Clean energy finance for the local government sector

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The Clean Energy Finance Corporation

- A statutory corporation which invests in renewable energy, low-emission technology and energy efficiency in Australia
- Commenced investing from 1 July 2013
- $10B in funds – $2B/yr. from 2013 to 2017 inclusive
- Operates commercially with a public policy purpose. Investment decisions made by experienced private sector board, independent of Government
- Invests responsibly and manages risk to achieve its target rate of return and achieve financial self-sufficiency before 2016
- No impact on government net debt

**CEFC Mission**

Accelerate Australia's transformation towards a more competitive economy in a carbon constrained world, by acting as a catalyst to increase investment in the clean energy sector
The CEFC’s future

- The CEFC (Abolition) Bill passed the House of Representatives and was rejected in the Senate.
- The CEFC is continuing to invest responsibly and commercially, carrying out its statutory purpose and functions.
- The Government has committed to honour all payments necessary to meet CEFC’s contractual obligations.
- The CEFC is getting on with business and progressing new investments.
CEFC Investment Policy

- Eligibility Constraints

- Investment Selection Criteria

- Portfolio Diversification Strategy
CEFC’s Product “Menu”

- Clean Energy Loans for the Not-for-Profit Sector (CBA)
- Clean Energy Loans for the Commercial and Industrial Sectors (CBA)
- Environmental Upgrade Agreement (EUA) finance (NAB/EFM & ANZ/EFM)
- On-bill Finance (Origin)
- Lease finance for small to medium enterprises (Flexi)
- ....more in the pipeline!!
Energy Efficient Loans for Not-for-Profits

A $100 million co-financing arrangement between the CEFC and CBA to fund clean energy projects with not-for-profit clients

- Not-for-profits including local government
- CEFC co-administers overarching fund with CBA
- Commercial loan agreement
- Loan value will range from ~$500,000 to $5m +
- Loan terms offered up to 12 years
- Competitive finance
- Security provision over general rates income
- Available nationwide where projects meet CEFC eligibility criteria
- Technology agnostic
- Marketing and communications
Example local council projects financed since 2010
Baw Baw Shire Council Energy Efficiency Loan

- Local council street lighting upgrade
- $162,441/annum savings over 20 years
- 18% reduction in council carbon footprint
  (street lighting ~40% of footprint)
- Project cost $1,036,529
  - Australian Government grant $489,547
  - CEFC energy efficiency loan $546,982
- Longer term will allows energy savings to repay finance
Tumut Shire Council Energy Efficiency Loan

Electricity consumption

Total electricity consumption has reduced from 528 MWh pa to 199 MWh pa, this represents a total saving of 62%. Actual monthly consumption can be seen in Figure 1 below.
Plant saves $300,000

By Ashleigh Gleeson  Aug. 13, 2013, 7 a.m.

THE Oasis Aquatic Centre has slashed its energy costs by an average of $320,000 per year after a gas-fired cogeneration plant became fully operational last week.

Previously, a typical power bill for the centre would cost between $400,000 and $450,000 each year.
In Summary

- Available funds for clean technology projects via partner products
- No dedicated funding rounds
- Key design elements across all products includes:
  - Longer term allowing anticipated energy savings to repay finance (cash flow positive/neutral outcome)
  - Competitive finance tailored to suit project
  - Marketing and communications support including media and case studies
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