

Doing it!

Community Energy Financing, Legals & Risk

2017 Community Energy Congress, Melbourne



Breakout session #1
Monday 28 February 2017





Introductions & Housekeeping

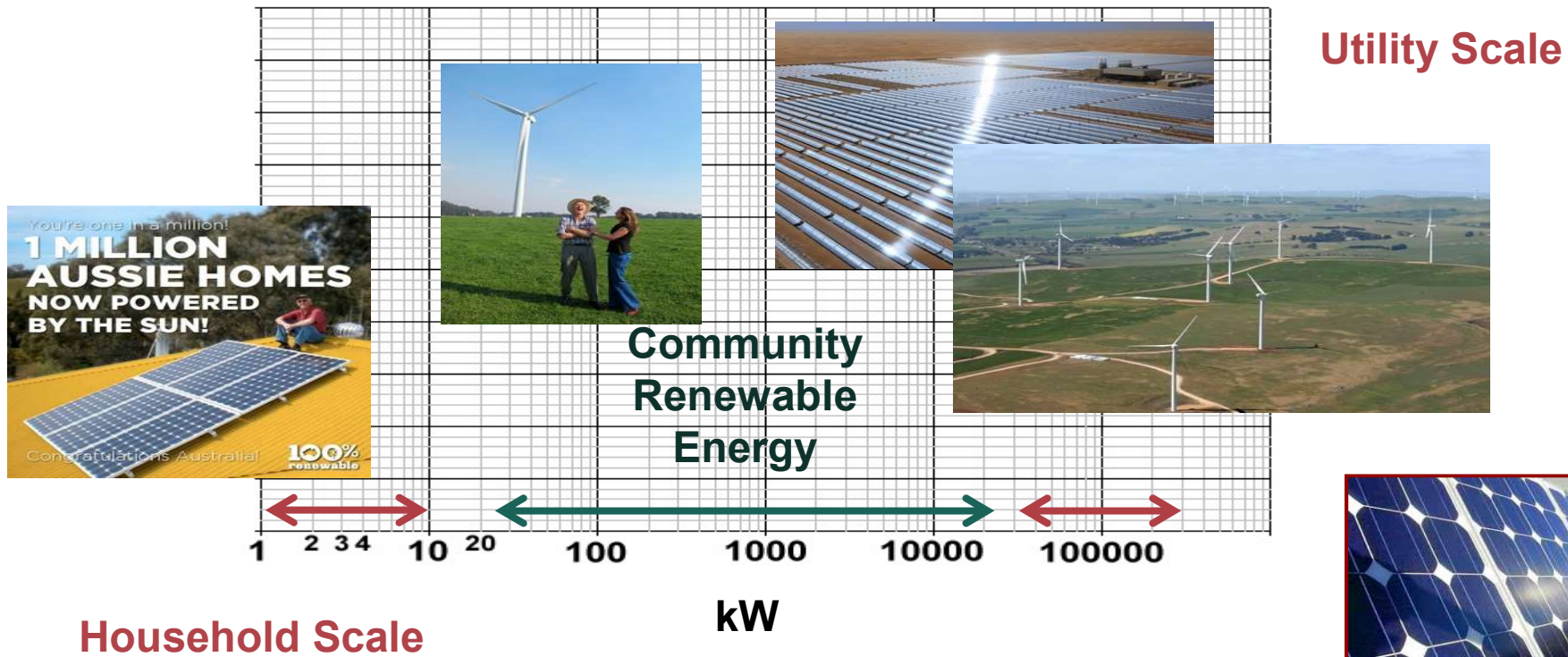
What we're going to cover:

- ♦ *Common Legal Structure*
 - ♦ *Manny Pasqualini – Community Power Agency*
- ♦ *Legal considerations for community energy*
 - ♦ *Simon Currie – Norton Rose Fulbright*
- ♦ *Finance Toolkit overview*
 - ♦ *Jennifer Lauber Patterson – Frontier Impact Group*
- ♦ *Practical implementation & risk*
 - ♦ *Kylie Hitchman & Huon Hoogegester – ClearSky Solar Investments*

SCALE OF COMMUNITY ENERGY



AUSTRALIAN RENEWABLE ENERGY





A community renewable energy project is as much about our approach as it is about our physical structures and technologies.

