

Clean Energy Finance Corporation

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CLEANER POWER SOLUTIONS BIOENERGY WASTE LARGE-SCALE SOLAR GRID + STORAGE BIOENERGY WASTE WIND SMALL-SCALE SOLAR WIND BIOENERGY INFRASTRUCTURE BETTER BUILT UNIVERSITIES PROPERTY NOTFOR PROFIT GOVERNMENT ENVIRONMENT SOCIAL HOUSING GOV MANUFACTURING UNI CO-FINANCIERS CLIMATE BONDS EQUITY NEW SOURCES FUNDS CLIMATE BONDS INNOVATION EQUITY OF CAPITAL CLIMATE BONDS CO-FINANCIERS INNOVATION

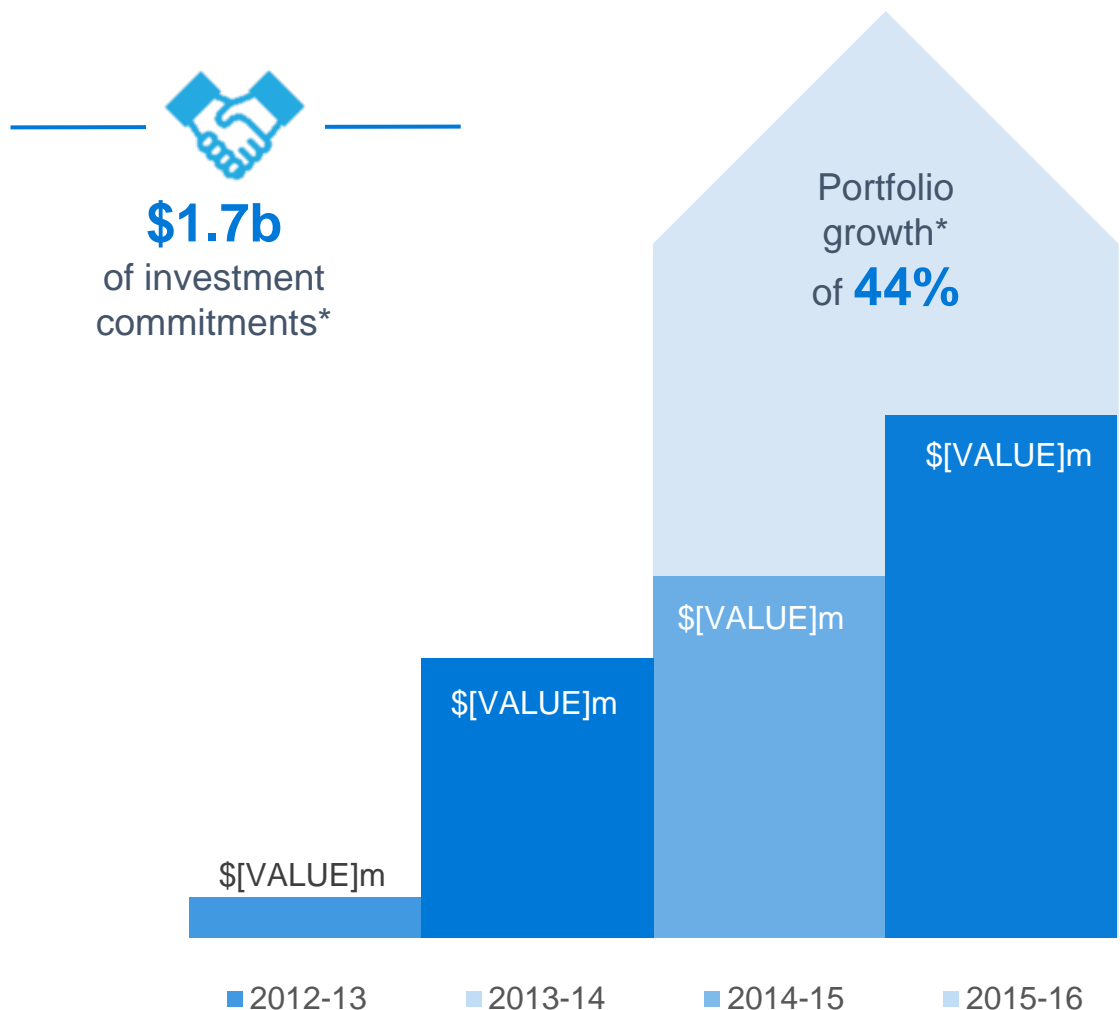
CEFC MISSION

To accelerate **Australia's transformation** towards a more **competitive economy** in a carbon constrained world, by acting as a **catalyst** to **increase investment in emissions reduction.**

ABOUT THE CEFC

- An independently-run Australian Government institution, created to facilitate increased flows of finance into clean energy
- Private sector expertise with public purpose: finance for energy efficiency, low emissions and renewable energy projects and programs across the economy
- \$10 billion available for clean energy investment financing; with anticipated return on investment (debt or equity)
- Able to work on variable scale projects including those that are smaller, more complex, or new to the Australian market
- Operate as co-financier to encourage greater participation in the sector from banks and other financiers.

CEFC CLEAN ENERGY PORTFOLIO



Over **60** direct investments with a forecast investment yield of over **5%**

7 co-finance and aggregation programs that have delivered over **\$100m** in finance to more than **500** smaller projects and businesses across Australia

TRANSFORMING CLEAN ENERGY INVESTMENT

THE CHALLENGE

Carbon intensive electricity

Large emissions from transport

Inefficient energy use

INCREASING FLOWS OF FINANCE INTO THE CLEAN ENERGY SECTOR

STRATEGIC PRIORITY AREAS

Cleaner power solutions

Better built environment

TARGET CLIENT SECTORS

Renewables developers and generators

Energy retailers and utilities

Waste, bioenergy, agriculture

Infrastructure and transport

Governments and not-for-profits

Property and manufacturing

BUSINESS PLATFORMS

1

Wind



2

Large-scale solar



3

Grid and storage solutions



4

