1. Financing Options

Financing is where money is lent for a project and must be repaid over time – either in a conventional loan repayment schedule, or out of the energy cost savings for the projects.

There are options available to fund or finance energy efficiency projects. Deciding which option is best for the farm operator will depend on the individual circumstances of the farm and the type of project that is being planned.

Energy Efficiency Loans

Energy efficiency loans are becoming more widely available in the marketplace. These loan products are tailored to overcome barriers to energy efficiency implementation. In practice, Energy Efficiency Loans are similar to equipment financing with preferable rates or longer loan periods.

Advantages:

• Reduced upfront costs for the project
• Interest charges can have tax advantages
• Repayments are generally fixed and known in advance
• Loans may be secured against the equipment
• Finance is potentially at a discount to market rate and loan periods can be longer than otherwise offered

Disadvantages:

• Interest rates for loans secured against the equipment are generally higher than mortgage interest rates
• There is a limited number of firms offering these products

Energy Services Agreements

An Energy Services Agreement (ESA) provider will provide a "turn-key" solution. The provider designs, constructs, owns and maintains equipment. The end-user pays fees to cover operation and maintenance costs, including energy costs, and to repay the capital and implementation costs.

Advantages:

• No or reduced up-front cost
• Some providers might offer Type 1 energy audits up front to identify potential projects
• ESA can be off balance sheet
• Payments can be tax deductible (operating expense)
• Implementation and operating risks are transferred to the ESA provider
• The ESA provider is incentivised to maximise energy savings. They guarantee savings or the customer only pays for the output of the equipment

Disadvantages:

• Can be a higher cost than using other finance options in isolation, due to transfer of risks to ESA provider and to cover implementation and financing costs.

Further details of QRAA’s funding are available at www.qraa.qld.gov.au/current-programs

The CEFC is an independent Commonwealth Statutory Authority with a mandate to invest in renewable energy, energy efficiency and low emissions technology or related or enabling technologies.

Further details of CEFC’s investment focus are available at www.cleanenergyfinancecorp.com.au/where-we-invest

This Fact Sheet provides specific details of two types of Energy Efficiency Loans:

• Traditional Equipment finance, including Lease arrangements

These products can assist in financing productivity projects where there is an efficiency outcome, including but not limited to pumps and motors, packaging, processing and refrigeration equipment.

Energy Savers Plus Program is funded by the Queensland Department of Energy and Water Supply
<table>
<thead>
<tr>
<th>Program name</th>
<th>Description</th>
<th>Benefit</th>
<th>Conditions</th>
<th>Range min–max ($)</th>
<th>Security: secured on...</th>
<th>Application process</th>
<th>Contract period</th>
<th>Up-front payments</th>
<th>Setup costs</th>
<th>Statutory costs</th>
<th>Equipment performance</th>
<th>Warranty and maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clean Energy Finance Corporation</strong></td>
<td>...Simply apply for an Equipment Loan, Hire Purchase or Finance Lease from NAB – if the equipment meets CEFC criteria for energy efficiency, 0.70% will be deducted from the finance rate...</td>
<td>Bonus 0.70% p.a. off your equipment finance rate, on qualifying assets for the life of the financing.</td>
<td>For energy efficient, renewables and low emissions technologies that meet CEFC criteria.</td>
<td>$0-$1.3m</td>
<td>Unsecured or secured on the equipment. Equipment ownership may be owned by Service Company until completion of agreement.</td>
<td>Via NAB: <a href="https://www.nab.com.au">www.nab.com.au/eeb</a></td>
<td>&lt; 10 years</td>
<td>Typically $0 deposit, or as otherwise advised by NAB.</td>
<td>As advised by NAB.</td>
<td>As advised by NAB.</td>
<td>With equipment vendor and warranty. Not related to financial arrangements.</td>
<td>Generally with the borrower.</td>
</tr>
<tr>
<td><strong>Co-Financing Partnerships</strong></td>
<td>...Partnering with the Clean Energy Finance Corporation, the CBA provides discounted financing to help businesses fund energy efficient vehicles, equipment and projects...</td>
<td>0.70% discount off standard asset finance rates.</td>
<td>For energy efficient, renewables and low emissions technologies that meet CEFC criteria.</td>
<td>Minimum $10k-$5.0m</td>
<td>Typically the equipment, however could include other security NAB considers necessary.</td>
<td>Via CBA: <a href="https://www.commbank.com.au/business/asset-finance/energy-efficient-loan.html">https://www.commbank.com.au/business/asset-finance/energy-efficient-loan.html</a></td>
<td>&lt; 10 years</td>
<td>As advised by CBA.</td>
<td>As advised by CBA.</td>
<td>As advised by Westpac.</td>
<td>With equipment vendor and warranty. Not related to financial arrangements.</td>
<td>Generally with the borrower.</td>
</tr>
<tr>
<td><strong>CEFC</strong></td>
<td>...Westpac is helping Australian businesses reduce their energy costs and environmental footprint by providing financial solutions for energy efficient equipment...</td>
<td>You may be entitled to 0.70% p.a. discount on the interest rate when you purchase certain equipment.</td>
<td>For energy efficient, renewables and low emissions technologies that meet CEFC criteria.</td>
<td>Minimum $15k-$5.0m</td>
<td>Typically the equipment, however could include other security CBA considers necessary.</td>
<td>Via Westpac: <a href="https://www.westpac.com.au/energy">www.westpac.com.au/energy</a></td>
<td>&lt; 10 years</td>
<td>As advised by Westpac.</td>
<td>As advised by Westpac.</td>
<td>As advised by Westpac.</td>
<td>With equipment vendor and warranty. Not related to financial arrangements.</td>
<td>Generally with the borrower.</td>
</tr>
<tr>
<td><strong>QRAA</strong></td>
<td>Sustainability Loans provide you with up to $1.3M to cover capital costs to achieve a more productive and sustainable primary production enterprise.</td>
<td>Low interest rate fixed for 1, 3 or 5 years (Interest rates are subject to change in January and July each year).</td>
<td>If you meet QRAA's eligibility requirements.</td>
<td>$0-$1.3m</td>
<td>Typically, Westpac will require security over the equipment.</td>
<td>Via QRAA – <a href="https://www.qraa.qld.gov.au/current-programs/Productivity-Loans/Sustainability-loan/Sustainability-Loan-Primary-producer">www.qraa.qld.gov.au/current-programs/Productivity-Loans/Sustainability-loan/Sustainability-Loan-Primary-producer</a></td>
<td>&lt; 20 years</td>
<td>As advised by Westpac.</td>
<td>As advised by Westpac.</td>
<td>As advised by Westpac.</td>
<td>With equipment vendor and warranty. Not related to financial arrangements.</td>
<td>Generally with the borrower.</td>
</tr>
<tr>
<td><strong>Private Financiers</strong></td>
<td>An Energy Services Company may design, install, commission, finance and maintain new energy efficient or renewable energy equipment, with service charges designed to be less than energy savings.</td>
<td>Generally no up-front costs (Some providers prefer a partnership where the site makes a small up-front contribution of 15-20%), and asset is transferred to the land owner after agreed payoff.</td>
<td>Energy efficient equipment and renewables. Some providers have backing to finance certain products such as solar PV generation.</td>
<td>Depending on provider. Generally above $50,000, but some start at $5,000.</td>
<td>Unsecured or secured on the equipment. Equipment may be owned by Service Company until completion of agreement.</td>
<td>Direct to Providers such as: • Northquest • Websters Group • Verdia</td>
<td>Generally 3-10 years depending on energy savings.</td>
<td>No upfront payments or costs.</td>
<td>Not required by all providers.</td>
<td>$0 (documentation fees may apply)</td>
<td>Some Energy Services Companies will take Performance risk.</td>
<td>Some Energy Services Companies will maintain and warrant until the asset is transferred. Maintenance costs covered in the Service Agreement.</td>
</tr>
</tbody>
</table>
2. FUNDING OPTIONS