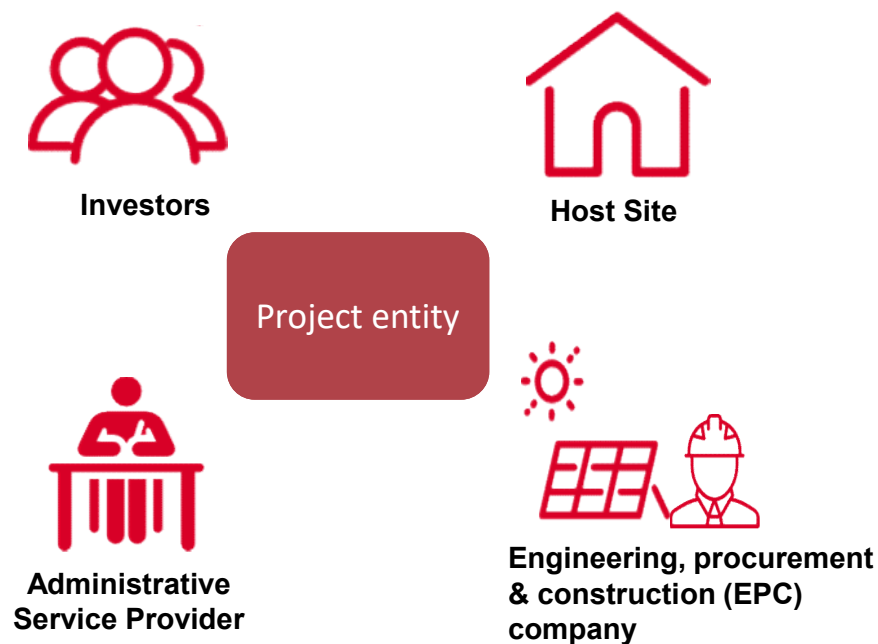
(Walker & Devine-Wright 2007)



**Which legal
structures best suit
your community
energy ambitions
and local context?**

COMMON LEGAL STRUCTURE

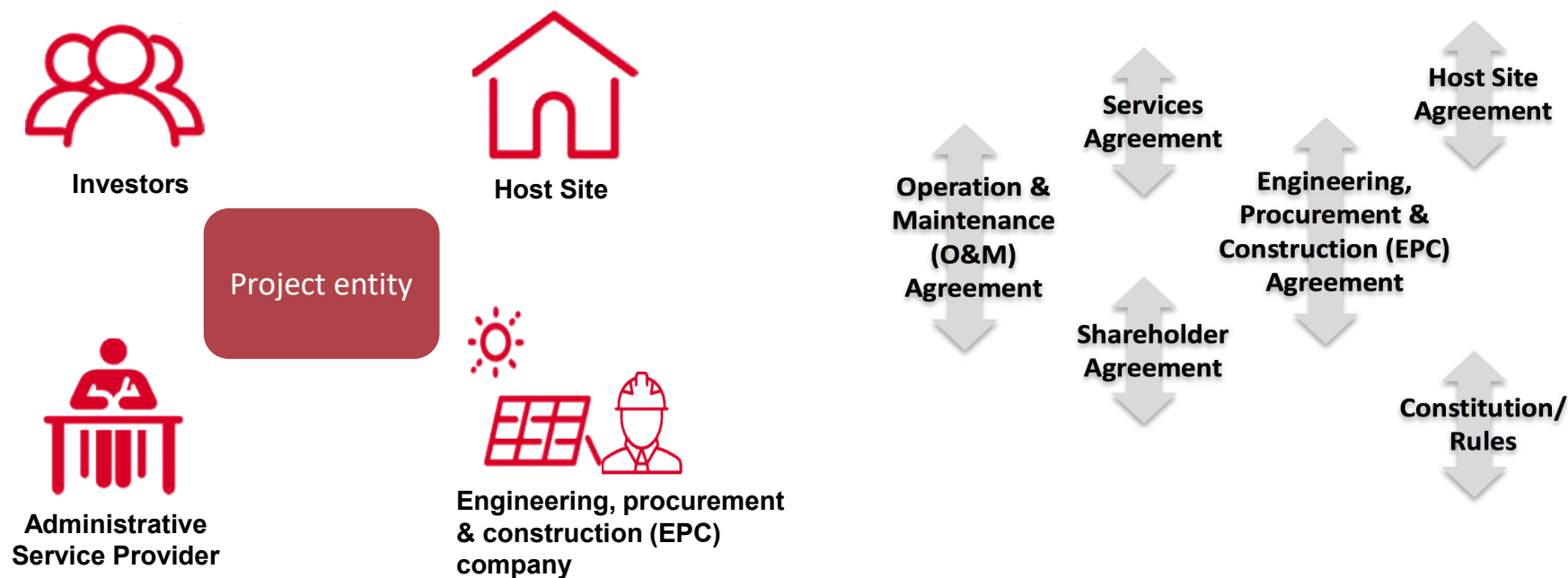
A framework for describing the business structures and legal agreements that underpin behind the meter community solar projects in Australia.



