

# ACCELERATING AUSTRALIA'S RENEWABLE ENERGY INDUSTRY

CLEAN ENERGY FINANCE CORPORATION

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WIND FARMS SUMMIT 2020





In order to meet the renewable energy targets outlined by the Australian government of 26-28 per cent by 2030, the renewable energy industry requires considerable acceleration by investors and financiers to ensure project delivery success.

Ahead of the **Wind Farms Summit 2020** we chat to **Andrew Gardner**, Director of Corporate and Project Finance at the **Clean Energy Finance Corporation (CEFC)**. Andrew leads the Wind business platform at the CEFC where he is responsible for working with domestic and international sponsors and financiers to accelerate the delivery of large-scale renewable energy projects in Australia.

In this article Andrew shares with us details of the CEFC's current and future wind energy investments and delves into the criteria the CEFC, specialists in clean energy financing, utilise in determining project bankability potential.

# THE CEFC & WIND

## MATURING THE RENEWABLE ENERGY SECTOR

“Since we began investing in clean energy in 2013, the CEFC has invested in hundreds of energy efficient and renewable energy projects, with more than \$450 million committed to wind developments - supporting infrastructure investments with a total project value of more than \$2.6 billion. In addition, the CEFC indirectly supports the development of wind projects through investments in climate bonds.

Currently the CEFC direct investments in wind energy encompass seven projects across NSW and Victoria, with further investments within the sector under consideration.

### Projects include:

- 113 MW Bodangora Wind Farm, near Wellington in NSW
- 270MW Sapphire Wind Farm, near Glen Innes in northern NSW
- 240MW Ararat Wind Farm, in Victoria
- 100MW Taralga Wind Farm, in NSW
- 420MW Macarthur Wind Farm, in Victoria
- 48MW Woodlawn Wind Farm, in NSW
- 195MW Portland Wind Energy Project, in Victoria

We aim to invest in projects that help broaden and diversify the skills and knowledge in the sector. We’re working to build a portfolio that is diverse by geographic location, technology, by counterparties and by project sponsors.

While we invest commercially, we’re playing a significant role in overcoming barriers to investment through structuring investment terms to suit the unique characteristics of a project.

As the wind sector has matured, we’ve seen growing confidence in investors who are now willing to invest in projects that may have only part of their projected production output contracted.

We’ve also experienced a growing appetite for investment from superannuation and other funds looking to build more sustainable investment portfolios. We see this development as playing a key role in unlocking further finance for future investment.”





# PROJECT BANKABILITY

## CRITERIA AND TECHNOLOGY TO ENSURE SUCCESS

At the CEFC we invest responsibly and manage risk prudently, using a commercially rigorous approach to investment activities and risk management practices. In say this however we are also confident that Australia's energy mix can incorporate higher levels of clean energy with strengthened transmission, better demand management systems and increased storage capacity, through a planned, collaborative and coordinated approach between industry players.

We also recognise the importance of technological innovation in wind, and across the clean energy sector generally. This is reflected in our investment support for Canberra-based global wind development company Windlab Ltd.

Windlab uses world leading atmospheric modelling and wind energy assessment technology developed by CSIRO called 'WindScape' to determine the most suitable location for wind farms. Using this technology Windlab has been able to identify and efficiently develop high-quality wind farm sites with considerably greater certainty and less risk.

While utilising technological based developments like atmospheric modelling, as a specialist investor in clean energy, we also consider a broad range of factors in assessing projects to ensure long-term success and mitigate risks.



# PROJECT BANKABILITY

## CRITERIA AND TECHNOLOGY TO ENSURE SUCCESS

### Criteria include:

- The previous experience of project sponsors, in Australia and internationally.
- The location of the project and expectations around energy output.
- Whether the project has a good working relationship with its local community and strong local community support.
- Whether other financiers are involved. We look to ‘crowd in’ investment into the sector by working with other financiers.
- The supply chain and the track record of companies involved in providing technology, constructing and maintaining the completed wind farm.
- The enabling infrastructure required for the project to feed energy into the grid in a way that supports grid stability.”

# ACCELERATING TRANSFORMATION

## THE FUTURE OF AUSTRALIA'S WIND FARM INDUSTRY

"More than half Australia's emissions come from energy and industrial processes. Reducing emissions from these sectors requires substantial investment in wind, large and small-scale solar, grid and storage solutions and waste and bioenergy, including agriculture.