There are currently a number of options available to gain funding or rebates for energy efficiency and renewable energy projects.

- Grants by the Australian Renewable Energy Agency (ARENA)
- Emissions Reduction Fund (ERF)
- Demand Management and Power Factor Correction Incentives

**Australian Renewable Energy Agency (ARENA)**

ARENA is the Australian Renewable Energy Agency, a commercially oriented agency. It was established by the Australian Government on 1 July 2012 by the Australian Renewable Energy Agency Act 2011.

ARENA has two objectives:

- improve the competitiveness of renewable energy technologies
- increase the supply of renewable energy in Australia.

ARENA provides funding grants along the innovation chain from research in the laboratory to large-scale pre-commercial deployment activities.

There are a number of priority areas for ARENA investment including:

- integrating renewables and grids
- renewables for industrial processes such as heating and cooling
- integrating renewables to supply industrial processes and communities in off-grid areas
- alleviating the need for network augmentation on fringe-of-grid and network-constrained areas
- developing innovative business and financing models and self-reliance in community energy projects
- advancing commercial deployment of renewable energy and enabling technologies across a range to technologies.

Further details of ARENA’s investment focus are available at the ARENA website [https://arena.gov.au/funding/](https://arena.gov.au/funding/)

**Emissions Reduction Fund (ERF)**

The Emissions Reduction Fund is the Australian Government’s market-based mechanism to encourage the reduction of greenhouse gas emissions. Individuals and Businesses can create “Australian Carbon Credit Units” (ACCU) by implementing projects with verifiable carbon emission reductions.

ACCU can then be sold in regular reverse auctions or on the voluntary market. Projects with a minimum carbon abatement of 2,000 t CO2-e per year can participate in reverse auctions. Projects can consist of a large energy efficiency project on a single site, or a group of aggregated projects.


**Demand Management and Power Factor Correction Incentives**

There may be some funding assistance available for farmers in certain areas to implement measures that reduce demand during the stated peak demand periods. This can be through modifying existing; or installing more energy efficient equipment, improving power factor, or moving consumption outside of peak demand periods.


---

**GOLD COAST**

QUEENSLAND AQUACULTURE FARM

IMPLEMENTED

19% actual energy savings

**MUNDUBBERA**

QUEENSLAND HORTICULTURE FARM

IMPLEMENTED

54% actual energy savings
Energy Savers

The Energy Savers program aims to assist farmers reduce energy costs by supporting the accelerated adoption of improvements in on-farm energy use.

The Program is funded by the Queensland Department of Energy and Water Supply, and implemented by Ergon Energy in partnership with Queensland Farmers’ Federation.

The program includes case studies and energy resources available at www.qff.org.au/energysavers