

# Cleantech 07

## Smart structuring to unlock value

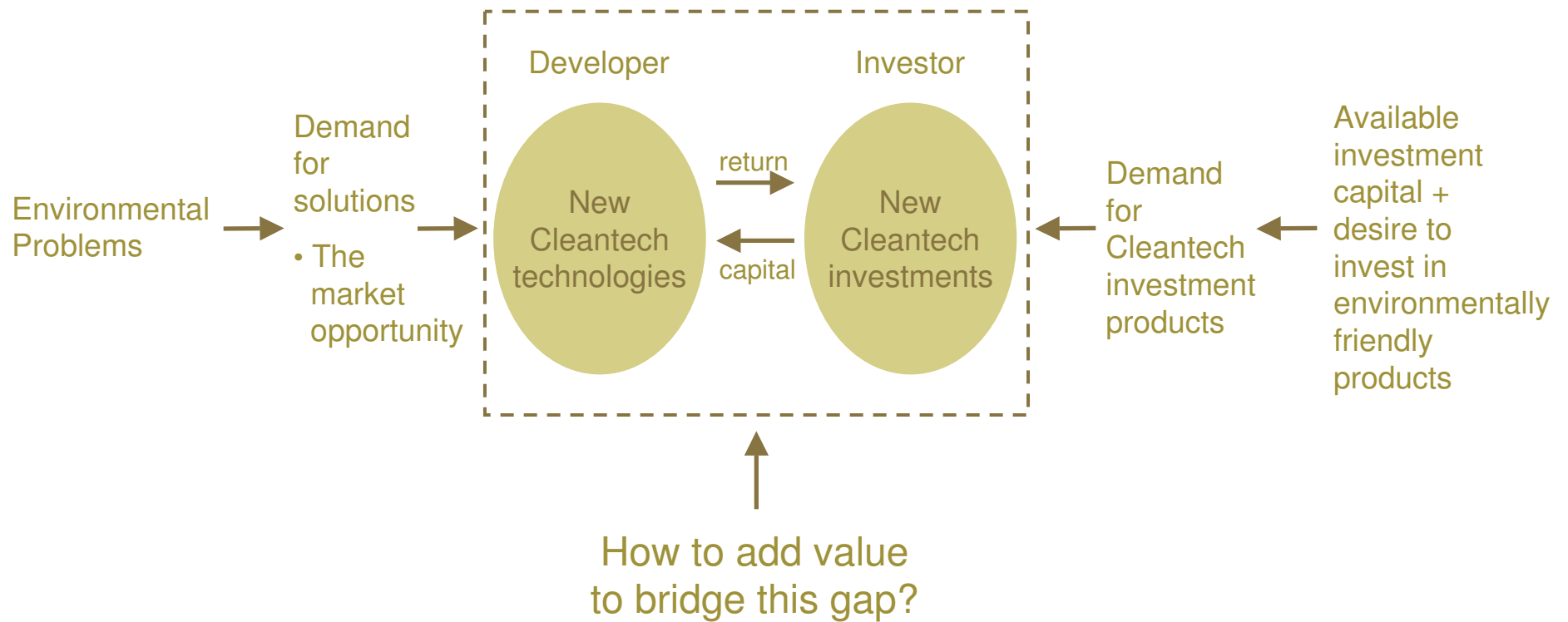
### April 2007



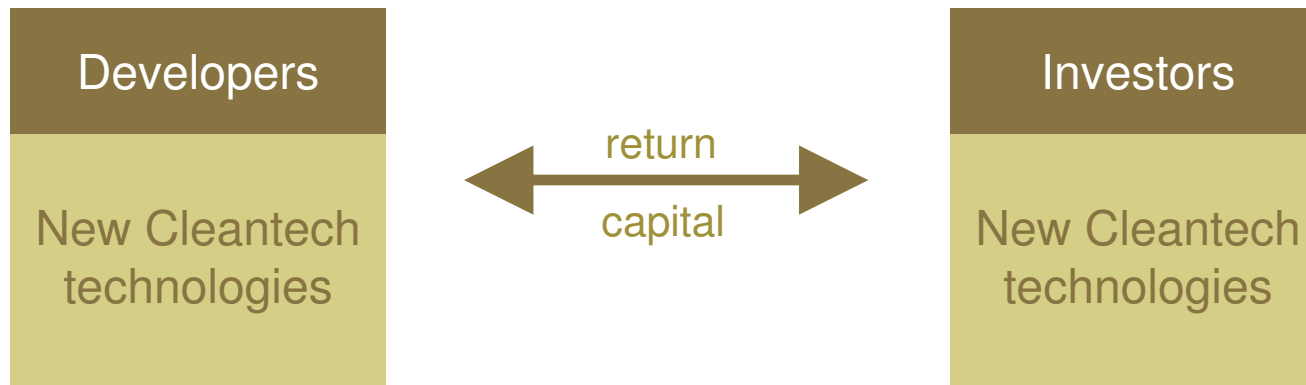
Nicole Bryant  
Sean Lucy

PRICEWATERHOUSECOOPERS 

# The emerging Cleantech market



## What are the key issues



- Structures – IP ownerships, tax, legal issues
- Treatment of development costs and losses
- Availability of R&D? And other incentives
- Getting the right people
- “Clear pitch” to investors

