

CEFC finance supports Australian solar PV manufacturer

Up to \$20 million senior debt finance from CEFC to expand access to solar PV

SUMMARY

The Clean Energy Finance Corporation (CEFC) is providing up to \$20 million senior debt finance to enable Australian solar PV company, Tindo Solar (Tindo), to locally manufacture, install and own rooftop solar arrays and sell the power to the building occupants under a new power purchase agreement (PPA) program. The program is also funded by the Solaire Income Fund, a Lighthouse Infrastructure and Impact Investment Group joint venture.

Under this program, Tindo, the only Australian solar panel manufacturer, will expand access to solar PV in Australia by using a financing mechanism that does not involve an upfront cost for customers. Tindo will be targeting residential customers, small to medium-sized businesses and government bodies.

Tindo's PPA program customers will gain access to solar power and benefit by paying less for their power than the alternative of purchasing power from retailers at average energy prices. The expected savings are achieved with a full end-to-end service for the customer covering quotes, selecting technology, arranging installation and providing ongoing service and maintenance.

Tindo will be able to grow its business through offering PPAs and expand its operations. By increasing its solar PV customer base, and building this sector locally, Tindo aims to be able to provide more Australian advanced manufacturing, construction and renewable energy job opportunities.

The CEFC's financing for the Tindo program is part of the CEFC's work with a number of Australian and international financial institutions, solar providers and manufacturers to offer financing products that will accelerate Australia's uptake of solar technology. PPAs will help overcome the existing barriers that have held back take up of solar power by some individual and commercial customers. By removing the need for significant upfront investment and allowing the benefits to remain with the building occupants when a tenant moves, PPAs will accelerate use of solar power in Australia.

"Australia's solar resources are a natural competitive advantage. We need to ensure more businesses have the opportunity to access the benefits of this advantage and take control of their energy prices, now and for the future."

Oliver Yates
CEO, Clean Energy Finance Corporation



PROJECT IMPACT

The CEFC's partnership with Tindo and the Solaire Income Fund is being undertaken as part of its work with a number of Australian and international financial institutions, solar providers and manufacturers to offer new financing products that will accelerate Australia's uptake of solar technology.

These new offerings include both PPAs and solar leasing, and represent an important development in solar PV financing in the Australian market. Whilst these financing models are relatively new here, they are well established in overseas markets.

The products will make solar more accessible for households and businesses, including those in rental premises or multi-occupancy buildings, and will reduce electricity bills while increasing the total supply of solar power in Australia.

These new financing models will be rolled out by established, experienced and accredited installation companies and suppliers over the next few years.

Expanding access to solar PV in Australia

While there has been widespread take up of solar PV by the residential sector in Australia, with about 1.25 million solar rooftops, there is still considerable untapped potential. Solar PV in the commercial sector has lagged behind the residential sector and represents less than 7 per cent of the solar PV market. This is much lower than in most other advanced economies and the opportunities



for commercial sector solar are significant, particularly since most commercial and industrial energy demand is during the day when the maximum solar power is generated.

Over the past four years, interest in commercial solar has increased, however several significant hurdles limit investment by this sector. The main barrier is the upfront cost and the usually long payback period of over five years when many businesses operate with a three to five year payback threshold for their capital investments.

The power purchase agreement model overcomes this challenge as individual and commercial customers do not pay for the significant upfront purchase and installation of the equipment and customers can achieve immediate savings on their energy bills.

The power purchase finance model allows commercial customers to focus on their businesses as they do not have to worry about getting solar quotes, deciding on the best system, choosing an installer

continued...

Project Impact continued...

and maintaining the equipment. Tindo will be using its own high quality panels, manufactured in its South Australian factory, and have these installed by existing skilled and reputable operators.

With efficient management of the equipment choice and high quality integrated installation and commissioning processes, delivering immediate savings for the customer, the power purchase and leasing products the CEFC is financing are expected to significantly increase installation in the commercial and residential sectors.

Reducing consumers' energy costs

Customers will enter into an agreement to purchase the power generated by the solar units installed by Tindo and the pricing structure for these PPAs will mean customers pay less for their electricity with lower total energy bills from day one.

The PPA gives customers long-term certainty on the price they will pay for the solar component of the power they use and if grid electricity prices increase, their overall savings will increase.

Tindo PPA customers will be able to view their power usage rates online and adjust their energy usage to take advantage of the cheaper solar power.

Customers will also have an option to buy out the panels after five years.

