

# CEFC finance for commercial solar

## \$20 million finance from CEFC for ET Solar's commercial property solar program

### SUMMARY

The CEFC is providing up to \$20 million in senior debt finance to ET Solar Australia for a new solar Power Purchase Agreement (PPA) program aimed at commercial premises with an emphasis on high-energy users, including shopping centres, mining and manufacturing businesses.

ET Solar has a pilot project underway in Queensland constructing a solar panel carport structure at a major shopping centre carpark, with a number of other large-scale commercial projects being rolled out in the Northern Territory, South Australia and other states and territories around Australia.

Under the program, ET Solar will own, operate and maintain a customer's solar PV system – varied to suit their energy requirements with system sizes ranging between 30KW and 2MW, with the customer agreeing to purchase electricity at an agreed rate, which is lower than current electricity costs.

Through financing the program, the CEFC is expanding the accessibility of solar to businesses seeking to reduce their energy costs.

"The commercial solar PV market has seen slower take-up than residential solar, partly due to the upfront capital required. We see the PPA finance model as a way to deepen the solar PV market and help realise its full potential."

**Oliver Yates**  
CEO, Clean Energy Finance Corporation

The ET Solar program forms part of the CEFC's strategy of working with Australian and international financial institutions, solar providers and manufacturers to widen and deepen the Australian solar PV market and enhance the uptake of solar technology.

### PROJECT IMPACT

The CEFC is working with solar manufacturers and distributors to introduce long-term financing solutions to accelerate the take-up of rooftop solar PV in Australia.

#### Demonstrating investment potential

Australia has over 3GW of installed solar PV and is unique in having the vast majority of these solar installations in residential rooftop solar PV. 2014 data released by Green Energy Trading reveals the percentage of commercial buyers rising to 15 per cent of the market, up from less than 5 per cent two years earlier.

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### *Project Impact continued...*

Australia added around 800MW of solar PV capacity in 2014, and while fewer units were installed than in 2013, the size of the units increased, reflecting the growing interest of commercial buyers. This increased interest in solar PV for commercial rooftops such as retail centres, public buildings, local councils and airports, comes in response to increasing energy costs and the reduced cost of solar PV. These organisations are moving to adopt solar to hedge against the rising cost of grid-based electricity and choosing green energy.

Bloomberg New Energy Finance expects around 23GW of large, commercial and residential solar PV to be installed by 2030, including an expected 5 million commercial and residential systems.

Local councils are already installing solar on their public buildings to help reduce energy costs and IKEA Australia is rolling out systems across its east coast stores and warehouses.

The main barriers cited for uptake by both commercial and residential markets are an ability to meet the upfront costs of solar installation and having confidence that the size and performance of systems being installed will meet business or household energy needs and expectations.

The CEFC, through its investments, is providing avenues for both commercial and residential solar PV markets to grow, by addressing these barriers.

ET Solar's offer of power purchase agreements to commercial operators complements other CEFC-financed programs, providing ways for consumers to take advantage of solar energy without having to source the upfront costs of installation or needing a technical background to purchase the most suitable quality products. The ET Solar program is underway with a shopping centre solar carport pilot project in Queensland, and is ready to roll out throughout Australia to commercial and industrial high-energy consumers.

The power purchase model overcomes the barrier of long payback periods because customers do not pay for the upfront purchase and installation of equipment, and can achieve immediate savings on their energy bills.

### **Developing Australia's solar industry**

The CEFC, recognising the ability of Australia's abundant solar resources to provide energy cost reductions to commercial operators and households, has been working with co-financiers and industry

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### *Project Impact continued...*

specialists to develop products that facilitate wider market adoption of solar PV.

The CEFC's financing for solar PV programs is designed to establish precedents and help realise the full potential for this developing and rapidly evolving domestic market. The CEFC's involvement in developing PPA and leasing products for Australian consumers draws on its broader expertise in renewable and smarter energy finance.

The CEFC's investment in commercial solar rollout and its investment in utility-scale solar projects in rural and remote communities is helping to develop the solar industry by building technical expertise and demonstrating the ability of Australia's solar industry providers to deliver results.

The PPA model has proven highly successful overseas, with more than 75 per cent of new household PV systems in California utilising lease financing.

"We currently have a commercial-scale carport structure solar project underway in Queensland which will incorporate solar energy into a shopping centre car park, with similar construction planned in other states."

#### **Sam Khalil**

*Australian Operations and Business  
Development Manager, ET Solar Australia*

### **Reducing consumers' energy costs**

Under the CEFC financed program, ET Solar will own, operate and maintain a customer's solar PV system – varied to suit their energy requirements with system sizes ranging between 30KW and 2MW – and the customer agrees to purchase electricity at an agreed rate, which is lower than current electricity costs.

PPAs provide Australian businesses with a way to access solar power without the need for upfront capital to cover installation costs.

The power purchase agreements give customers long-term certainty on the price they will pay for the solar component of the power they use. If grid electricity prices increase, their overall savings will increase.

With the provider responsible for installation, operation and maintenance of the solar PV systems, the provider is incentivised to ensure the optimum ongoing performance of their systems. The arrangement is straightforward to the customers who are able gain access to the system to best match their needs and a discounted power supply, without having to find the upfront capital to cover installation costs.



### FINANCE

ET Solar will provide up to \$13.3 million in equity, while the CEFC is providing up to \$20 million in senior debt finance towards the program.

“With this investment through the CEFC, the rollout of ET Solar’s PPA model will help large energy consumers in industries like mining, shopping centres and manufacturing to significantly reduce their electricity costs.”

**Dennis She**  
CEO, ET Solar Group

**ET Solar Energy Corp** established its ET Solar Australia Pty Ltd subsidiary earlier this year to focus on commercial-scale and utility-scale projects development and investment for the Pacific region.

ET Solar is a leading smart energy solutions provider with manufacturing headquarters in Nanjing, China, design headquarters in Munich, Germany, and more than 300MW of solar installations globally. ET Solar has provided turnkey solutions and services, solar modules, and balanced PV system components to its customers in over 60 countries.

ET Solar was established in 2005, and worldwide, it employs over 4000 staff and maintains a production capacity of over 1GW per year.

For more information visit <http://www.etsolar.com/>.  
Contact: 02 8211 0641 or [infoaus@etsolar.com](mailto:infoaus@etsolar.com).



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.

When operational, these projects in which the CEFC is investing are expected to achieve abatement of 4.2 million tonnes of CO<sub>2</sub>e per annum. They 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](http://www.cleanenergyfinancecorp.com.au)

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“As a Tier 1 solar company, with a strong Research and Development Team based in Germany, ET Solar ensures the highest standard of PV systems, and we will be using top quality local distributors and accredited installers to deliver solutions for all types of businesses in Australia.”

**Dennis She**  
CEO, ET Solar Group