

CEFC helps local government save on energy costs

Tailored finance to suit broad spectrum of technologies

SUMMARY

Australia's 565 local councils have expenditure of over \$30 billion annually for infrastructure, community, recreation and other public services. Councils face increasing cost pressures and rely on revenue from a mix of sources including rates, government funding and investments.

These capital constraints have limited local governments being able to benefit from the energy cost savings available from renewables and new energy efficient technologies.

Councils working with the CEFC have realised significant energy and operational cost savings and carbon emissions reductions through street lighting upgrades, building upgrades, installation of cogeneration plants and solar PV. Major savings opportunities also can be realised through converting waste from landfill sites into energy.

"Councils and their ratepayers pay the energy and maintenance costs of street lighting even though they do not own the assets. We're helping councils reduce those costs by providing finance to enable them to create outcomes that benefit their communities."

Oliver Yates

CEO, Clean Energy Finance Corporation

STREET LIGHTING

Street lighting is the single largest source of energy costs for the local government sector and typically accounts for 30 to 60 per cent of carbon emissions.

Across Australia, more than 2.28 million street lights cost more than \$400 million annually in energy and maintenance. Because street lighting is typically owned and operated by energy suppliers yet paid for by councils, upgrades can be a complex area to navigate. However, access to upfront finance through the CEFC is helping councils overcome these complexities.

Warrnambool City Council, Victoria

Warrnambool City Council, south west of Melbourne, is replacing about 2,000 residential street lights with LED technology that is forecast to reduce lighting operation and maintenance costs by more than 60 per cent.



Baw Baw Shire Council, Victoria

Installing energy efficient street lamps is saving Baw Baw Shire Council more than \$160,000 a year and reducing its overall carbon emissions by 18 per cent.

Richmond Valley Shire Council, New South Wales

About 1,000 street lights throughout Richmond Valley Shire in northern New South Wales have been replaced with more energy efficient lamps, reducing lighting energy costs by about one third.

BUILDING RETROFITS

Efficiency upgrades to council buildings and facilities can deliver significant cost savings through renewable and energy efficient technologies, avoiding higher electricity consumption of ageing equipment and increases in the cost of energy. Working with finance through the CEFC, councils have been able to tackle several technology upgrades at once, enabling them to maximise benefits while minimising inconvenience to residents and ratepayers.

Tumut Shire Council, New South Wales

Tumut Shire Council's administration building has reduced its grid electricity costs by a better than expected 66 per cent following the installation of energy efficient lighting, an upgraded air conditioning system using a ground source heat pump and solar PV panels.



Great Lakes Council, New South Wales

Upgrades focusing on lighting, water heating and insulation at the local aquatic centre and council administration centre at Forster in New South Wales are helping Great Lakes Council save about 12 per cent a year on energy costs.

Mount Alexander Shire Council, Victoria

An upgrade to Castlemaine School of Mines, a heritage-listed Mount Alexander Shire Council building in the gold-mining town of Castlemaine, is reducing the building's energy use by about 40 per cent through lighting improvements financed by the CEFC to complement other work improving the building's sustainability.

Kingborough Council, Tasmania

A lighting upgrade replacing fluorescent lighting with LED tube lighting at the civic centre in Kingston, Tasmania, has cut the building's lighting energy costs by 75 per cent and has also reduced the council's maintenance costs.

Central Goldfields Shire Council, Victoria

Central Goldfields Shire Council installed solar PV and upgraded lighting and controls at its resource centre to lower the building's energy costs by about 15 per cent.

Wagga Wagga City Council, New South Wales

Wagga Wagga City Council upgraded the lighting systems at its civic centre, civic theatre and airport to reduce the energy consumption of the buildings by about 8 per cent.

ON-SITE GENERATION

Councils operating aquatic and leisure centres are benefiting from producing their own energy on-site using gas-fired cogeneration and tri-generation plants. Most cogeneration and tri-generation facilities in Australia use natural gas but can use various fuels including biogas.

Wagga Wagga City Council, New South Wales

Wagga Wagga City Council expects to more than halve the energy costs of its Oasis Aquatic Centre through installation of a cogeneration unit that provides up to 85 per cent of the centre's electricity needs.



Cardinia Shire Council, Victoria

Cardinia Life, the premier health and recreation facility in Pakenham, south east of Melbourne, is expecting to save about 25 per cent on its energy use from the installation of energy efficient lighting and air conditioning, a heat pump and a micro turbine cogeneration unit.

WASTE-TO-ENERGY

Waste management is a growing issue for Australia as we are now producing more waste than ever before. Nearly half of all Australian waste is disposed to landfill and local governments play a vital role in waste collection and management.

Significant waste reform is underway across Australia at a Commonwealth, State and Local government



level with the aim of creating more uniform, and less complex, waste management and levy systems and of meeting the compliance obligations of international conventions.