- Technical context
- Due diligence/risk management
- Investment return
- Investment timeframe 5,10,15 years?
- Exit

+ one other factor

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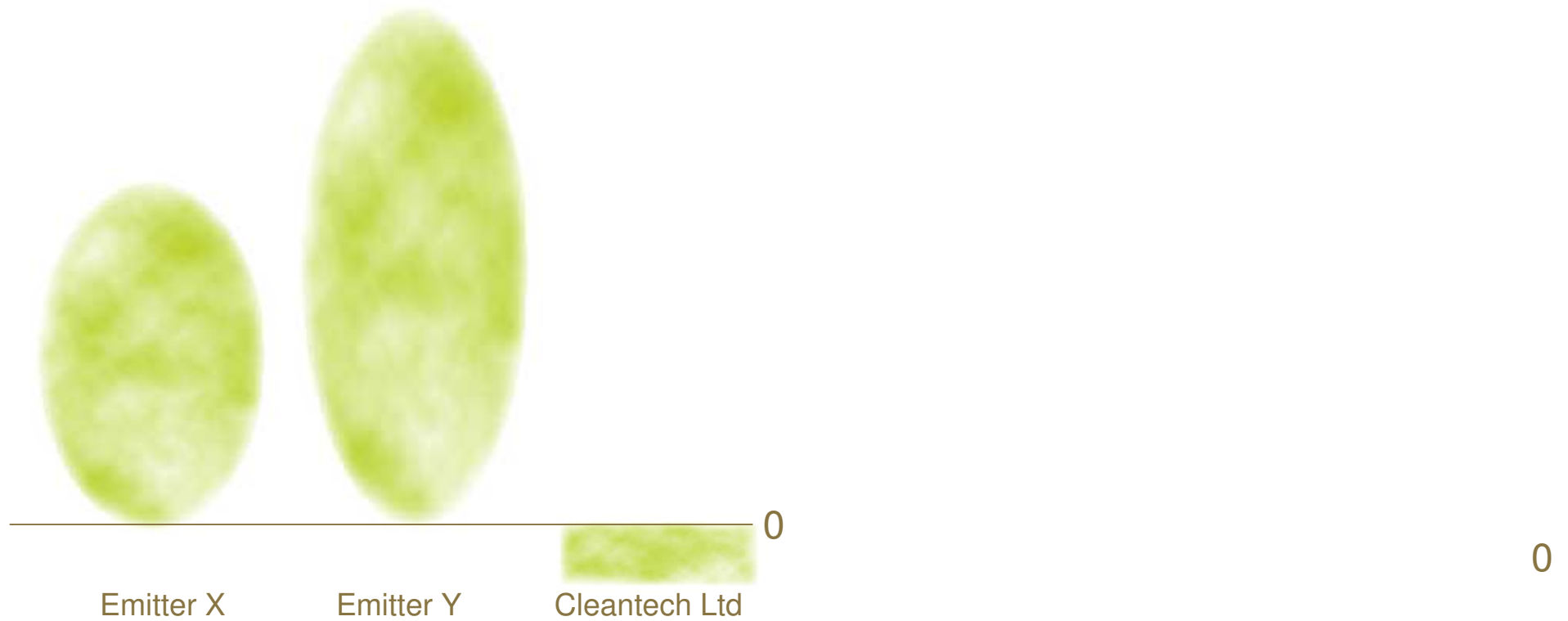
## The key difference in the Cleantech market...



- Multiple income streams
- Measure and value an improvement in the environment
  - reduces emissions
  - reduces water consumption
  - creates carbon credits
- How do you do this?
- Who owns the rights and who gets the credits?
- What difference does consumer preference play?

