

CEFC

CLEAN ENERGY FINANCE CORPORATION



A Guide to the Financing Issues and Requirements for Successful Individual Bioenergy Projects



BIOENERGY AUSTRALIA 2015
SESSION 5: BIOENERGY DEVELOPERS

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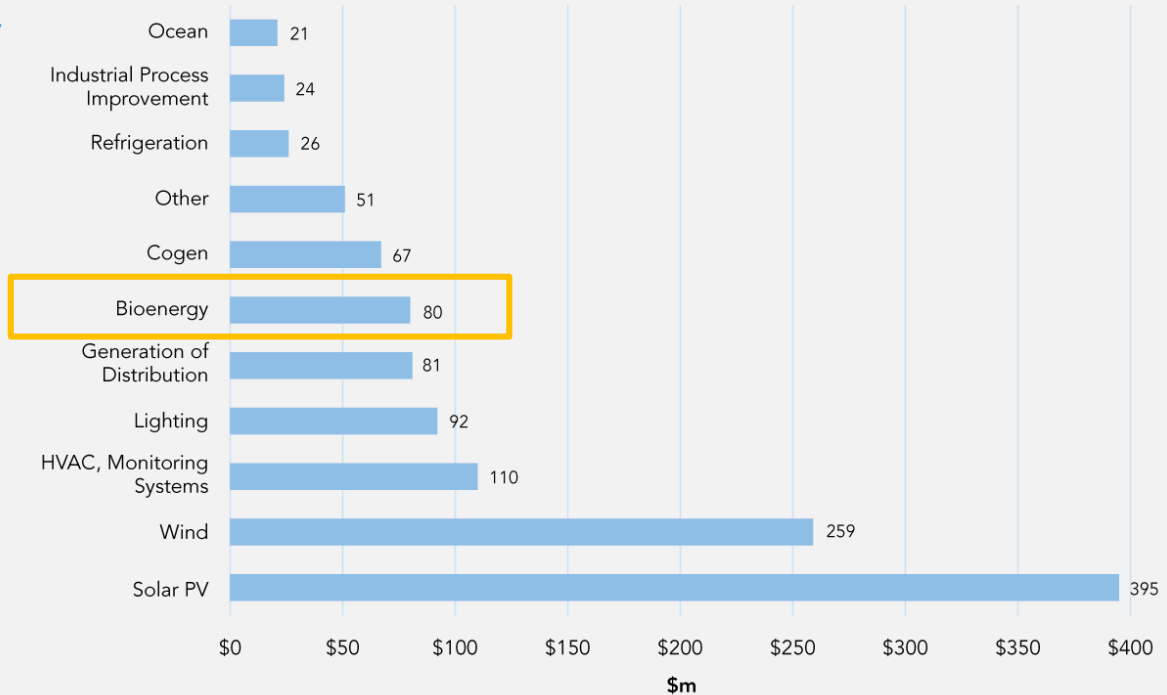
About the Clean Energy Finance Corporation

- Independent, Australian Government institution that operates like a traditional financier
- Private sector expertise with public purpose - Finance for energy efficiency, low-emissions and renewable energy projects and programs across the economy
- Access to \$2 billion a year over 5 years
- Expect a return on investment (debt or equity)
- Can work on projects that are smaller, more complex or new to the Australian market
- Operates as a co-financier to encourage greater participation in the sector from banks and other financiers



The CEFC has a diverse portfolio of investments

At June 30 2015, bioenergy made up \$80 million or nearly 7% of our total portfolio of commitments



