

GCEF SPV Pty Ltd
ABN 35 606 536 412
Level 9, 32 Walker Street
North Sydney NSW 2060



Application date 26 June 2015

Corporate Summary

Company Background

GCEF SPV Pty Ltd (“GCEF SPV”) is a special purpose vehicle established as a specialty financier of solar energy systems and energy efficient equipment. GCEF SPV is a 100% owned subsidiary of Global Rental and Leasing Pty Ltd (“GRAL”), an Australian specialised leasing business providing asset finance solutions for mainly industrial equipment, fit-out and ICT hardware, and clean energy and energy efficiency equipment. GCEF SPV forms part of Global Clean Energy Finance (“GCEF”) business, established in 2012 to focus on the energy efficiency and renewable energy sectors. GCEF is a 100% owned subsidiary of GRAL.

GCEF SPV has been established to specifically fund and provide solar Power Purchase Agreements (PPAs) originated by GCEF for the commercial (small and large scale) sector of the Australian economy.

GCEF works with a range of solar and energy equipment retailers and installers (our distributors) throughout Australia.

GCEF provides its distributors with a range of convenient zero cost upfront, and cash flow positive propositions for their customers (end-users) by having access to up to 15-year finance arrangements.

The GCEF SPV PPA will provide customers with the following.

- “Zero cost upfront” for customers; no capital contribution required.
- Fully monitored, fully maintained, tier one equipment and accredited installation.
- Customers acquire all the power generated from the panel at an annually set flat monthly charge or variable per kWh tariff; customers pay for what is generated irrespective of what is used.
- The term of the PPA will be up to 20 years.
- Customers retain their existing primary electricity supply relationship with a grid power retailer of their choice. In some cases customers in remote areas may not have a grid connection or authorised retailer supplying electricity.
- Customers can pay out the balance of the solar PV system and take 100% ownership at any time.
- The PPA can be transferable upon sale of the property or business.
- The continued operation of the solar PV system remains the responsibility of GCEF. The solar PV system is continually maintained and managed by GCEF to deliver optimum output.
- GCEF financed systems are designed to generate savings for customers.

Individual Retail Exemption

Introduction

GCEF is an Australian owned company that provides financial products and services to a broad range of retailers and installers of solar energy systems and related energy efficient technology.

GCEF's objective is to provide its distributors and end users (customers) with a compelling value proposition for additional electricity generation via PPAs. These PPA's will supply electricity generated from the solar systems to customers generally at a lower rate than they can procure from traditional authorised retailers.

GCEF SPV has been established to fund and provide these PPAs.

Details required to support application

Company Name: GCEF SPV Pty Ltd
ABN: 35 606 536 412
ACN: 606 536 412
Registered postal address: Level 9, 32 Walker Street, North Sydney NSW 2060
Nominated contact persons: Rob Kelly
t: +61 430 600 008
e: rob.kelly@gcef.com.au

Reason for seeking an individual exemption

GCEF is committed to providing customers with a range of financing options for renewable energy systems.

A PPA with the ability to bill the customer for the power produced from an installed onsite solar PV system does not fit within the definition of 'retailer' of electricity.

Each customer's primary electricity supply arrangements will be retained with an authorised retailer of the customer's choosing.

The customer must have an authorised retailer in order to enter into the PPA with GCEF SPV, as GCEF SPV is not providing for the full energy needs of the customer. However, where customers in remote areas, such as mining sites, are not connected to a grid and are not supplied electricity by an authorised retailer, the requirement to retain or maintain an authorised retailer will not be applicable.

The PPA has been drafted taking into account the Retail Energy Legislation. For example, the agreement contains a 10-day cooling off period as is required by the legislation, and also contains dispute resolution clauses.

Address of the site

The PPA will be offered to customers with sites in all territories and states in Australia. Accordingly GCEF SPV seeks a multi-site individual retail exemption.

Primary activities of the business

GCEF and GCEF SPV and its distributors will arrange for the supply and install of solar PV systems for the commercial market.

GCEF and GCEF SPV and its distributors will deliver a complete turnkey solar PV energy solution, undertaking responsibility from conception to realisation, ongoing maintenance, billing, and beyond.

GCEF and GCEF SPV and its distributors will provide total project management, comprehensive site audits, system design and consultation, installation and commissioning, on-going technical support, training, maintenance and peace of mind.

Energy form

Energy will be electricity, generated solely via rooftop or ground mounted solar PV systems.

The customer will retain its primary grid connection with supply through an authorised retailer. In some cases customers in remote areas may not have a grid connection or authorised retailer supplying electricity.

Off-grid establishment

GCEF SPV's PPA will be an ancillary supplier to the existing grid power network. Accordingly, GCEF SPV does not expect to supply off grid applications, except in remote areas, such as mining sites, where customers are not connected to a grid.

Date we intend to commence selling energy

GCEF and GCEF SPV have a network of distributors that will commence energy sales under PPAs as soon as possible.