## Environmental markets

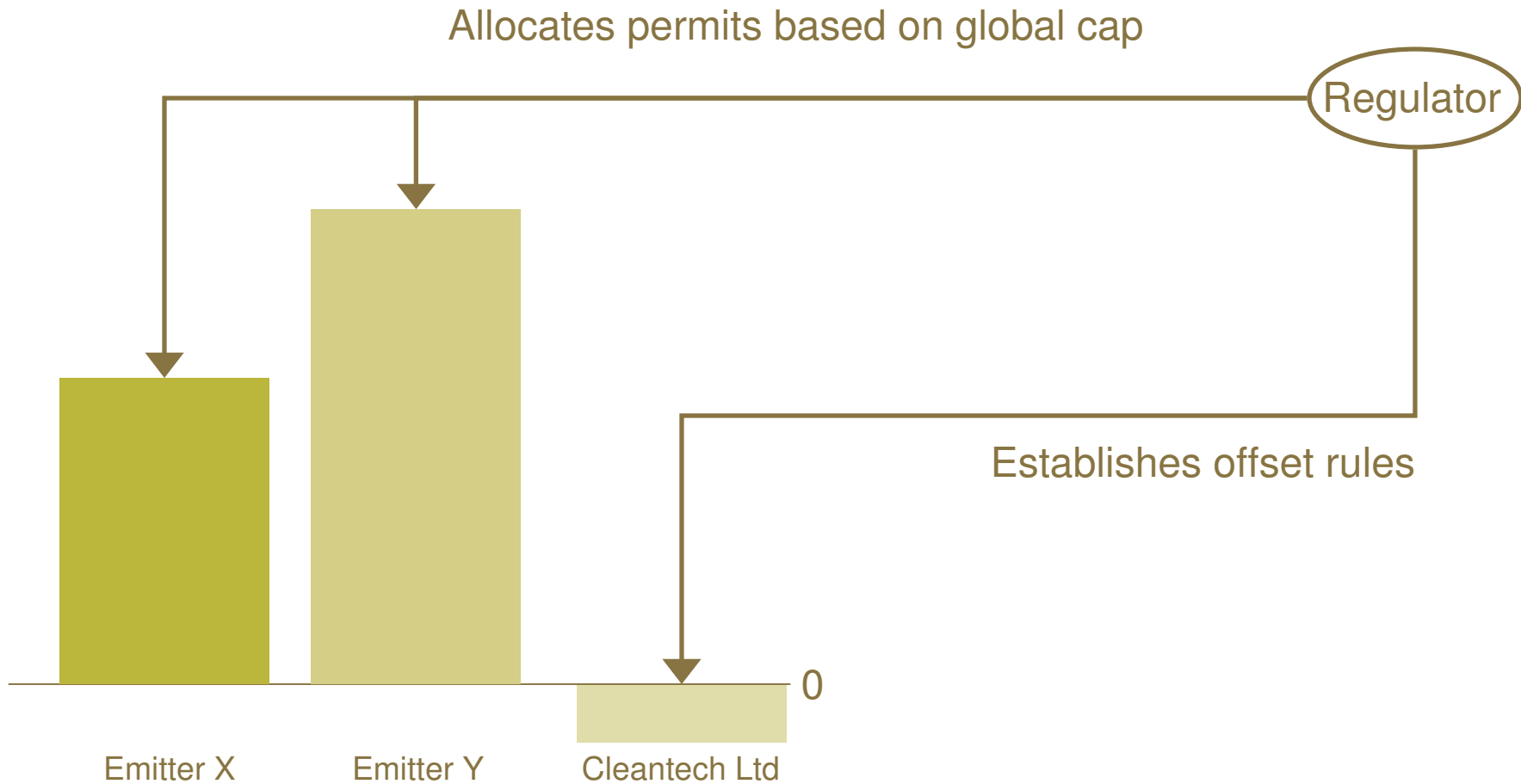
### Example: Greenhouse gas emissions trading



## Environmental markets

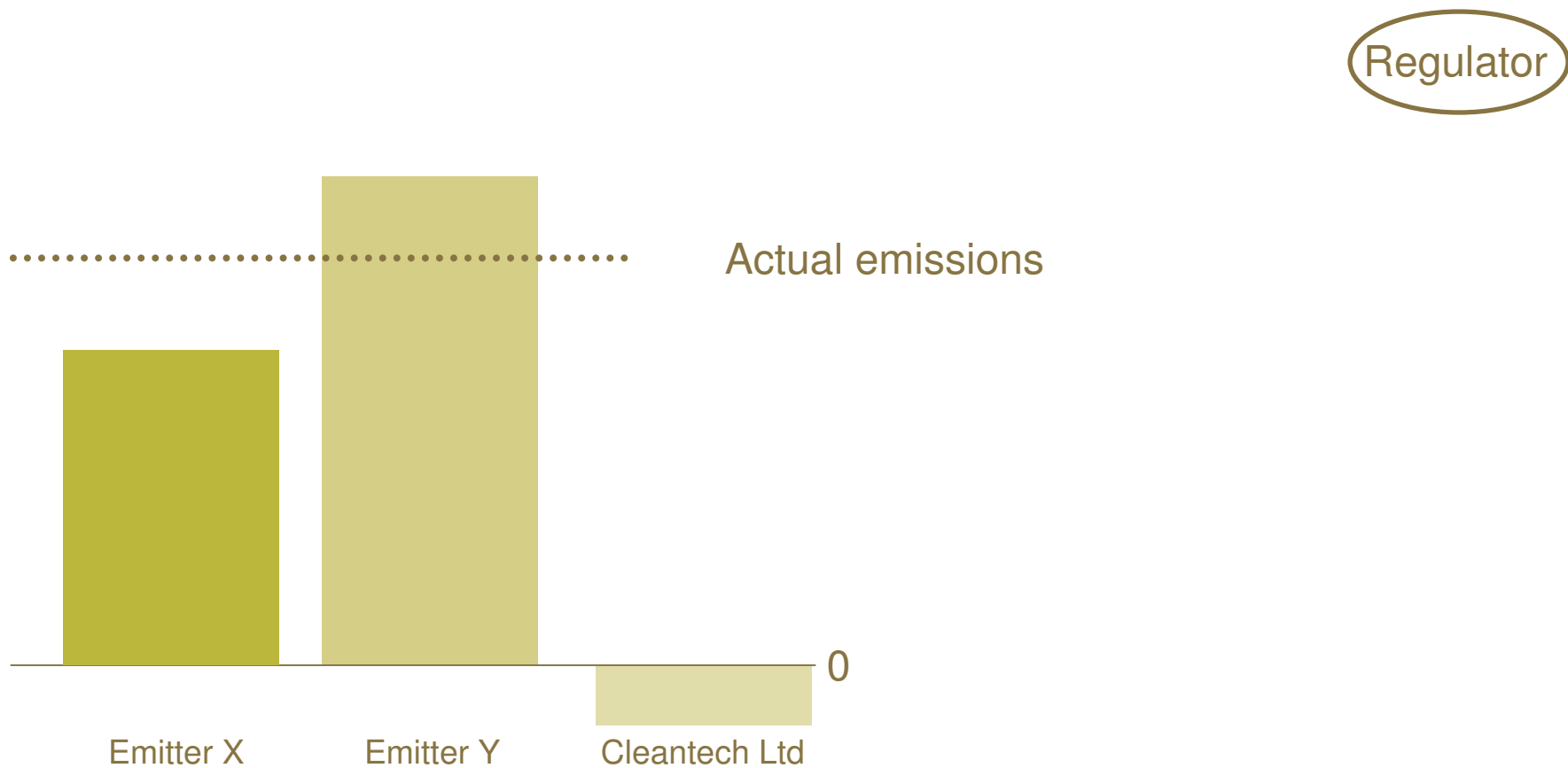
### Example: Greenhouse Gas emissions trading