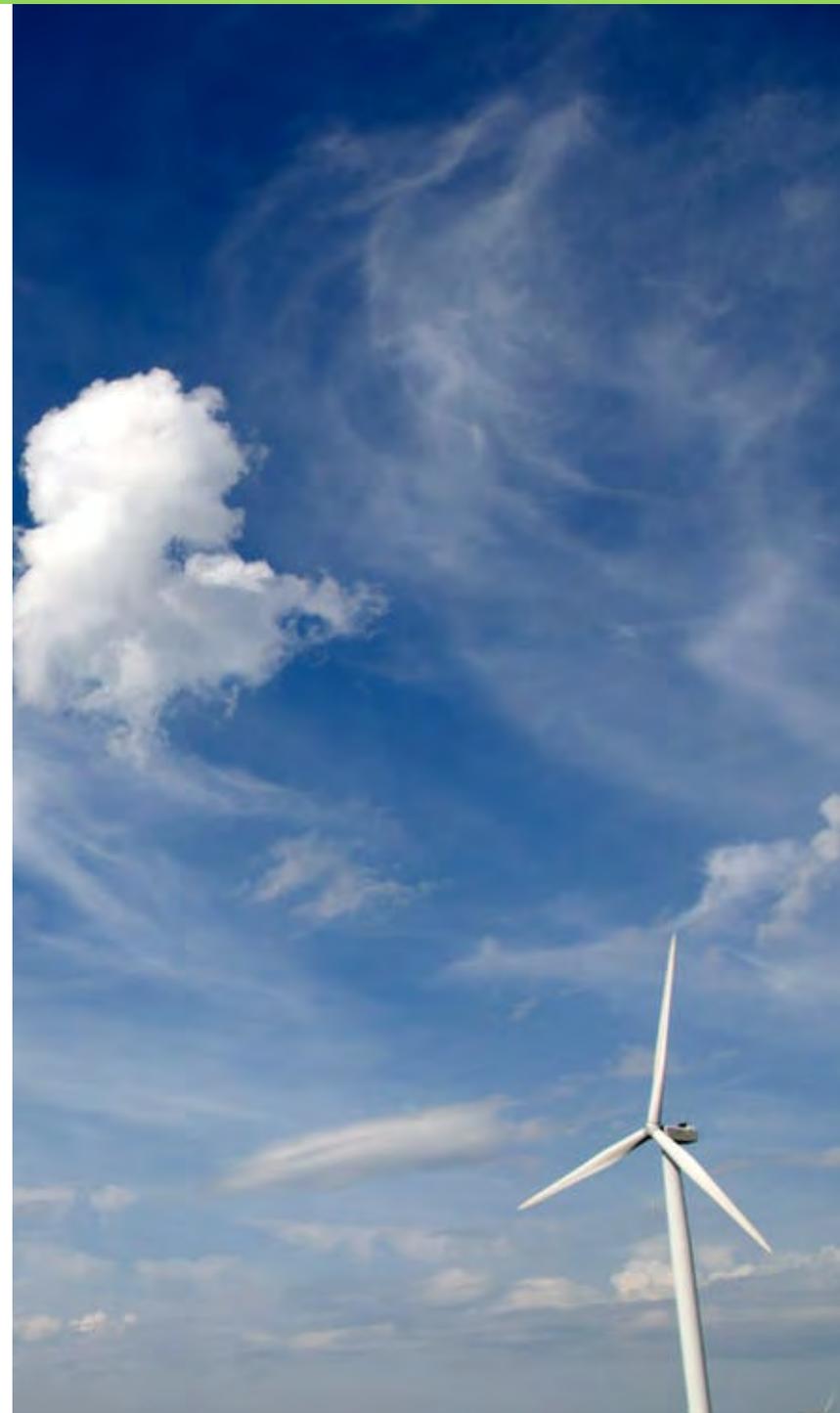
The CEFC is working with the private sector to assist in meeting the capital requirements to achieve this level of investment at the lowest possible cost, including using tailored loan structures that better meet the needs of investors and the particular asset classes involved.

Investment in a diverse range of technologies is essential if Australia is to benefit from the lowest cost sources of clean energy in the future and meet the renewable energy targets 2020.

For the future, we are looking forward to continuing to invest in renewable energy, low emissions and energy efficient technologies that will help to accelerate Australia's transition towards a more competitive economy in a carbon constrained world.

We are supporting the development of a resilient, balanced and secure electricity system through our investment activities including large-scale renewable energy, energy storage and other initiatives.

The CEFC sees energy storage, dispatchable renewables, transmission upgrades and behind the meter solutions as important areas for investment consideration to complement our existing investing activities aimed at increasing the flow of finance into the clean energy sector as we drive market change and accelerate Australia's clean energy transformation with the overall objective of meeting Australia's emissions reduction target of 26-28 per cent in the coming years."





If you're interested in hearing more from Andrew about the trends and technologies emerging in the wind industry, the project bankability and success criteria and how CEFC is accelerating Australia's renewable energy industry, then join us at the **Wind Farms Summit 2020**.

As part of the pre-summit workshop '**Improving Long-Term Investment Through Effective Finance Models for Renewable Energy Projects**' Andrew and his colleague Bobby Vidakovic, Associate Director, Corporate and Project Finance at the CEFC will also delve into:

- Developing innovative and feasible financing models
- Overcoming challenges with bankability and reputation
- Elements of an investment case analysis to assess the project's future viability
- Portfolio growth: meeting criteria and understanding the role of financiers

To secure your place at this invaluable workshop and the two day conference held in Melbourne on 19th- 21st of September 2017, which brings together over 18 industry experts from the likes of **Ratch Australia, Offshore Energy, the ACT Government, WestWind Energy, the National Wind Farm Commissioner and Monash University**, simply fill in the **registration form** and send to