Mailing addresses for premises at the site (where applicable)

Not applicable

Experience in Selling Energy

Not applicable. GCEF, GCEF SPV, and its parent, GRAL, have experience in providing financing for solutions clean energy and energy efficiency projects, including solar PV systems.

Dates and Locations of previous operations

Not applicable.

Scale of Operations

GCEF and GCEF SPV are new entrants in the solar PPA market and is leveraging the experience, skills and capabilities of the management team and its parent, GRAL, in the financing of solar and energy efficiency systems.

In-house and outsourced activities

GCEF and GCEF SPV's in-house activities will include credit assessment, credit management, customer care, billing, monitoring, maintenance, sales, marketing, training, and compliance.

Most functional activities related to design, installation, metering and maintenance of systems will be outsourced to third parties with proven relevant experience under tightly defined operational agreements and close governance.

Energy selling exemption or retail license

GCEF SPV has never held or been subject to an energy selling exemption or a retail license (retailer authorisation) in any state or territory.

Continuity of supply

GCEF SPV provides an ancillary supply of electricity only, while the customers' primary supply of electricity, along with related obligations, will be provided by an authorised retailer at the customer's choosing. Should the solar PV system be compromised, the authorised retailer would fulfil the customer's full electricity needs at affected properties.

The exception will be where GCEF SPV provides a PPA to a remote area customer not connected to a grid. In this case, should the solar PV system fail, and while we aim to restore services as quickly as possible, it is expected that these customer will have back up generators.

Particulars in relation to the nature and scope of the proposed operations

Direct responses to General application questions

1. **Are customers tenants?** No. GCEF SPV only provides the electricity generated from the rooftop solar PV system. Finance includes installation and on some occasions maintenance services.
2. **Are we providing other services or contractual arrangements?** No. As above.
3. **Total number of dwellings at the site.** Not applicable. GCEF SPV is seeking an exemption to allow the PPA to be established at multiple sites.
4. **On selling energy.** GCEF SPV will only be selling electricity sourced from the solar PV system installed on each property.
5. **No storage provided.** GCEF SPV's PPAs will not provide storage solutions. The PPAs will only provide for electricity generated by the solar PV system install on site.
6. **Bulk purchase of electricity.** GCEF SPV will not be purchasing electricity from the marketplace.
7. **Estimated aggregate annual amount of electricity to be sold.** CONFIDENTIAL.
8. **Estimated number of customers.** CONFIDENTIAL.
9. **Approximate size of solar PV systems.** CONFIDENTIAL.
10. **Customers contained to a controlled site.** Not applicable. GCEF SPV is seeking an exemption to allow the PPA to be established at multiple sites. The sites will be owned or leased by the customers, not GCEF SPV.
11. **Metering of premises.** Each site will be individually metered for both grid and solar power as applicable for the regulatory environment in each jurisdiction.
12. **Meter type.** GCEF SPV will use remotely read interval meters, which meet all required standards for the relevant locations.
13. **Meter Accuracy Standards.** Customers will be charged based on the inverter reading only, as defined in the contract. These inverters comply with AS4777, AS3100 and all systems are installed as per AS5033 and AS3000 by CEC accredited installers.
14. **Meter reading frequency.** GCEF SPV will receive real time data from the inverter on at least a monthly basis.
15. **Determining Energy charges if not separately metered.** Not applicable. Customers will have an arrangement with an authorised retailer for their grid connection, other than some customers in remote areas who may not have a grid connection. Where customers have a grid connection, GCEF SPV and the retailer will each be separately responsible for their respective charges and billing.

16. **Customers' ability to export to the grid.** GCEF SPV solar PV systems will be purposely designed so that electricity generated is consumed by customers' day-to-day requirements; hence it is not intended that excess electricity would be generated. Nonetheless, customers will not be restricted in exporting electricity generated by GCEF SPV's solar PV systems to the grid. Any arrangement for exporting energy to the grid will be between customers and the electricity retailer at the applicable feed in tariff. Customers will retain any income or credits from the exported electricity pursuant to arrangements with their retailer.
17. **Billing.** GCEF SPV will handle all billing and collections as part of its in-house capabilities. Billing will occur on a monthly or quarterly basis and will be based on the electricity produced by the solar PV system.
18. **Dispute resolution procedures.** Electricity related complaints and issues will be dealt with under the dispute resolution clause of the PPA. This clause will provide that a customer can raise a complaint or issue with GCEF SPV and GCEF SPV is required to respond to the complaint within a set timeframe setting out its decision in relation to the dispute and the reasons behind it. Either party may choose to escalate the dispute to mediation. The customer may also refer the complaint to the relevant fair trading office or energy ombudsman if it is not happy with the outcome.
- GCEF and GCEF SPV is able to receive customer queries via several means including:
- Telephone: 1300 766 694
Email: info@gcef.com.au
In writing: Level 9, 32 Walker St North Sydney NSW 2014
- In addition, if our dispute resolution processes do not reach a satisfactory outcome then GCEF SPV will follow the judicial process. If the customer is not happy with the outcome of the dispute, it may refer the complaint to the relevant state fair trading office.
19. **Rebates or concessions.** The GCEF SPV customer offering will have no rebates or concessions. GCEF SPV will work with our customers to process any eligible Energy Credits (e.g., STCs) generated by a solar PV system and to determine how these will be applied. Either way the customer will benefit from eligible energy credits.
20. **Energy efficiency.** The GCEF SPV PPA only relates to solar power usage. However, most GCEF SPV distributors offer a full solution that incorporates advice and the supply and installation of other energy efficient technology. The combined benefit of this is to reduce the customer's overall cost of power.
21. **Connection of the panels.** GCEF SPV in conjunction with our distributors will ensure that the system is grid connected where grid connections exist. This may not be possible in remote areas where grid connections do not exist.