Icons made by [Freepik](#), [Baianat](#) and [Madebyoliver](#) from www.flaticon.com

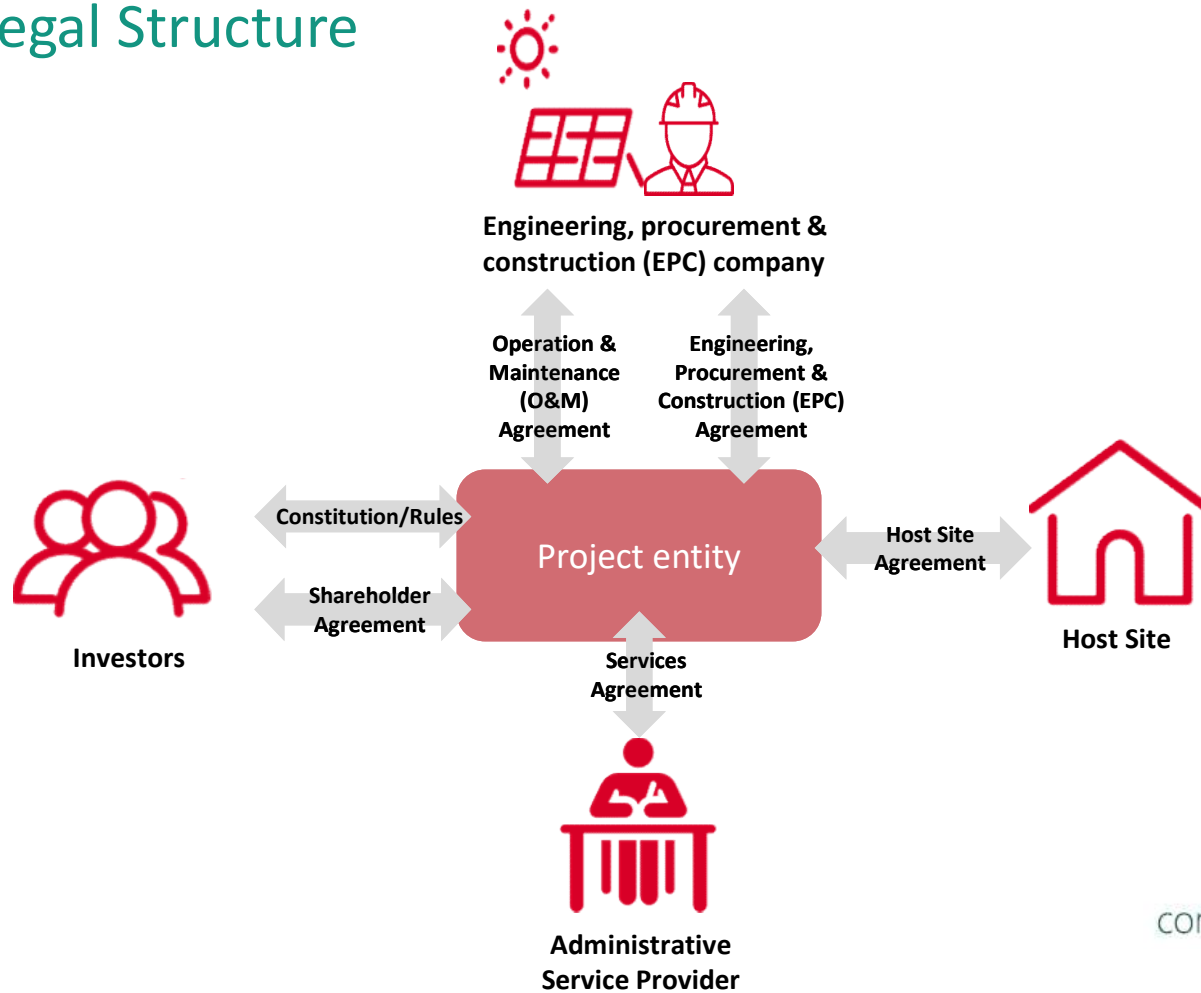
COMMON LEGAL STRUCTURE

A framework for describing the business structures and legal agreements that underpin behind the meter community solar projects in Australia.



