

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment portfolio

Question No: 188
Hearing: Supplementary Budget Estimates
Outcome: Agency
Programme: Clean Energy Finance Corporation (CEFC)
Topic: Project Breakdown
Hansard Page: 24
Question Date: 13 November 2015
Question Type: Spoken

Senator Singh asked:

Senator SINGH: Three years. Last year was an incredibly difficult year, then, no doubt due to the uncertainty created for the Renewable Energy Target by the then Abbott government. Can you provide a breakdown by technology of what types of projects were funded—how many solar, how many wind and so on?

Mr Yates: I can give you an idea of what we did last year. There is a vehicle that has been set up with EG Group, which is to fund the refurbishment of B and C class offices. We obviously find that people are not renovating commercial buildings; they are leaving them in a pretty ordinary state. So we have set up a fund to buy those offices and upgrade them. That is \$125 million. We then have a program with National Australia Bank, and that program is to deliver an energy bonus program, which enables people or small businesses all around Australia, through a website which is run by National Australia Bank, to select better equipment, and if they select appropriate equipment that makes them more efficient and more productive then they can obtain an interest rate saving. You may have seen placards around with Origin talking about fresh solar. We fund Origin to try to roll out solar programs on a no-money-down basis around Australia. We launched the first climate bond; we underwrote that with National Australia Bank.

Senator BACK: When you say 'no money down', no money down by whom?

Mr Yates: In other words, you contract for the solar to be put on your house with Origin, which is the retailer.

Senator BACK: So it is the owner of the dwelling who puts no money down.

Mr Yates: Yes, that is right.

Senator BACK: Who puts the money down?

Mr Yates: Origin actually funds the installation of the system on the house, which is paid back over time through the electricity bills.

Senator BACK: And where do you come into it?

Mr Yates: We have provided a long-term financing facility to Origin.

Senator BACK: And they then repay you?

Mr Yates: They repay us.

Senator BACK: Interest rates?

Mr Yates: Interest rates are the commercial rates.

Ms Broadbent: Consistent with Origin's borrowing levels.

Senator BACK: Thanks. Senator Singh, my apologies.

Senator SINGH: That is all right.

Ms Broadbent: I would not mind clarifying that. While Origin are a good credit—we quite like to have some good credits, or mostly good credits, in our portfolio—what they cannot get access to is easy 10-year amortising money in the structure in these small tranches. So the sort of money that we can make available to them, although it is commercially priced, can exactly fit into those kinds of arrangements for their customers.

Senator SINGH: Perhaps you could table—

Mr Yates: I am happy to table all of that.

Answer:

The CEFC has provided a \$100 million corporate debt facility to Origin Energy Limited with a term of 12 years. The application of this facility is limited to solar PV and solar PV with battery storage.

Draws on the facility are permitted when Origin contracts with an end-user to supply energy at fixed cost from a solar PV array (with or without battery storage) that is owned, installed and operated by Origin at the end-user's premises.

By contracting to purchase energy at a fixed cost over the life of their energy contract, the end-user is often able to achieve overall energy cost savings compared to their current energy bills. The costs of the equipment, installation and finance are recouped by Origin over the life of the contract with the end-user. Origin makes the payments required under the CEFC facility from these receipts from the end-user.

This type of contract for fixed-price energy is essentially what is known in the energy sector as a "power purchase agreement" (PPA) and is marketed by Origin as "Solar as a Service".

Please also refer to the CEFC fact sheet attached and to the Origin website at:

<https://www.originenergy.com.au/content/origin-ui/en/for-home/solar/plans-offers/solar-as-a-service.html>

Finally, please also see the answer to Question 193 asked by Senator Waters.