Waste, bioenergy, agriculture



5

Infrastructure and transport



6

Social housing



7

Universities



8

Local government



9

Property and manufacturing



FACILITATED BY CAPITAL

CEFC direct

10

Debt markets and financial institutions



11

Investment funds



12

Innovation funds



DELIVERING OUTCOMES

Lower carbon electricity

Efficient energy use

TRANSFORMING CLEAN ENERGY INVESTMENT

INVESTMENT CRITERIA THE CEFC CONSIDERS

Risk factor	Project A (low risk)	(high risk) Project B
Equity	Substantial equity from quality sponsor , with ability to deploy contingent equity in case of cost overruns	Non-investment grade equity sponsor e.g. high net worth where balance sheet/exposure appetite can only accommodate initial project cost assumptions
Revenue: Price	Guaranteed long-term customer e.g. 10+yr contracted offtake from creditworthy counterparty	Intention to take merchant exposure for full project term
Revenue: Generation	Conservative generation assumptions , consistent with observed capacity factor of equipment and best available weather data	Unsupported assumptions of high capacity factor, higher than observed solar resources, lack of close-to-site weather data
Technology	" Tier 1 " technology providers with strong balance sheets, long term warranties (available to Project Co), limited risks identified in independent technical due diligence	Small/new technology providers , higher risk technology elements, short term warranties, due diligence concerns on technology risk.
Network	Agreed network connection with transmission network operator and limited risk of future curtailment	Yet to confirm network connection with transmission network operator and potential risk of curtailment
Construction	Fixed price, fixed time EPC with LD regime with significant balance sheet	Non-fixed price or fixed time contract , project company minimising costs through multiple contracts, no clear single "guarantee" for construction and generation delivery
O&M	Experienced operator with significant balance sheet	No experience
Community	Strong community engagement and support	Lack of strong community engagement and support or active opposition to the project

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