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Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600
By email ec.sen@aph.gov.au

Dear Secretary,

Clean Energy Finance Corporation (Abolition) Bill 2013

Epuron welcomes the opportunity to make this submission in response to the Senate's Environment and Communications Legislation Committee Inquiry into, among other things, the Clean Energy Finance Corporation (Abolition) Bill 2013.

Epuron is the owner and operator of four solar photovoltaic (PV) power stations in the Northern Territory with total capacity 2 megawatts (MW). Three of the four solar power stations are located in remote communities and displace diesel fuel usage. We are working on an additional project with the CEFC. We are also the developer of a number of wind farms in operation or in construction in NSW.

Epuron believes that a market-based approach to the reduction of greenhouse gas emissions is the most cost effective approach to reducing Australia's emissions. The CEFC can be an important institution in achieving the emissions reductions to which the Abbott Government has committed.

Our own experience in securing funding for projects underlines the key role of the CEFC. Epuron has secured ground-breaking commercial lending facilities with a major Australian bank for the solar power stations we operate in the Northern Territory. To achieve this both parties have been on a long journey because, despite the high quality nature of the projects and established track record of solar PV globally, such projects constitute a new asset class for the Australian banking community and the transaction sizes can be relatively small. Globally the market for financing of renewable energy markets, including solar and wind, is mature whereas the debt terms we have been able to achieve for our Australian projects are comparatively conservative.

The role of the CEFC is pivotal in enabling renewable energy projects, particularly solar PV, to reach financial close so that more are built and the market in Australia matures at a faster rate. In our own experience, the CEFC has not been providing concessional loan finance that undercuts the market but rather debt that fairly reflects project quality on market terms from a global perspective and in a way that does not crowd out the local banking community. In this way it appears that the CEFC has consistently exceeded its statutory benchmark lending rate.

Epuron respectfully suggests that the CEFC be retained and, in line with its current practice, tasked with providing non-concessional market based loans to enable renewable energy developments and accelerate market maturity. This will provide the investment confidence the industry needs, the investment experience the banking sector seeks and assist the government to achieve or better its election stated emissions reductions goals. Achieving these goals will further reduce the cost of solar energy.

Please do not hesitate to contact me if I can usefully provide any further information to the Committee.

Yours sincerely,

Martin Poole
Director