Step 1: Emissions illegal without permit,  
permits allocated



## Environmental markets

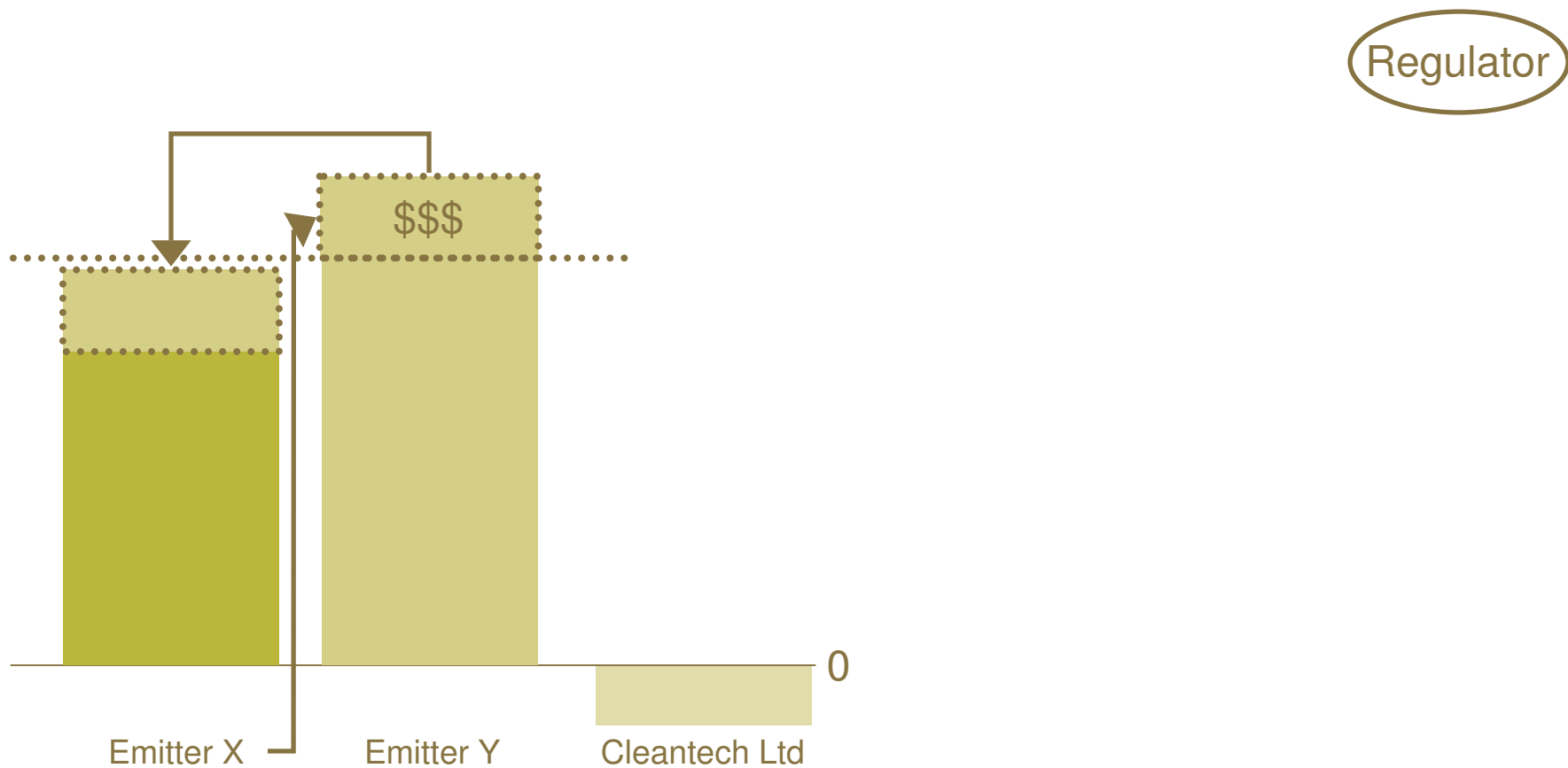
### Example: Greenhouse Gas emissions trading Step 2: Companies report emissions