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Common Legal Structure



BUILDING BLOCKS

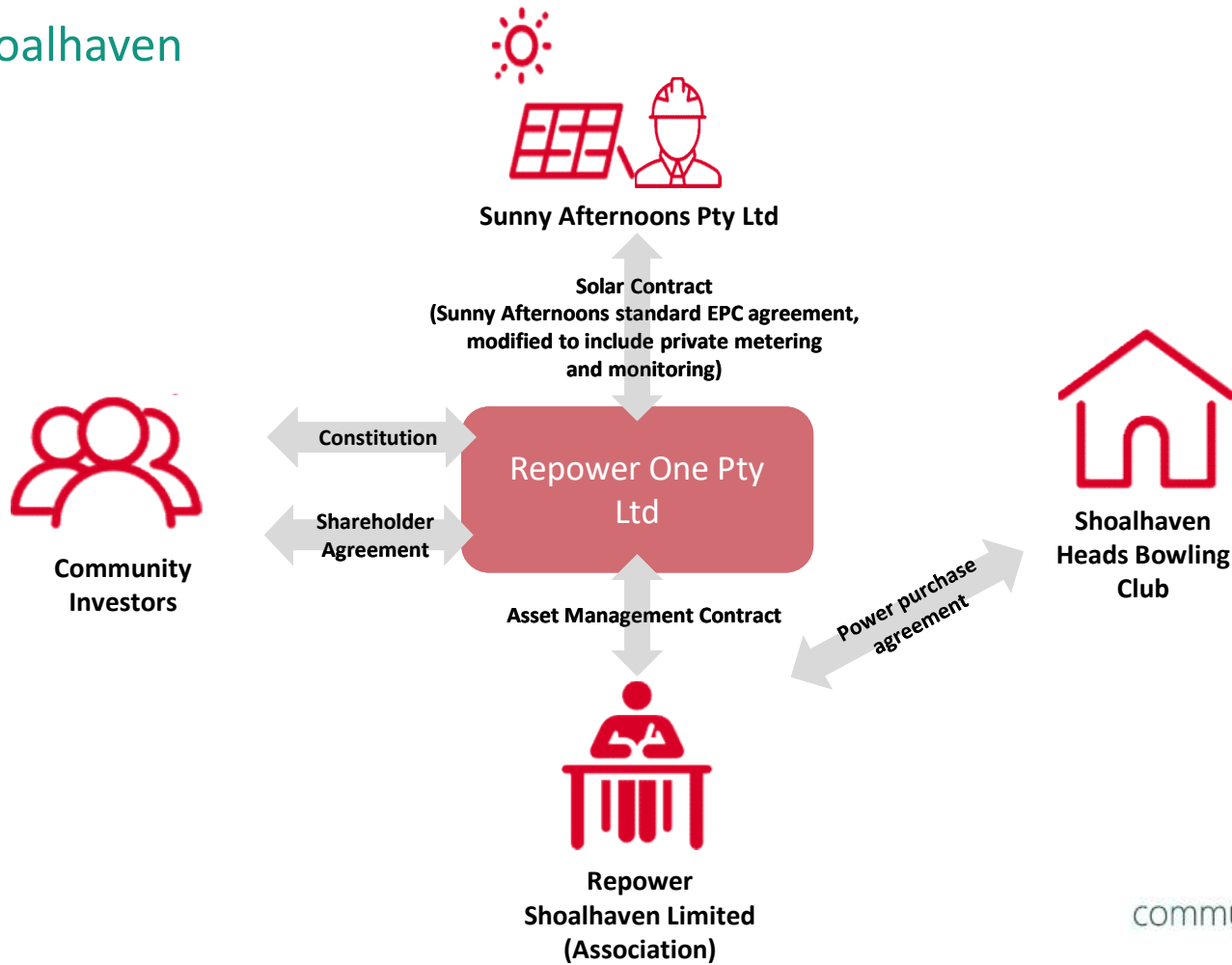
- PROJECT ENTITY LEGAL FORMS

- Cooperative ('distributing' or 'non-distributing')
- Incorporated Association
- Company limited by Guarantee
- Private company (pty ltd)
- Public company (ltd, unlisted)
- Trust ('unit' or 'discretionary')

