

ZEN SOLAR FINANCING TOOLKIT

Disclaimer

You should consider seeking independent legal, financial, taxation or other advice to check how this information relates to your unique circumstances.

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WHAT IS IT...?

We found that navigating the world of solar financing can be a little confusing.

ZEN has produced its Finance Toolkit to help you make sense of the differing options.



Traditional loan finance is the type of financing you may be most familiar with and is provided by traditional banks and other lenders. The money is generally provided in the form of a Secured or Unsecured loan with Fixed or Variable rates of interest.



A solar operating lease is a finance agreement in which the lessor (owner of the solar system) allows you to use the system for a period which is less than the economic life of the system and during which time you make regular periodic payments.



A Power Purchase Agreement (PPA) is similar in many ways to a Solar Lease. A third-party will install a solar system on your roof for free, however rather than making lease payments you agree to buy the solar power produced by the system at an agreed rate for each kilowatt hour (Kwh) of electricity the system produces.

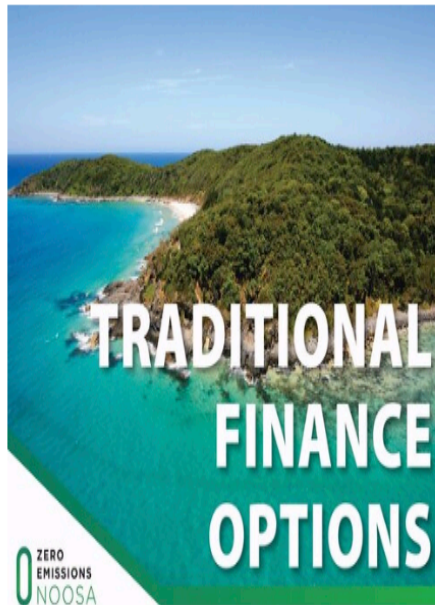


These types of facilities are often marketed as 'no interest' or 'interest free' solar financing options. You must remember however that, other than perhaps government funded schemes, all forms of financing have an associated cost and while you may not pay 'interest', the charge for deferring payment of the system will be included somewhere in the amount you end up paying. The exact amount you will pay for the system will depend on the loan amount, terms and initial deposit.

This handy series of factsheets explains what each option is, what the pro's and con's are, and explains some of the terminology you may come across

www.zeroemissionsnoosa.com.au/finance-commercial

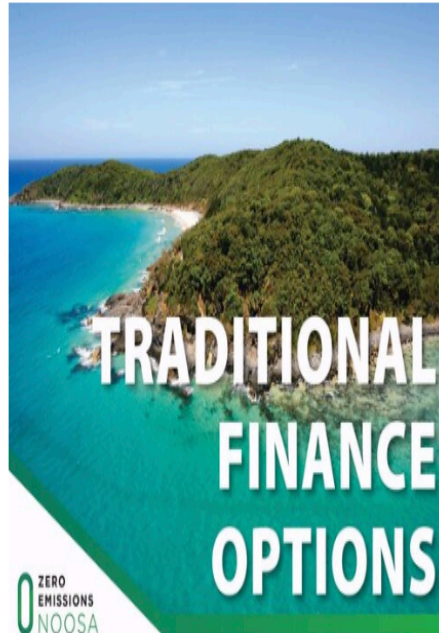
WHAT ARE THEY...?



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- Pay cash upfront to buy the system.
- Special levy or using money from the sinking fund.
- Loan finance or a chattel mortgage
- Strata Loan

WHAT'S GOOD ABOUT IT...!



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- Start saving on your power bill.
- Cheapest electricity and best ROI.
- Claim the GST
- Cash-positive outcome.
- Loan repayments in ongoing expense budget.

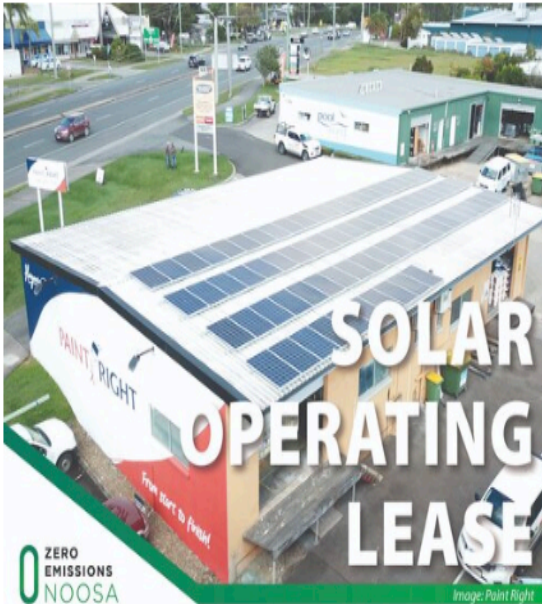
WHAT TO WATCH OUT FOR...!