## Environmental markets

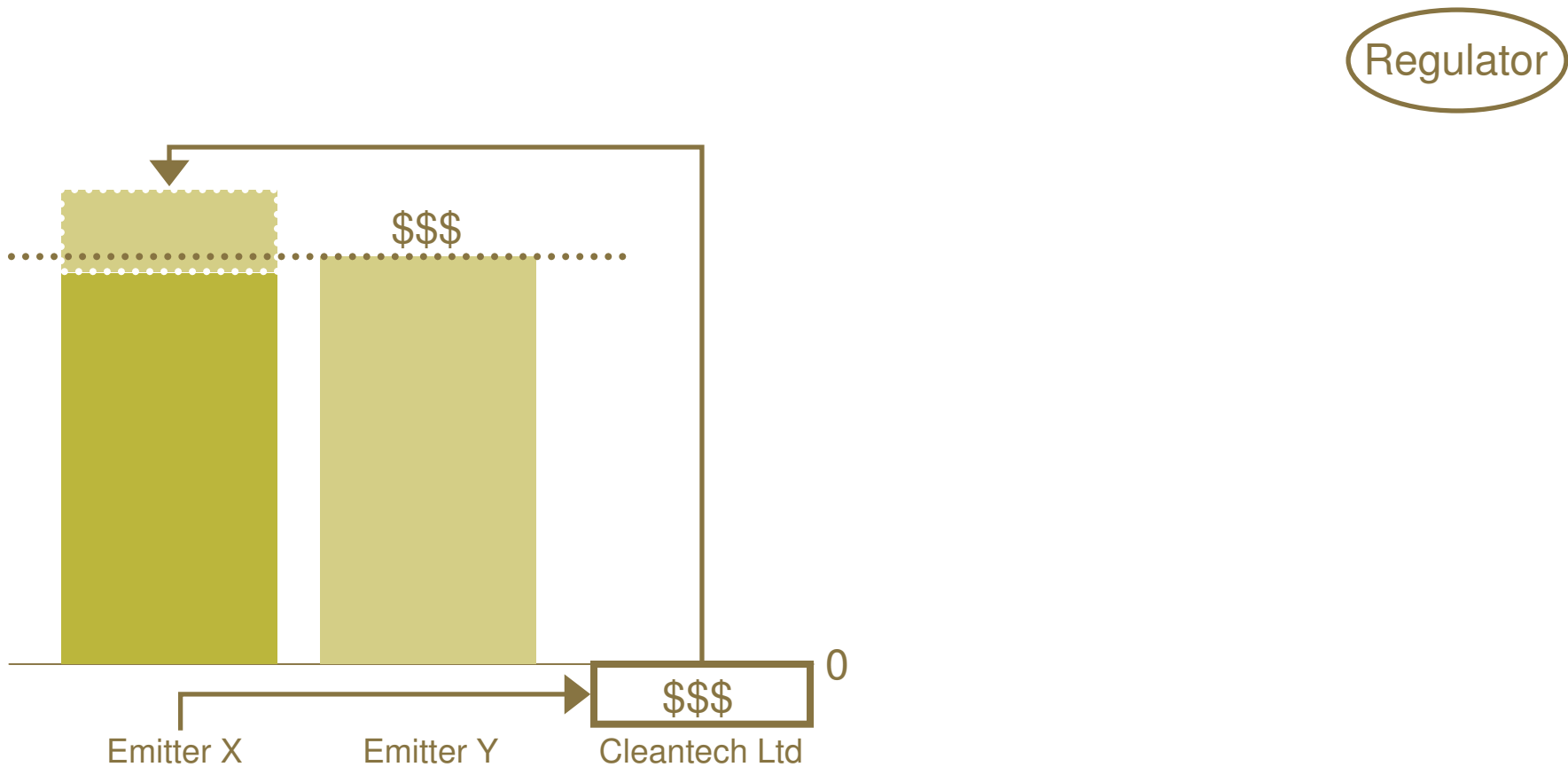
### Example: Greenhouse Gas emissions trading