Waste-to-energy technologies have a role to play as part of an integrated waste management system that has due regard for the Waste Management Hierarchy and Sustainability Principles. There is also increasing private sector interest in constructing and operating waste-to-energy facilities using new waste-to-energy technologies.

Having identified waste-to-energy projects as a way of reducing waste and increasing productivity, the CEFC is financing projects to accelerate wide scale take up of suitable technologies.

Landfill waste harnessed as energy source

In Western Australia, New Energy Corporation will develop waste-to-gas facilities using world-leading, Australian-designed technology.

Using CEFC finance, New Energy Corporation has approval to utilise ENTECHTM gasification technology in a waste-to-energy plant proposed for Port Hedland in Western Australia. This Australian-developed technology has been commercially proven overseas as a way to help solve growing waste management problems. The converted waste has a lower emissions outcome than current grid electricity sources.

Fugitive gases generate low emissions power

The CEFC has provided finance to landfill gas power generation specialist Energy Developments Limited (EDL) to finance projects that capture landfill gas, waste coal mine gas or mine vent air methane and use these gases to generate electricity.

EDL has landfill gas projects in operation and under development in Australia, the UK, US and Europe. EDL is the largest operator of landfill gas power generation in Australia with 84MW of generation capacity across 21 projects including sites at Browns Plains in Queensland, Lucas Heights and Belrose in New South Wales, Belconnen in the ACT and Corio in Victoria.

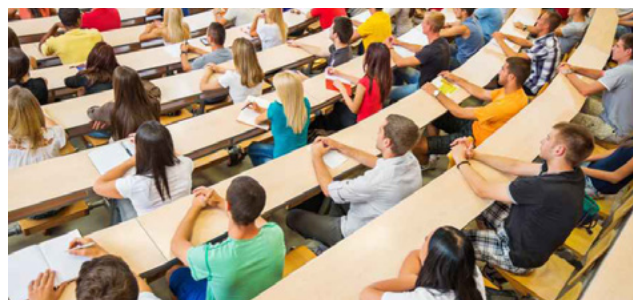
CEFC FINANCE FOR LOCAL GOVERNMENTS

The CEFC has been working with major financial institutions to develop finance programs that are available to councils to cover all, or part of, the upfront cost of energy saving projects. This is designed to enable local governments to realise the benefits from these projects through reduced energy and operational costs without the extra burden of sourcing upfront finance.

Energy Efficient Loans

The CEFC has a \$100 million co-financing arrangement with Commonwealth Bank to provide loans designed for local councils and not-for-profit organisations such as schools, hospitals and sporting organisations.

The Energy Efficient Loan program suits projects of up to \$5 million, or more, with terms offered up to 12 years, and can be used to cover the full value or part of a project.



The program is available nationwide for projects that meet CEFC eligibility criteria. Local council loans include a security provision over general rates income.

Councils with an existing banking relationship with Commonwealth Bank can find out about how to access this finance through their Relationship Manager or Asset Finance Business Development Manager. Further information is also available from the CEFC at info@cleanenergyfinancecorp.com.au.

Finance for commercial property upgrades

The CEFC is working with councils to provide finance for Environmental Upgrade Agreements (EUA) that can help rejuvenate business precincts.

Owners of ageing property can receive a competitive edge in the market through retrofitting to improve the environmental performance of their building, using the low-risk EUA financing option to make it happen.

EUA finance ties the loan to the property and repayments are made through a charge included on council rate notices.

Benefits of EUAs include easier access to competitive, long-term capital, reduced operational costs for the owner and lower tenancy costs for tenants.

The CEFC has partnered with National Australia Bank, ANZ and Eureka Funds Management to provide EUA finance for improvements as varied as lighting upgrades and air conditioning system replacements to the installation of on-site power generation and elevator upgrades.

Current availability

In Victoria, EUAs are available for buildings in the City of Melbourne, with the intention to widen this to the entire state. In New South Wales, EUAs are available in City of Sydney, North Sydney, Parramatta, Lake Macquarie and Newcastle councils, and provision of EUAs is in planning for Penrith and Wollongong. South Australia's EUA program is known as Building Upgrade Finance.



The Clean Energy Finance Corporation (CEFC) invests using a commercial approach to overcome market barriers and mobilise investment in renewable energy, energy efficiency and low emissions technologies.

As at 30 June 2014, the CEFC had contracted investments of over \$900 million in projects with a total value of over \$3 billion. The CEFC invests for a positive financial return, with its more than 40 direct investments and 25 projects co-financed under aggregation programs expected to achieve a positive net benefit for the taxpayer. These projects help to improve energy productivity for businesses across Australia, develop local industries and generate new employment opportunities.

The CEFC operates under the *Clean Energy Finance Corporation Act 2012*. More information is available on our website www.cleanenergyfinancecorp.com.au

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