22. **Maintenance and repair.** GCEF SPV will have maintenance and repair arrangements with our distributors for the duration of the PPA. Output of the solar PV system will be monitored monthly to ensure production is in line with expected output.
23. **Termination.** Customers can terminate the PPA during the first 10-day cooling off period without penalty. Customer can also terminate the PPA at any time throughout the contract at a price outlined in the contract. The price is dependent on the number of years remaining on the contract. If the customer moves premises, the new tenant or landlord has the opportunity to take over the remainder of the PPA or purchase the solar PV system outright.
24. **End of Term.** Ownership of the solar PV system at the end of the PPA is transferred to the customer. In addition, the customer can choose to renew the agreement (including monitoring and maintenance).

Additional information for consideration

GCEF SPV's interpretation of exempt selling occurs where persons, businesses or other entities are exempt from having to hold a retailer authorisation and certain tests apply namely:

1. We are not removing the customer's choice of retailer, and we are not creating a network.
2. We are not being a retailer for a customer's primary supply requirements.
3. We know that the solar PV system only provides part of their energy needs.
4. We are not guaranteeing supply.

An individual exemption is more appropriate than a retailer authorisation with respect to GCEF SPV's operations for the following reasons.

1. The 'power purchase' model is a novel way of retailing energy, which is relatively new to the Australian market. It does not fit with the Retail Energy Legislation or the categories of exemption. The grant of an individual exemption with agreed conditions will enable the power purchase model to develop, at the same time it is assessed to determine its place in the market, and whether an authorisation is required, or new type of authorisation should be implemented.
2. GCEF SPV is a new entrant in the retail energy market (albeit with significant in-house experience and expertise in asset financing, wholesale markets and environmental markets). The requirements of a retail authorisation are onerous and at this stage of its operations, GCEF SPV does not have the resources to meet these requirements.
3. The purpose of the retail energy customer framework is to regulate the energy market and protect energy consumers. Under the power purchase model, customers are required to have an electricity supply agreement in place with an authorised retailer. The customer's interests are already protected by their agreement with their retailer. Furthermore, the PPA has been drafted with the retail energy legislation in mind, and is compliant with state home building legislation, and Australian Consumer Law.

Additional information required for Solar Power Purchase Agreements

<p>1. Do you have any experience in the energy industry? Please provide a brief description.</p>	<p>GRAL, GCEF and GCEF SPV have experience in providing structured asset financing solutions for energy related transactions. Examples of transactions include the following. CONFIDENTIAL</p>
<p>2. What is your strategic direction and what are your objectives? Please describe your business model in some detail, noting jurisdictions where you will be operating, and customer number forecasts for the first 3 years.</p>	<p>Facilitate economic cost savings to Australian electricity users via solar PV installation and promotion of “green energy”.</p>
<p>3. What is your pricing structure - will you charge for energy only or are there other fees? Will you charge only for energy consumed or all energy generated?</p>	<p>Customer charged for energy generated. We will outsource maintenance to industry specialists.</p>
<p>4. Are there related companies and what is their function? Do you intend to transfer any functions to any other related companies and, if so, what are they?</p>	<p>GRAL is the parent company of GCEF and GCEF SPV and will provide services including:</p> <ul style="list-style-type: none"> • administration; • funding management; and • credit services. <p>GRAL’s management system at its head office (Level 9, 32 Walker Street, North Sydney, NSW) is certified ISO 9001:2008 compliant.</p>
<p>5. Do you intend to sell to commercial or residential customers, and what size systems will you install?</p>	<p>GCEF SPV does not intend to sell PPAs to residential customer. GCEF SPV will focus on commercial customers only.</p>
<p>6. Do you intend to use fixed term contracts and, if so, how long will they be?</p>	<p>Contract terms will vary depending on the projects. Terms may be up to 20 years.</p>

7. Under what circumstances can the customer terminate the agreement and at what cost?	Customers can terminate by providing notice to PPA issuer within 10 days after signing the contract (cooling off period). After the fifth anniversary of the commercial operation the customer may terminate the contract paying the PPA issuer the applicable buyout price.
8. What happens when the contract ends? Who owns the system?	When the contract ends ownership of the system is transferred to the customer.