#### Step 3: Companies trade to achieve compliance



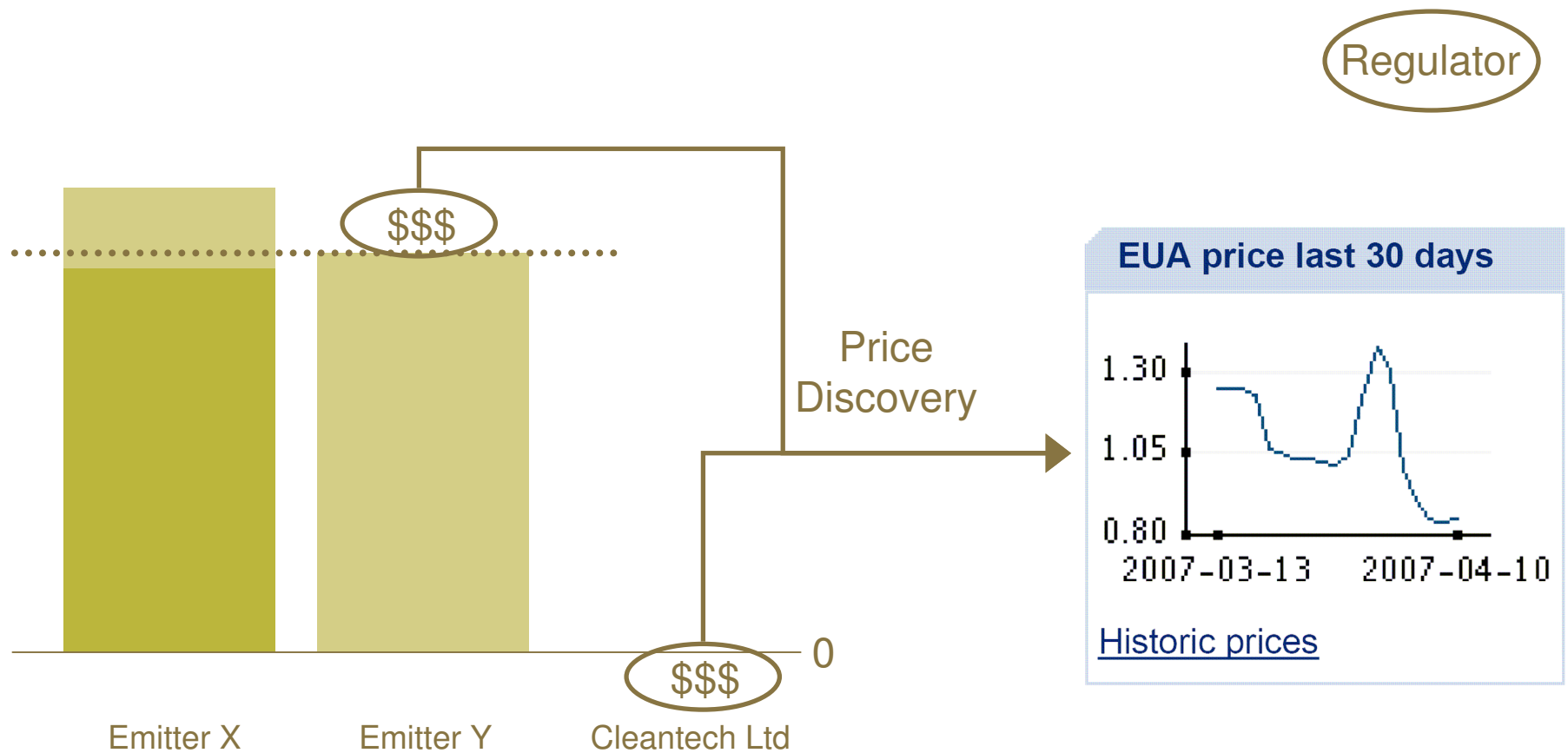
## Environmental markets

Example: Greenhouse Gas emissions trading  
Step 4: Offsets encourage reductions outside regulated sector



