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How Financiers Can Drive Accelerated Cleantech Deployment

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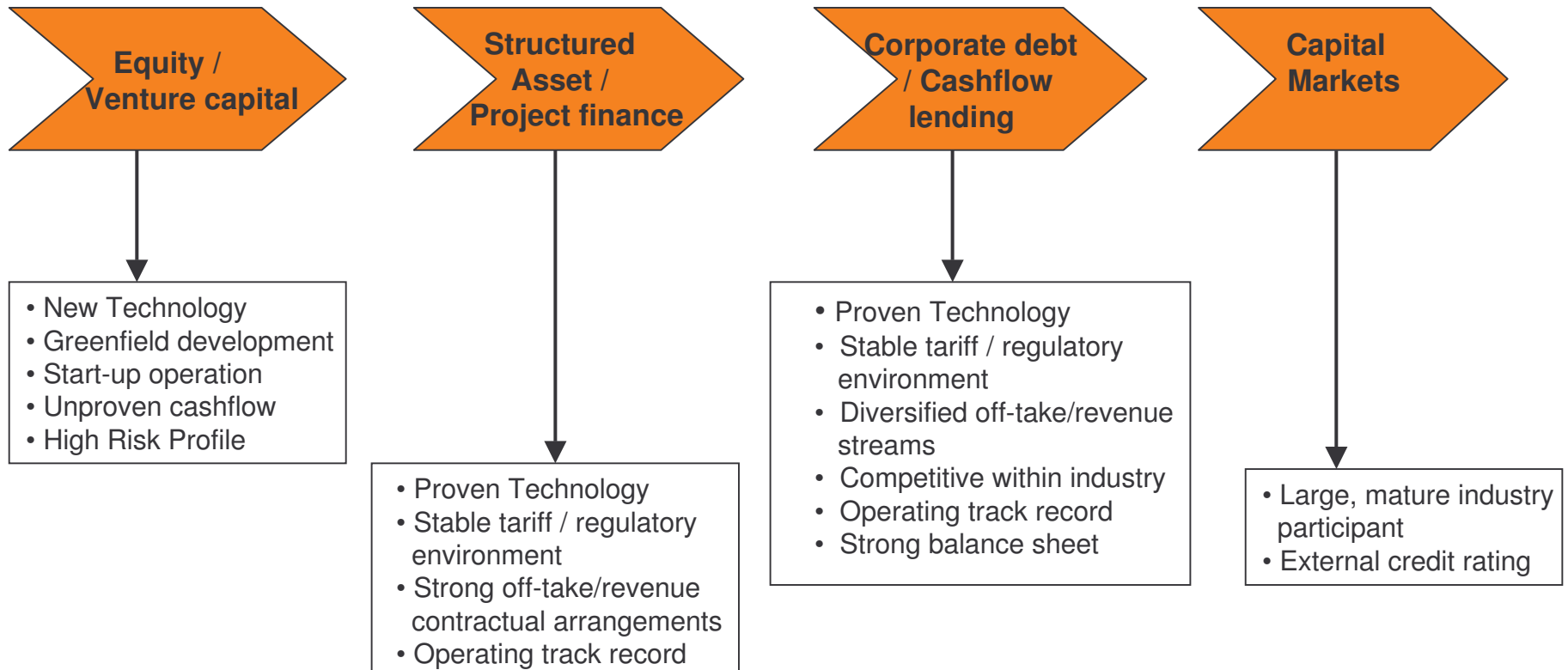
Carbon Solutions Group, Institutional Banking

Banks and Financing the Cleantech Sector

- Banking sector involvement is integral to the ongoing development of the cleantech sector
- This involvement is wide ranging, including provision of debt products, market risk management products, and trade financing products.
- Banks need to assist in the development of frameworks and products in the carbon market.
- Banking sector needs to continue building specialist knowledge of the clean technology and alternative energy sectors.

Financing Options Timeline

- As businesses mature a variety of financing options become available



Helping Cleantech companies grow...

- NAB is building capability to be able to offer more innovative solutions to our clients involved in the clean technology, and alternative energy industry.
- Carbon Solutions Group has been established within nabCapital.
- A centre of expertise for all matters relating to “carbon” financing – including renewable energy, alternative energy, energy efficiency and other clean technologies.
- Energy industry specialists within Project Finance, and Institutional Banking.
- SME specialist bankers to work with companies as they grow their operations.

Financing Cleantech and Alternative Energy projects

- NAB is an experienced lender to the energy infrastructure sector – both fossil fuel and renewable/alternative.
- Examples of some recent projects undertaken by NAB include:

UK landfill gas power project portfolios

- Numerous landfill gas power projects located in England, Wales & Scotland.
- Total installed capacity of 111MW.
- Capacity sold under UK govt backed fixed price PPA's (70%) and market based PPA's (30%) combining the sale of energy UK ROC's.
- Long term senior debt facility provided by several banks.

Financing Cleantech and Alternative Energy projects (con't)

UK biomass generation portfolio

- Five operating biomass generation assets located in England and Scotland.
- Total installed capacity of 112.5MW.
- Fuel sources include poultry litter, feathers, straw, meat & bone meal.
- Generated electricity and associated “green” benefits sold under a number of long term off-take agreements.
- Long term senior debt facility in place.

Financing Cleantech and Alternative Energy projects (con't)

Australian wind farms

- Project finance arrangements for the construction and operation of a number of wind farms developed to date in Australia.
- Debt servicing provided by sale of generated electricity, and long term off-take agreements for renewable energy certificates.
- Black power merchant risk taken by Bank.

Limitations & Challenges

- Long term investments require long term legislative certainty.
- Cleantech and alternative energy financing proposals are often small, compared to other energy and utility financing.
- Approaches and methodologies need to be developed to account for the small size of the proposals.
- Must work towards lowering transaction costs and implementing efficient documentation and negotiation processes.

Conclusion

- The cleantech sector is a real long term investment opportunity.
- Regulatory incentives will continue to assist in the development of this sector infrastructure – with the view that overtime these incentives will no longer be required.
- The finance sector has an important role to play in the deployment of cleantech and alternative energy infrastructure.
- Innovation is required not just from the cleantech developers but also from the finance providers and other investors.