

# CEFC finances Pacific Hydro's Portland Wind Energy Project

**\$70 million finance from CEFC (\$361 million project)**

## SUMMARY

The Clean Energy Finance Corporation (CEFC) is providing \$70 million in debt financing to Pacific Hydro's Portland project in south-west Victoria to bring the fourth stage of the Portland Wind Energy Project to market.

This project enables Pacific Hydro to expand its generation capacity and to develop a retail business for renewable energy, demonstrating the potential for a viable integrated wind energy business in Australia.

The Portland Wind Energy Project has been developed in four stages:

Stage 1 (PWEPI) - a 30 megawatt (MW) wind farm at Yambuk that commenced operation in 2007

Stage 2 (PWEPII) - a 58MW wind farm at Cape Bridgewater that commenced operation in 2008

Stage 3 (PWEPIII) - a 44MW wind farm at Cape Nelson South that commenced operation in 2009

Stage 4 (PWEPIV) - a 47 MW wind farm across two Portland locations - Cape Sir William Grant and Cape Nelson North – expected to be completed within two years.

This deal involves financing the construction of stage four and refinancing stages two and three.

Stage four is ready for construction and Pacific Hydro has a contract with REpower to supply and install turbines. Pacific Hydro plans to source towers from Australian manufacturers and local construction companies will deliver electrical and civil works.

## PROJECT IMPACT

The CEFC's participation in this project has encouraged other commercial lenders to take part. This enabled this transaction to proceed and the fourth stage of the Portland Wind Energy Project to be built.

When stage four is complete, stages two, three and four of Portland Wind Energy Project combined are expected to produce more than 500 gigawatt hours (GWh) annually. That is enough electricity to power just over 100,000 Victorian homes each year, and equal to more than five per cent of Victoria's residential electricity demand. It will avoid carbon emissions of around 590,000 tonnes per annum.

Pacific Hydro has built over 300 MW (11 projects) of wind and hydro power in Australia.

*...continued*



### *Project Impact continued...*

This project enables Pacific Hydro to expand its generation capacity and to develop a retail business for renewable energy, demonstrating the potential to develop a viable integrated wind energy business in Australia. Pacific Hydro's retail business is in its early stages, although it has several medium to large customers and the company is allocating significant resources to grow the business.

This project demonstrates the potential to build renewable energy capacity without relying on a PPA from the major utilities.

The approximate 18-month construction phase is expected to involve about 400 jobs which the company hopes will be mainly sourced locally. Additional flow on benefits for the local community will be generated through demands for transport, accommodation and other services. Once operational, Pacific Hydro expects that 10 people will be required to manage and maintain the Portland wind farms (PWEP II, III and IV).

Pacific Hydro will be using Australian-made towers for the wind farm, aiding the further development of the local market manufacturing capability and supply chain and providing jobs for the manufacturing industry. Also, local suppliers and construction companies will complete electrical and civil works aspects of the project.



"Not only will PEWP IV provide a boost to jobs locally in and around Portland, once operating, the project will provide an important contribution to clean energy generation and carbon abatement in the National Electricity Market."

**Lane Crocket**

*General Manager Australia, Pacific Hydro*



## FINANCE

CEFC is lending \$70 million in debt financing alongside \$158 million being provided by a consortium of domestic and international banks.

Pacific Hydro is providing equity capital for the remainder of the \$361 million project's value.

The project involves financing the construction of stage four and refinancing stages two and three.

All three stages of Portland Wind Energy Project will sell the electricity and LGCs they produce to Pacific Hydro's retailing business under an 18-year Power Purchase Agreement (PPA). That business will on-sell the output to the market. Pacific Hydro has guaranteed the PPA obligations for the benefit of the project.

**Pacific Hydro** is a global clean energy solutions provider.

Operating for over 20 years, Pacific Hydro develops, builds and operates renewable energy projects and sells electricity and carbon abatements products. It has hydro, wind, solar and geothermal power projects at varying stages of development, construction and operation in Australia, Brazil and Chile.

Founded in Australia in 1992, Pacific Hydro offers solutions for medium and large organisations looking for a reliable, flexible and cost-effective service to meet their electricity needs. Pacific Hydro is owned by Industry Funds Management, which is owned by, and invests on behalf of, a number of Australian superannuation funds.

**REpower** currently provides operations and maintenance services for stages two and three at Portland Wind Energy Project and will provide the same services under a two-year warranty period for stage 4. It will also supply and install the turbines for stage 4. Pacific Hydro will take over operations and maintenance for the project after the contract period.

REpower is a German wind turbine supplier with over 25 years of experience in wind turbine design and manufacture. REpower Australia has significant experience in Australia with over 900 MW of installed capacity over 14 wind farms in New South Wales, South Australia and Victoria. The majority of these projects were delivered through an engineering, procurement and construction (EPC) solution, making REpower Australia the most experienced wind EPC provider in Australia.

“CEFC was able to catalyse investment in Portland Wind Energy Project by other commercial banks that demonstrates the potential for similar financing models in the future. Development of the local wind industry will provide opportunities for the Australian manufacturing industry and help reduce carbon emissions.

**Oliver Yates**

*CEO, Clean Energy Finance Corporation*



The Clean Energy Finance Corporation (CEFC) has been established by the Australian Government to mobilise capital investment in renewable energy, low-emissions technology and energy efficiency in Australia.

The CEFC's flexible mandate and commercial approach provide an opportunity to achieve genuine market-based change by helping overcome the financial barriers that have previously prevented clean energy investment at scale.

Learn more at [www.cleanenergyfinancecorp.com.au](http://www.cleanenergyfinancecorp.com.au)

**Clean Energy Finance Corporation**

Suite 1702, 1 Bligh Street  
Sydney, NSW 2000 Australia  
ABN: 43 669 904 352

e [info@cleanenergyfinancecorp.com.au](mailto:info@cleanenergyfinancecorp.com.au)  
t 1300 002 332  
i +61 2 8039 0800  
[cleanenergyfinancecorp.com.au](http://cleanenergyfinancecorp.com.au)