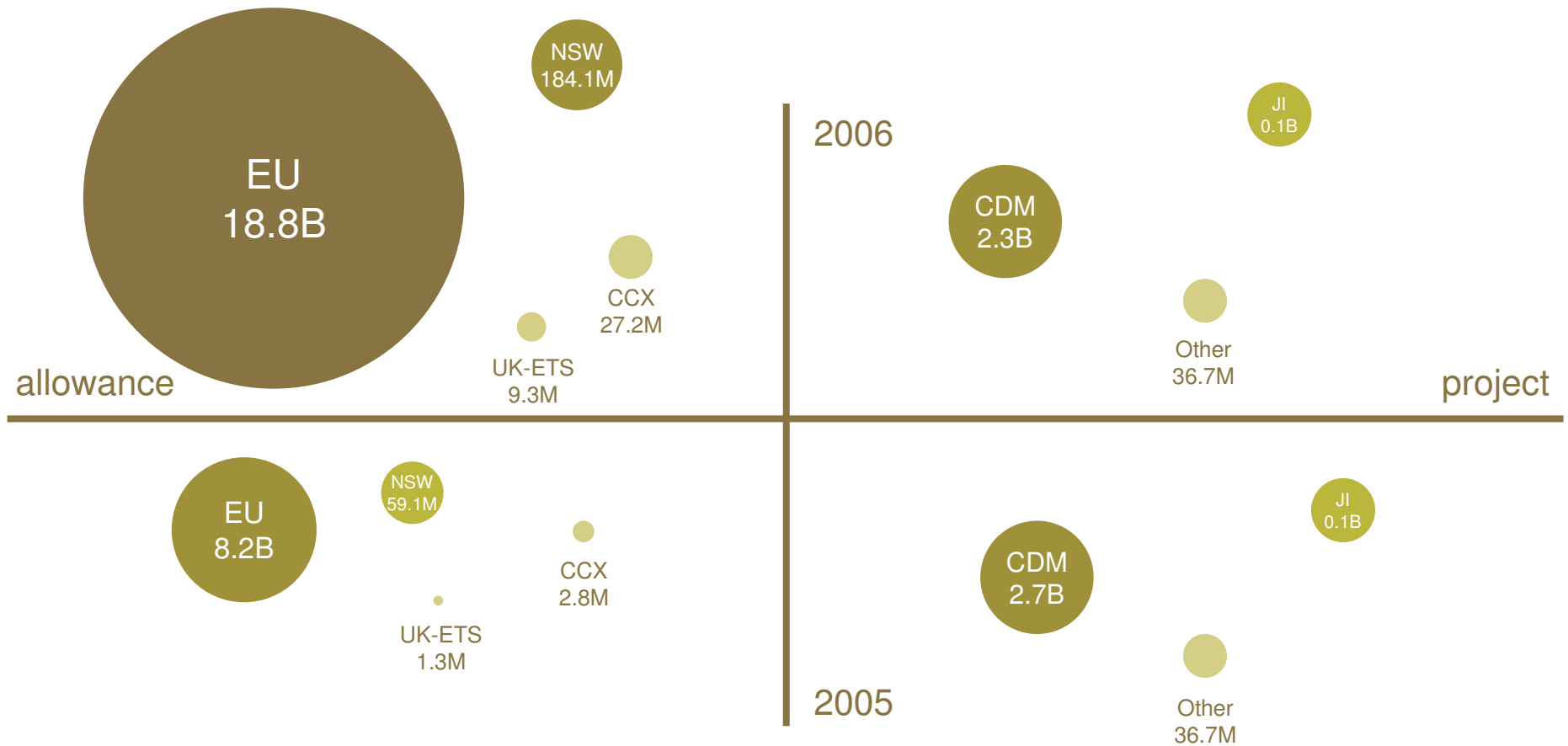
# Environmental markets

## Example: Greenhouse Gas emissions trading Step 5: Market Develops



# Environmental markets

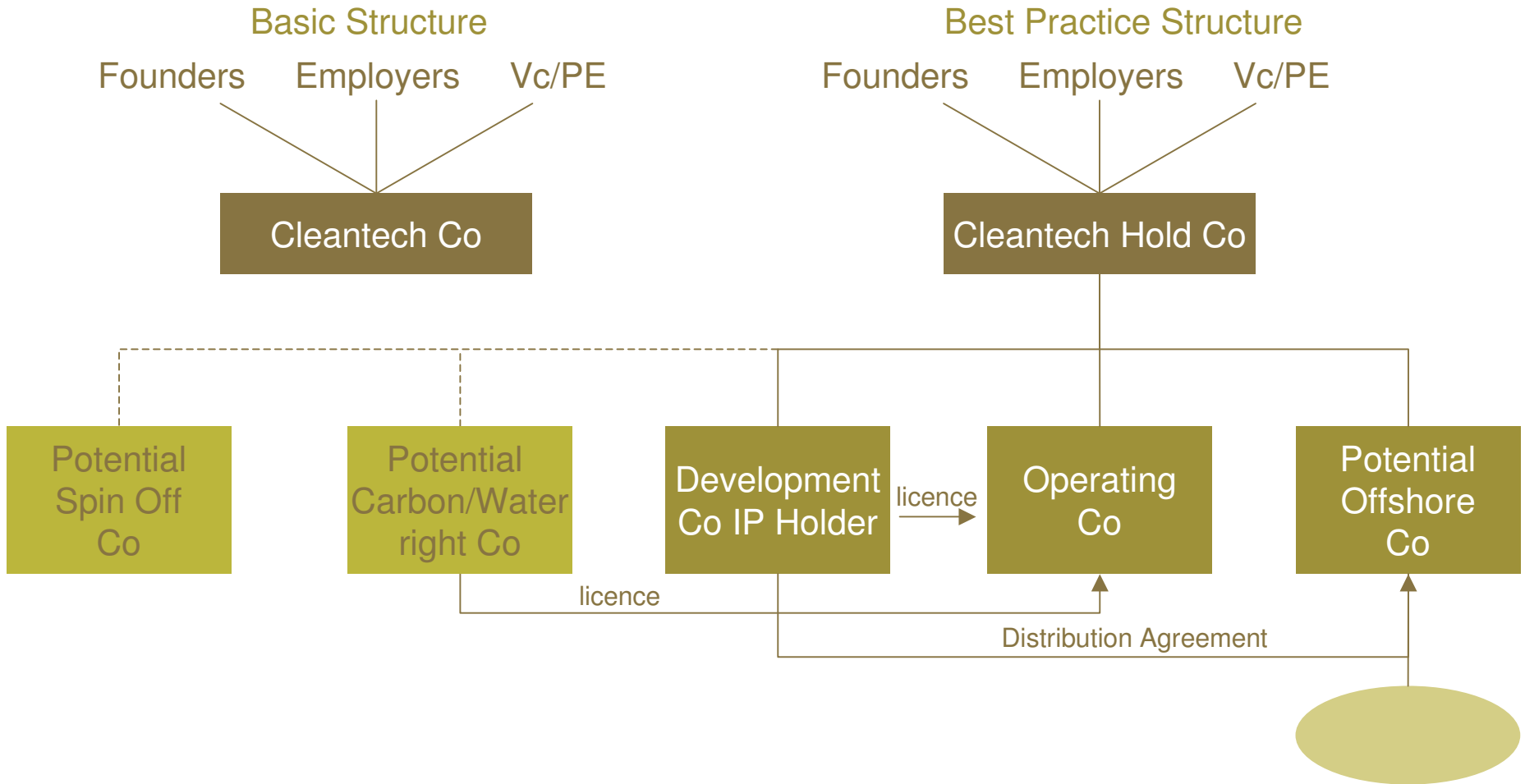
## Carbon market map (compliance only) 2005 (full year) and 2006 (end Q3) (USD)



