia can continue to harvest its world class wind and solar resources and support the transition to net 100% renewable energy generation in the 2030s, and further drive down electricity prices for all consumers.

The South Australian Government is playing an instrumental role in this project by committing \$3 million AUD per year for 5 years in grant funding toward the expansion through its Grid Scale Storage Fund, to secure the delivery of the inertia benefits highly needed by the grid. The Hornsdale Power Reserve expansion is the first project to receive support from the fund; established in November last year to accelerate the deployment of new storage projects capable of addressing some of the key challenges that are having cost and security impacts on the South Australian power system. On behalf of the Australian Government, the Australian Renewable Energy Agency has committed \$8 million AUD in grant funding through its Advancing Renewables Program.

Moreover, the project will also be the first battery project in Australia to benefit from debt financing support from the Clean Energy Finance Corporation (CEFC).

Louis de Sambucy, Managing Director Neoen Australia said, "I would like to thank the South Australian Government, ARENA and the CEFC in supporting the expansion of the Hornsdale battery. The support of the South Australian Government has been central to the project, alongside its vision of making the state an exporter of renewable energy. The expansion of Hornsdale Power Reserve is demonstrating the critical and multiple roles that batteries will play in the grid of the future. I would also like to acknowledge the great support of the Australian Renewable Energy Agency to bring forward the critical innovations and regulatory changes that the network requires, and of the Clean Energy Finance Corporation for this first financing support for a battery project."

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Xavier Barbaro, Chairman and CEO of Neoen said, “We are extremely proud of this expansion and the innovations it brings. It illustrates Neoen’s ability to build on an existing asset and make it smarter while providing its counterparts with savings and new services. This new investment also demonstrates Neoen’s capacity to act as a long-term partner for South Australia Government, towards a common goal: delivering sustainable, reliable and competitive energy.”

Dan van Holst Pellekaan, South Australian Minister for Energy and Mining said, “With this expansion, the Hornsdale Power Reserve will continue to break new ground in providing and proving the benefits of inertial response from inverter technologies. As South Australia continues to increase its share of renewable energy generation, large-scale storage solutions such as grid-scale batteries will help address some of the key challenges impacting South Australia’s power system, such as energy reliability and inertia. By providing an additional 50 MW of fast ramping market capacity it is designed to reduce spot price volatility and protect the grid from network disturbances, resulting in more affordable, reliable, and secure power for all South Australians.”

Darren Miller, ARENA CEO said, “Large scale batteries are playing an important role in providing short term, large scale energy storage to help firm and balance the grid. The Hornsdale battery is a ground-breaking project that has proven what batteries can do for our electricity system, and this expansion will now show that it is capable of much more by demonstrating inertia, expanded FCAS functionality and extended support for the Heywood interconnector. Along with providing essential services to the South Australian grid, this will help to inform the regulatory changes required to value these services and create additional revenue markets for other batteries to enter the market on a commercial basis. We hope this project will not only demonstrate the versatility of batteries in providing a range of grid services but also help pave the way for market reform.”

Ian Learmonth, CEFC CEO said, “We see grid-scale batteries as a critical part of the next wave of investment that will support the rapid and unprecedented changes we are seeing across Australia’s electricity system. The Hornsdale Power Reserve has already delivered substantial benefits to South Australia, providing grid reliability, reducing energy costs and integrating the State’s substantial renewable energy resources into the grid. It is an exciting model that can be extended across the grid to strengthen reliability and maximise the benefits of renewable energy. By delivering the first project financing of a stand-alone NEM-connected battery in the Australian market, our goal is to demonstrate the market potential of grid technologies for other investors and developers. We are delighted to work with an industry leader such as Neoen in this project.”

About Neoen

Neoen is one of the world’s most dynamic independent producers of renewable energy. With a capacity close to 3 GW in operation or under construction, Neoen is a high-growth company. Neoen is notably active in France, Australia, Mexico, El Salvador, Argentina, Finland, Portugal, Ireland, Zambia and Jamaica. In particular, Neoen operates Europe’s most powerful solar PV farm (300 MWp) in Cestas, France, and the world’s largest lithium-ion power reserve (100 MW/129 MWh storage capacity) in Hornsdale, Australia. Neoen is targeting more than 5 GW capacity in operation or under construction by 2021. Neoen (ISIN Code: FR0011675362, ticker: NEOEN) is listed in Compartment A of the regulated market of Euronext Paris.

For more information: www.neoen.com

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What is inertia?

As with vehicle suspension on an uneven road, inertia services are essential for stabilising the grid when electricity supply and demand fluctuate. The expanded 150 MW Hornsdale Power Reserve will be upgraded with Tesla's Virtual Machine Mode, which allows the advanced power inverters to emulate the existing inertia services being supplied by an ageing fleet of fossil fuel power plants. **The level of inertia that would be provided by HPR could match half of the total needs of South Australia.**

This Australian-first battery technology will trial responding to supply fluctuations by automatically and rapidly charging and discharging. By imitating the behaviour of the existing fossil fuel-based services, the Hornsdale Power Reserve can arrest any grid frequency deviations through a clean and regenerative substitute.

The Australian Energy Market Operator has identified that the South Australian grid requires 6,000 megawatt-seconds (MWs) to maintain a secure operating level of inertia. It is anticipated that Hornsdale Power Reserve as expanded could provide up to 3,000 MWs of inertia.

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