"We have been committed to building an Australian solar manufacturing business using our local technical expertise and innovation and have built a strong base. But we have the capacity to expand the business and by offering PPAs to homeowners and the commercial sector more people can choose a quality, local product at no cost to them. The CEFC's finance will help us to grow the business and bring an Australian solar panel offering to more customers. The great benefit of the CEFC is that they understand solar systems as an asset while the Solaire Income Fund completes the picture with their renewable infrastructure know how."

Adrian Ferraretto

Managing Director, Tindo Solar

FINANCE

CEFC is providing up to \$20 million of senior debt finance through the Solaire Income Fund.

There is no concessionality.

The Solaire Income Fund, being established by Lighthouse Infrastructure and the Impact Investment Group, will provide additional finance. Lighthouse Infrastructure and the Impact Investment Group are establishing the \$200 million Solaire Income Fund to provide long-term stable returns to investors through investment in solar PPAs and related assets. The Fund will invite investors to provide equity finance in addition to the CEFC's finance to support Tindo's rollout of its solar PPA program.

ABOUT

Tindo Solar designs and manufactures technologically advanced and premium quality solar photovoltaic (PV) modules from its automated plant in Adelaide, South Australia with robotic control at every stage of manufacture. Through focusing on automation and the use of advanced robotics, Tindo Solar is able to produce a quality product at affordable prices. Tindo Solar is enabling clean, renewable power and aims to provide Australia with a cost effective alternative to peak conventionally generated electricity, thereby reducing fossil fuel dependence and greenhouse gas emissions. Tindo Solar is an integrated Australian solar business from manufacturing to installation and is now a solar PV electricity provider through its PPA business Tindo Asset Management. Tindo set out to make a panel that respects the Australian sun and to make a panel that would deliver on its product and

“We are excited to work with Tindo Solar, Australia’s only solar panel manufacturer. The CEFC is providing important leadership by supporting the Australian solar PPA market, which is an attractive sector for our investors. The \$200 million Solaire Income Fund will provide investors with the opportunity to invest in this exciting asset class. The sector is expected to grow and have positive social and environmental impacts, whilst alleviating high energy costs for customers.”

Mitch King and Christopher Lock
Directors, Solaire Income Fund

performance warranty. Tindo’s manufacturing plant, which employs 25 people, is situated in the heart of Technology Park, Adelaide, South Australia.

Tindo, a wholly Australian owned and operated group of companies, is the only Australian manufacturer of solar panels and its original Tindo Karra panels have been available since January 2012.



Since launching its first product, Tindo has introduced a number of technological enhancements including AC module technology, being the first to use a micro-inverter that is factory fitted and a module specifically designed for Australian commercial rooftops. Tindo has worked on development projects with the University of South Australia and Flinders University focused on battery energy and storage systems. Tindo’s panels are designed and made for Australian conditions from the highest quality components.

In addition to developing and producing its solar panels, Tindo has built a sophisticated software tool for calculating the energy output from a prospective installation. This tool provides customers with an accurate estimate that allows them to match the size of an installation with their energy requirements.

About the Solaire Income Fund

Lighthouse Infrastructure and Impact Investment Group are establishing the \$200 million Solaire Income Fund designed to provide long-term stable returns to investors through investment in solar PPAs and related assets.

Impact Investment Group (IIG) is a leading Australian impact investment fund manager, advisor and co-investor, established in early 2013. IIG originates investments in commercial real estate, renewable energy and infrastructure. IIG originates and transacts investments that generate financial performance with sustained environmental and social impact and has over \$100 million in assets under management. IIG is owned by Christopher Lock (Chief Executive Officer, Executive Director) and Small Giants, the family office of Daniel Almagor (Non-Executive Director) and Berry Liberman.

Lighthouse Infrastructure was established in 2007 by Mitch King as an independent Australian firm focusing on the investment needs of institutional investors in traditional infrastructure and alternative assets. The company's senior management team has significant experience and is highly regarded in infrastructure investment and management. Lighthouse Infrastructure has completed a number of infrastructure investments with a total value exceeding \$2 billion.

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 has contracted investments of over \$900 million in projects with a total value of over \$3 billion. The CEFC invests for a positive return, with its more than 40 direct investments and 25 projects co-financed under aggregation programs expected to achieve an average financial yield of about 7 per cent.

These CEFC investments are expected to achieve abatement of 4.2 million tonnes of CO₂e per annum with a positive net benefit to the taxpayer in the order of \$2.40 per tonne CO₂e. 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

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

e info@cleanenergyfinancecorp.com.au
t 1300 002 332
i +61 2 8039 0800
cleanenergyfinancecorp.com.au