Types of bioenergy projects the CEFC can finance

LOCAL COUNCILS

Municipal waste-to-energy



AGRICULTURE

Biogas from waste products or biofuel production



MINING

Bioenergy to power mine sites using crops & waste-water



TRANSPORT

Biofuels for trucks & commercial vehicle fleets

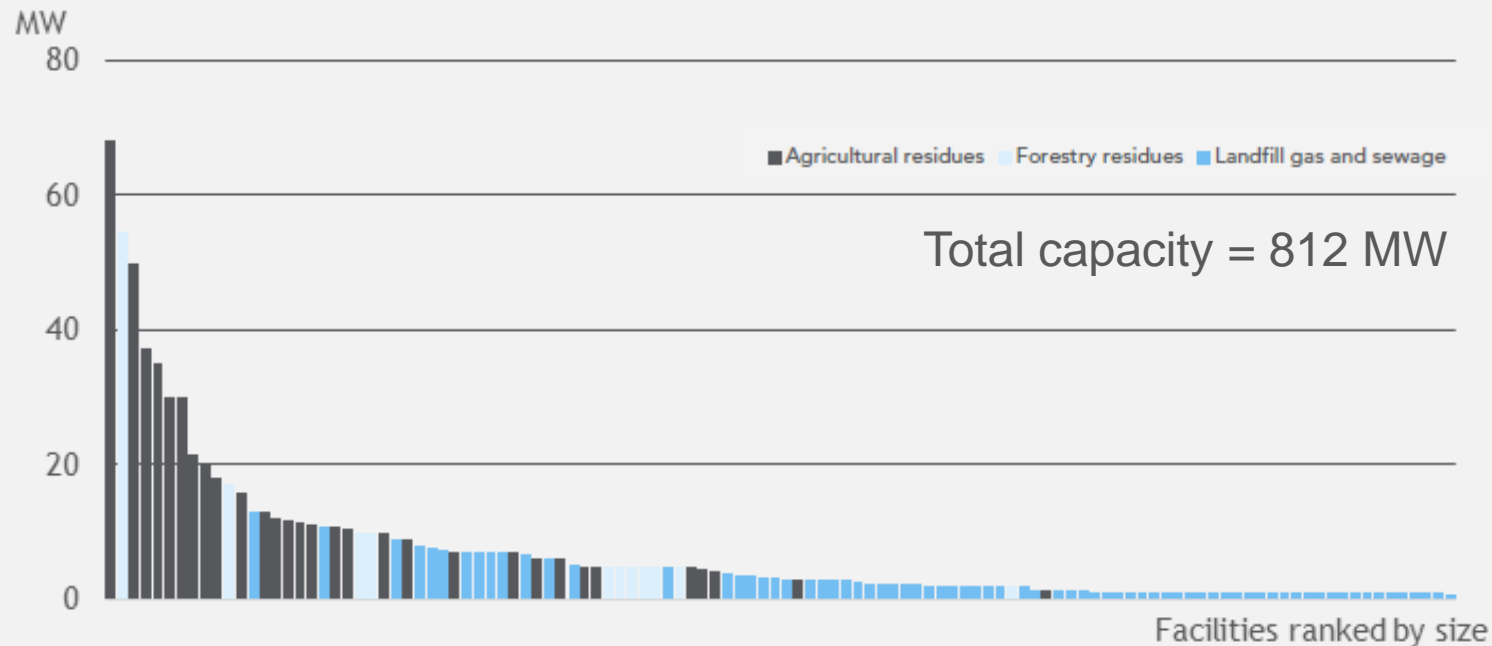


MANUFACTURING

Biogas using meat-processing waste & processed food



The existing bioenergy industry in Australia is comprised of many small and medium-sized opportunities



Where are the opportunities in bioenergy?

Urban
waste



Food and garden
organics, waste
wood and timber,
wastewater and
residual waste

\$2.2-3.3bn
investment
opportunity to
2020

Intensive
livestock and
food
processing



Organic waste from
poultry farms, cattle
feedlots, piggeries,
dairy farms and
abattoirs

\$0.7-1.1bn
investment
opportunity to
2020

Plantation
forest
residues



Stem
tops and branches left
after harvest, as well
as plantation forest
sawmill residue and
pulplog

\$0.45-0.65bn
investment
opportunity to
2020

\$100 million for Australia's first equity fund for bioenergy and energy-from-waste: The Australian Bioenergy Fund



Cornerstone investment into bioenergy-focused equity fund

- Cornerstone commitment of \$100m from the CEFC
- Establish a dedicated Australian bioenergy and energy from waste fund
- Targets deployment of new bioenergy and energy from waste capacity
- Equity investments in project vehicles and companies

CEFC COMMITMENT
\$100 million

TOTAL FUND SIZE
~\$200 million



Summary of factors financiers consider

Risk factor	Low risk	
	High risk	
Technology	Commercially deployed in Aus e.g. anaerobic digestion, landfill gas	Not commercially deployed e.g. pyrolysis, gasification
Feedstock	Long contract for supply & no cost e.g. waste that provides gate-fee revenue	Paying for feedstock & uncontracted
Offtake	Guaranteed customer e.g. 10+yr contracted offtake	Commodity exposure
Equity	Substantial equity from quality sponsor	Non-investment grade equity sponsor e.g. high net worth
Construction	Fixed price EPC with LD regime with significant balance sheet	Non-fixed price contract
O&M	Experienced operator with significant balance sheet	No experience

Closing remarks

- Project bankability and viability is critically dependent upon the quality of a multitude of parties involved - each with a different role
- To be successfully realised, a project must be anchored by a supportive and mutually beneficial partnership structure between these parties with the ability to leverage their respective market positions
- Unlocking the potential of the bioenergy market in Australia requires this shortcoming must be addressed as a priority
- To help make this happen the CEFC is supporting a new equity-focused fund for the bioenergy sector



CEFC

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