Source: World Bank/IETA

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# Smart structuring for Cleantech developers



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## Government incentives

### – Clean technology development



Australian governments (Federal and State) are committing substantial amounts in grant funding and other forms of subsidies and assistance to promote clean technology developments. These programs vary in size and eligibility requirements, but broadly support private or public sector projects on a cost share basis. The more significant programs include:

- Water Smart Australia Program
- Low Emissions Technology Demonstration Fund
- Renewable Energy Development Initiative
- Renewable Remote Power Generation Programme
- Solar Cities Program
- Sustainability Fund (Victoria)
- R&D Tax Concession

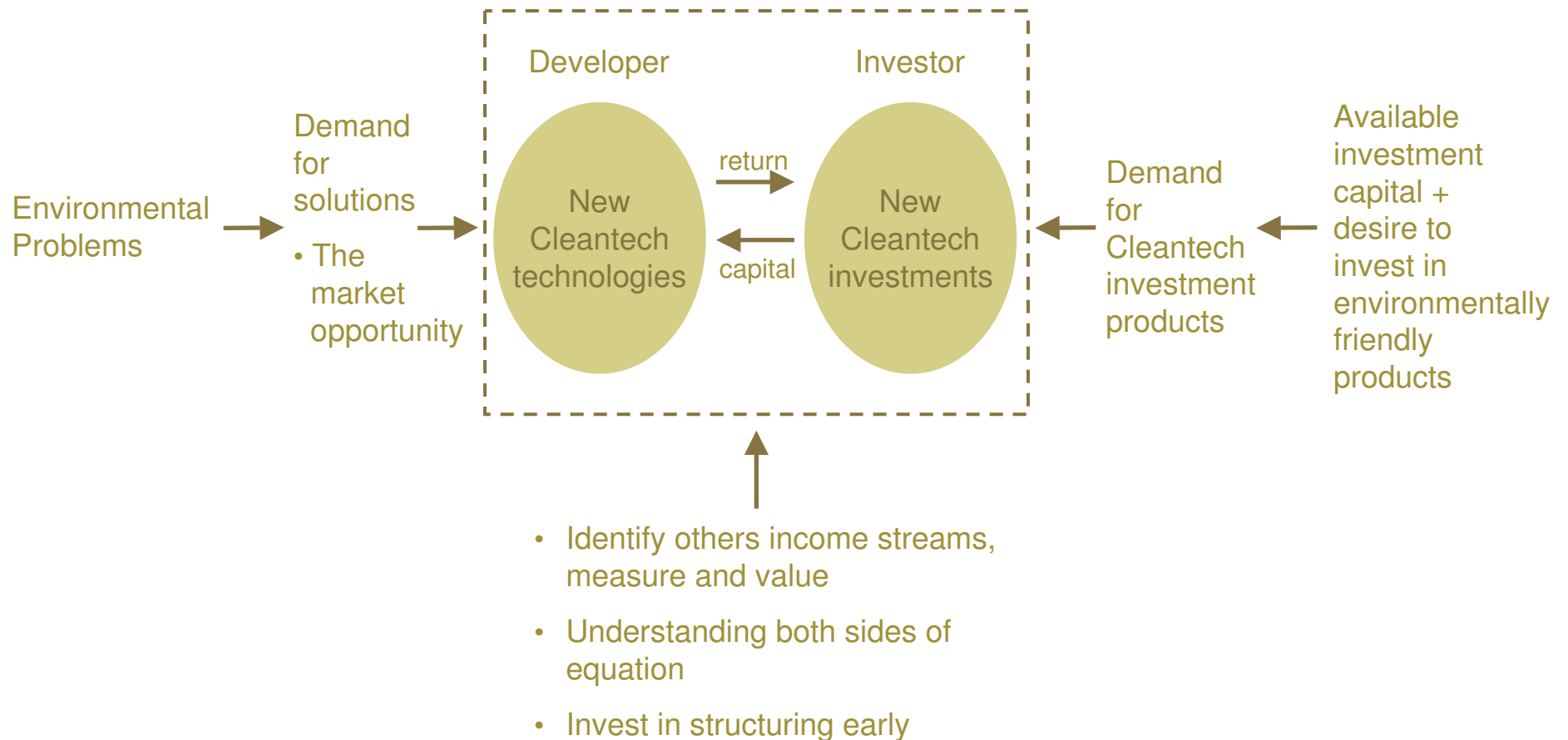
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## Smart structuring for Cleantech investments



- Due diligence/risk management
  - rights to carbon/water
  - rights to technology
  - environmental reduction piece
- Investment return and timeframe
  - resident vs non-resident investors
- Emerging tax issues regarding this market

## The emerging Cleantech market



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