

# CLEAN ENERGY FINANCE CORPORATION

## Bioenergy Australia: Anaerobic Digestion Workshop



10am Thursday 27<sup>th</sup> June, 2013

University of Queensland

## **Clean Energy Project Finance**

1. Introduction to CEFC
2. What response have we received from the Industry?
3. What are we seeing in the biogas sector?
4. How the CEFC can influence the cost of Renewable and Low Emissions Projects
5. Summary



## About CEFC

- CEFC is a statutory Corporation dedicated to investing in clean energy which will have access to funding of \$10 billion comprising annual appropriations to the CEFC Special Account of \$2 billion from 2013 to 2017 inclusive
- The CEFC will commence funding investments from 1 July 2013
- CEFC will mobilise capital investment in renewable energy, low-emission technology and energy efficiency in Australia
- The CEFC operates commercially with a public policy purpose

## CEFC's 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"

## **CEFC is open for business**

- CEFC is fully staffed and operating from headquarters in Sydney and offices in Brisbane
- CEFC has an highly experienced private sector senior executive and investment team
- CEFC is actively engaged in discussions with renewable energy and low emissions investment proponents for finance for projects (further detail provided later) with a view to contracting investments in coming months, ready to be funded by CEFC after July 1 when investment funds become available

## **Investment approach – to assist the industry to close clean energy transactions**

- CEFC will co-finance and invest in renewable energy and low emissions opportunities and technologies
- We take a commercial approach and assess opportunities on a case-by-case basis, seeking stable, cash flow generative investments
- Our focus is on projects at the later stages of development, which have:
  - A positive expected rate of return
  - Will repay capital; and
  - Generate a solid return
- We will always lend close to market terms
- Limited ability to provide concessional finance

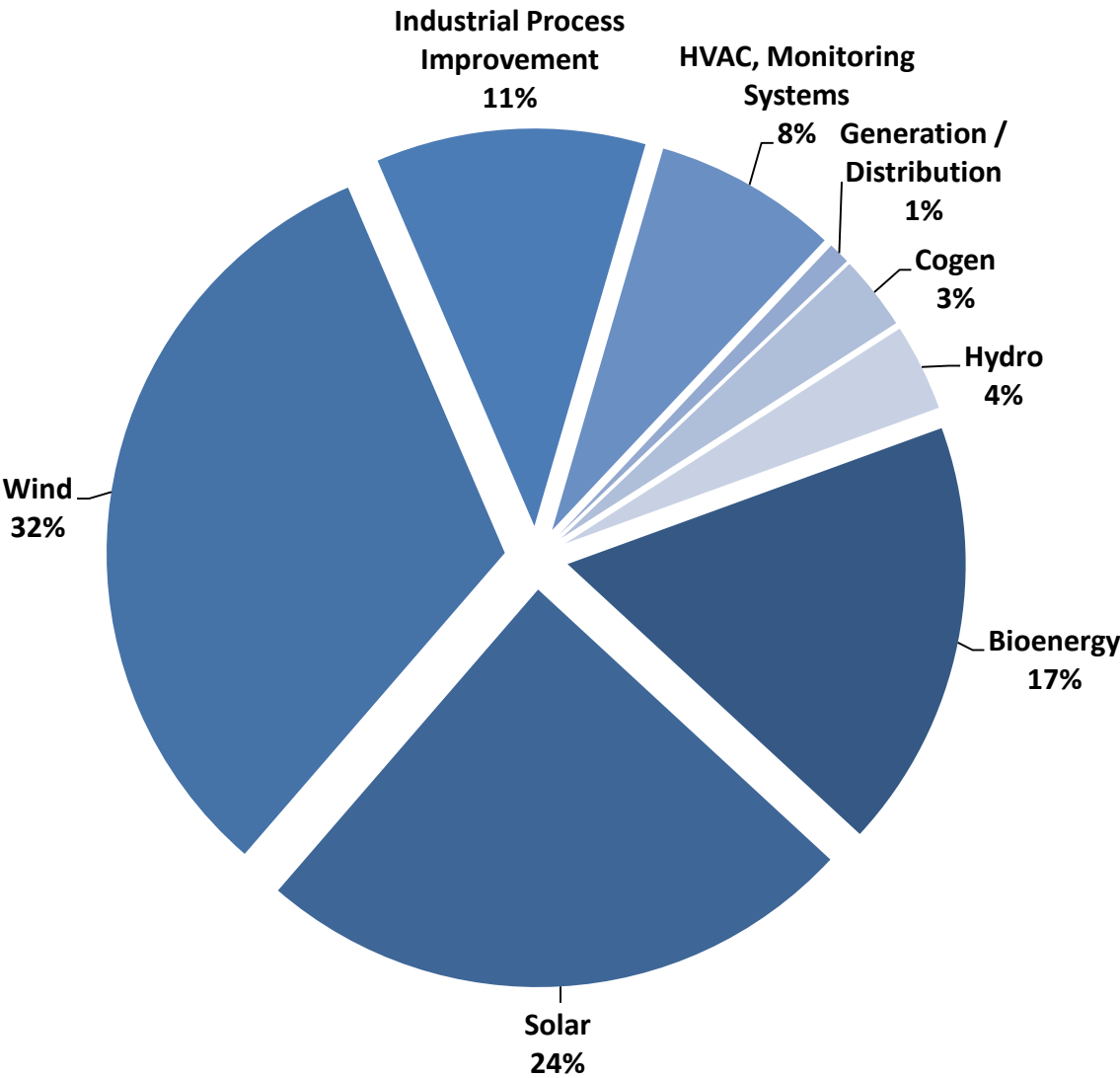
## **What response has the CEFC received?**