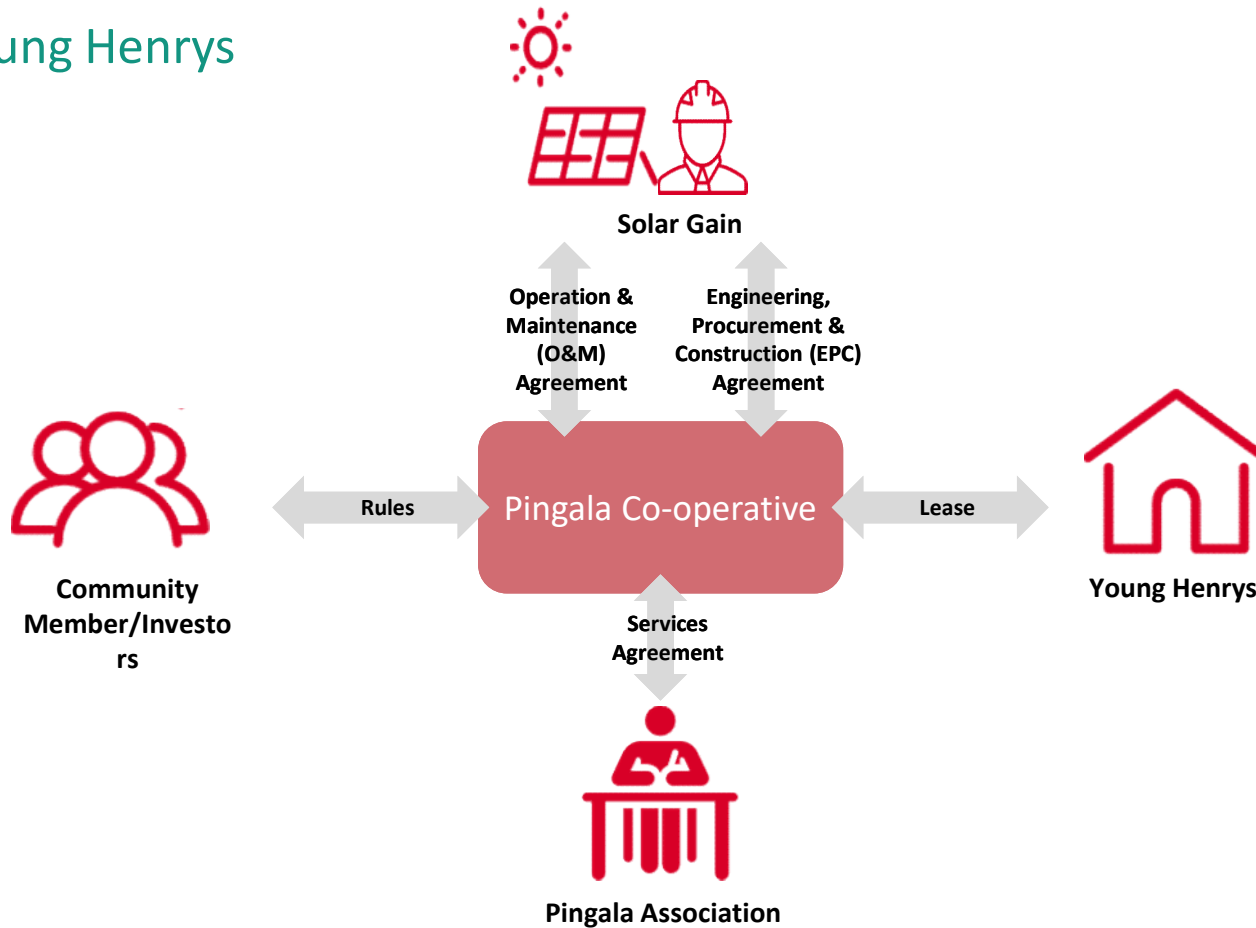
BUILDING BLOCKS – OFF-TAKE AGREEMENTS

Offtake agreement type	Description
Power Purchase Agreement (PPA)	<p>The installation is owned by the project entity.</p> <p>The customer enters into an agreement with the project entity to purchase all of the power from the renewable energy installation at a certain price for a certain period of time.</p>
Lease	<p>The installation is owned by the project entity.</p> <p>The customer then enters into an agreement with the project entity to lease the renewable energy installation at a certain price for a certain period of time.</p>
Loan	<p>The installation is owned by the customer.</p> <p>The project entity provides finance to a customer based on a set interest rate.</p> <p>The customer then takes all the risk and responsibility for the installation and maintenance of the renewable energy installation.</p>