The CEFC has received an amazing response from the renewable energy industry:

- The CEFC is currently involved in active discussions with more than 50 project proponents who are seeking around \$2 billion of CEFC funds
- There are a further 100 projects in the pipeline. These projects will leverage private sector funds in a ratio of approximately 3:1
- The project proposals are across a wide range of renewable and clean energy technologies, across all Australian states and a complete cross section of industry sectors



Proposals – by technology



## **Biogas- Size of the Prize**

- Significant cost savings and scalable
- Carbon savings from both direct methane and electricity/gas offset
- Total Australian potential abatement of over 2.0MT CO<sub>2</sub>-e per annum
- Very cost effective \$/t measured on initial capital cost and lifetime carbon savings.
- Potential for over \$300M new project investment in intensive agriculture and meat processing alone





## **Biogas- An emerging Renewable**

### **International track record and growing potential**

- Germany generates 14.2% of its renewable energy from biogas
- UK anaerobic digestion could deliver between 3 and 5 TWh of electricity by 2020.
- Incentivised in Australia with CFI, CTIP grants, carbon tax liability and RECs.
- CEFC provide financing to catalyse uptake and investment

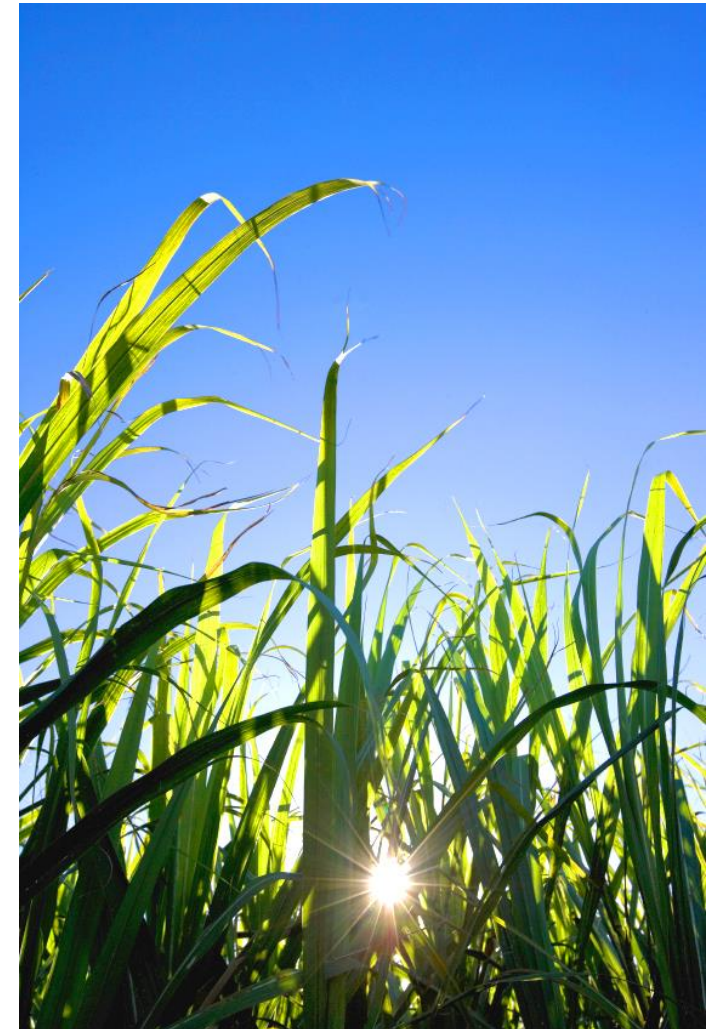
## **Australian Market Experience**

- Financiers are exploring biogas
  - Limitations remain
- Equipment finance
  - Emerging, barriers remain
- Build-Own-Operate models
  - Yes, but equity not debt funded
- CEFC (and previously LCA) Financing
- There are new providers moving into the market



## **The unique role CEFC can play in reducing financing costs for Renewable Energy and Low Emissions Projects**

- The CEFC can lower the cost of financing by providing:
  - Improved gearing levels (more comparable to global markets)
  - Extended debt maturities and flexible amortisation profiles
  - Innovative products
  - Finally, lower cost funding



## Summary

- The CEFC is here to help you to get deals done
- CEFC can provide financing with terms that improve the capital structure for your projects
- The combined power of the CEFC and ARENA will close transactions



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