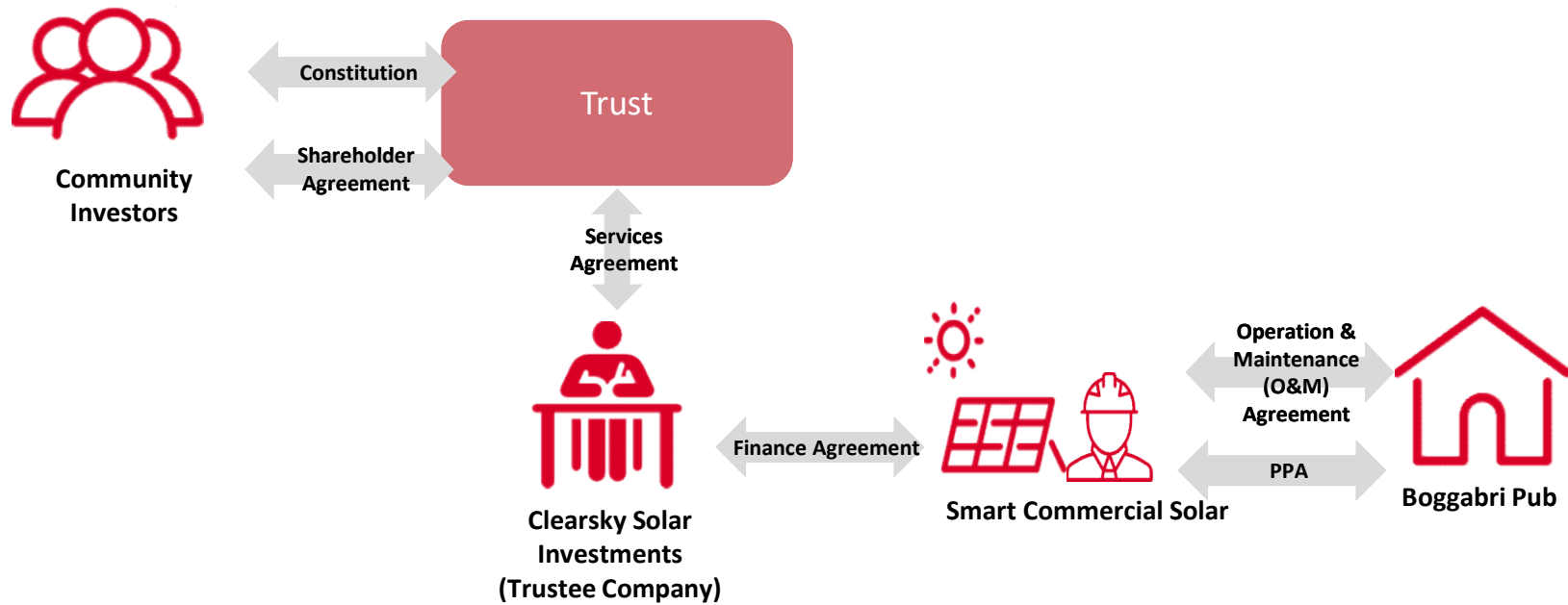
Repower Shoalhaven



Pingala – Young Henrys



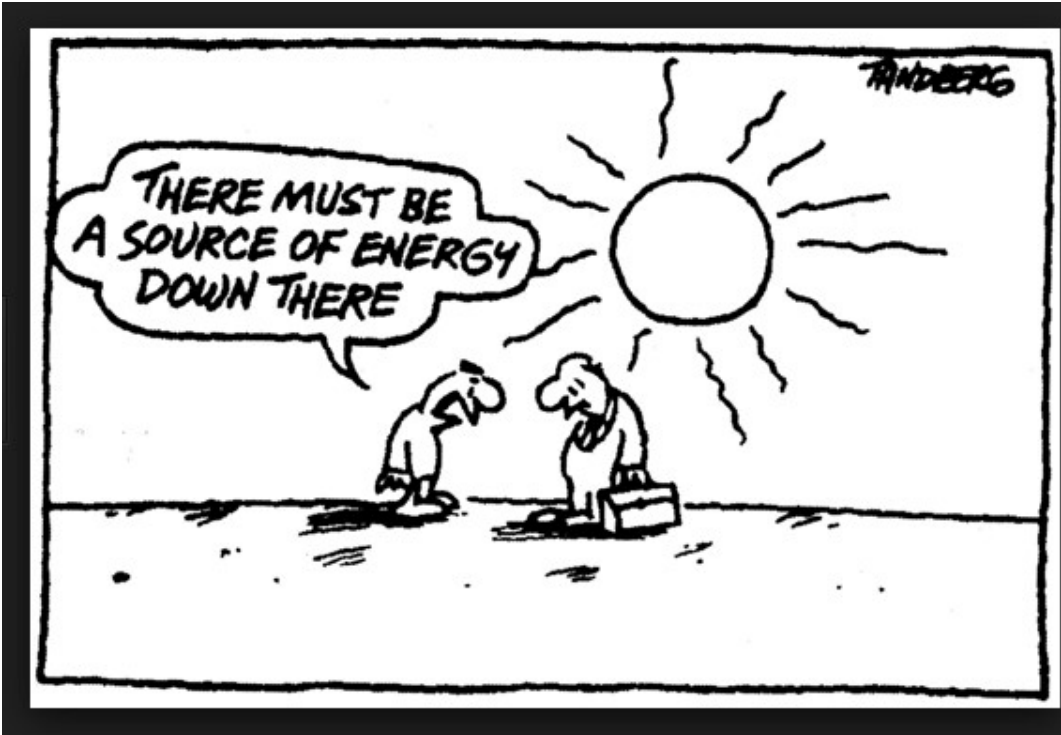
ClearSky Solar Investments



COMMON LEGAL STRUCTURE

Real-world examples of agreements currently in use

Example	Constitution/ Rules	Investor Agreement	EPC Agreement	O&M Agreement	Offtake Agreement	Service Agreement
Repower Shoalhaven	✓ (Private Company SPV)	✓	✓	✓	✓ (Power Purchase Agreement (PPA))	✓
ClearSky Solar Investments	✓ (Trust SPV)	✓	✓? (Finance Agreement with the installer)	✓? (exists between Customer and O&M provider)	✓ (exists between Customer and O&M provider)	✓
SRPC	✓ (Public Unlisted Company)	✓	✓	✓	✓	X
Pingala	✓ (Cooperative)	X (Cooperative Rules)	✓	✓	✓ (Lease)	✓
Lismore Council Loan Model	✓ (Private Company)	✓	X	X	✓? (Loan Agreement with the customer)	X
CORENA	✓ (NFP Association)	X	X	X	✓? (Loan Agreement with the customer)	X



Manny Pasqualini

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