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- Technical and financial risk
- Maintenance and repairs
- Resistance to special levies
- Borrowing limits apply
- Interest rate.
- Check the comparison rate
- Reputable lender

WHAT IS IT...?



A solar operating lease is a finance agreement in which the lessor (owner of the solar system) allows you to use the system for a period which is less than the economic life of the system and during which time you make regular periodic payments.

- Lessor owns the system.
- Little or no cost to you.
- Regular monthly payments

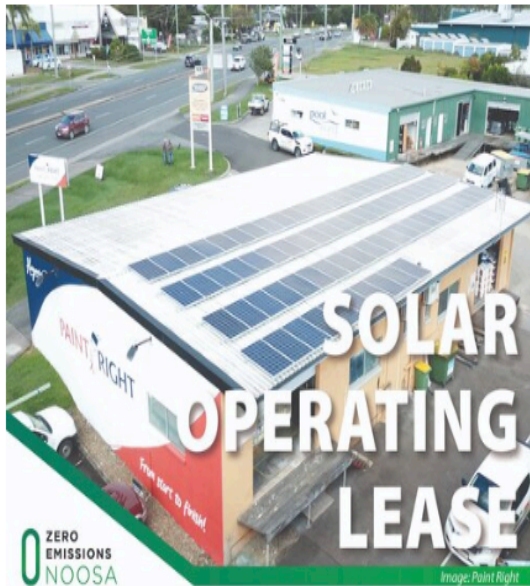
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- No or small up-front cost.
- Lessor is responsible for maintenance and repairs
- Ownership at the end of the contract.
- Spreads the capital cost over time
- Lease payments in expense budget.
- Well suited to larger systems on community properties.

WHAT TO WATCH OUT FOR...!



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- More expensive than cash or loan.
- May be up-front costs to prepare the building.
- Installation.
- Predetermined payments
- Still have the grid.
- Check the whole-of-life-cost.
- Make sure you are dealing with a reputable financier.

WHAT ARE THEY...?



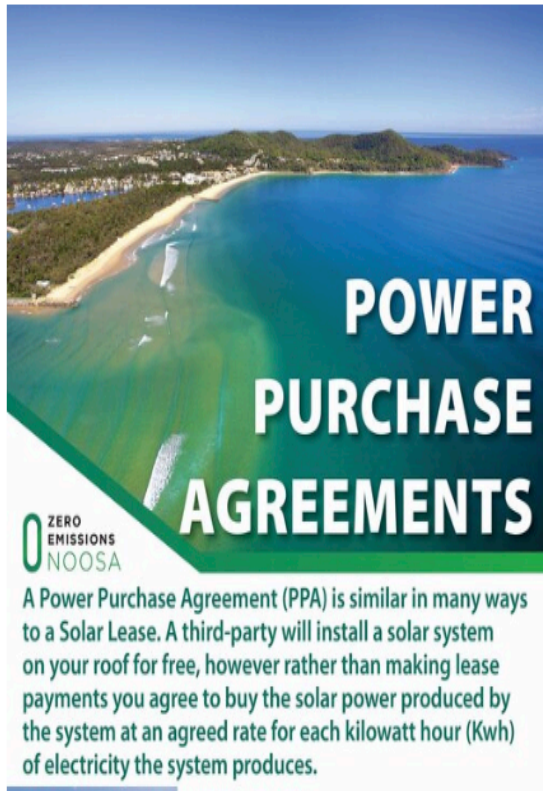
**POWER
PURCHASE
AGREEMENTS**

**ZERO
EMISSIONS
NOOSA**

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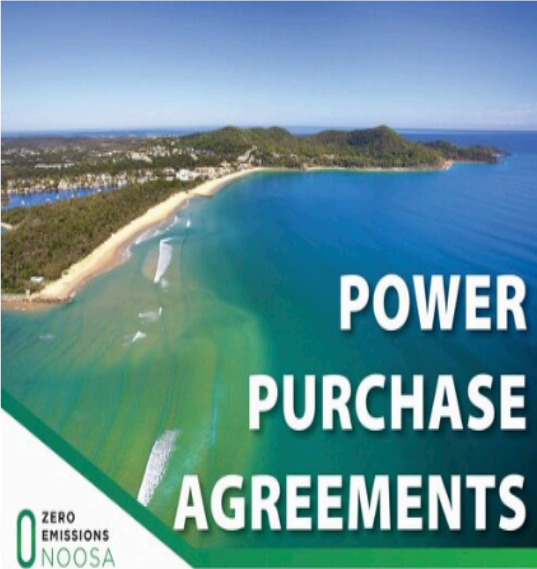
- Similar to a Solar Lease.
- Buy the solar power produced by the system.
- No standard PPA.
- Well suited to any large projects.

WHAT'S GOOD ABOUT IT...!



- Little or no up front cost
- Price per kWh is set.
- No responsibility for management, maintenance or performance.

WHAT TO WATCH OUT FOR...!



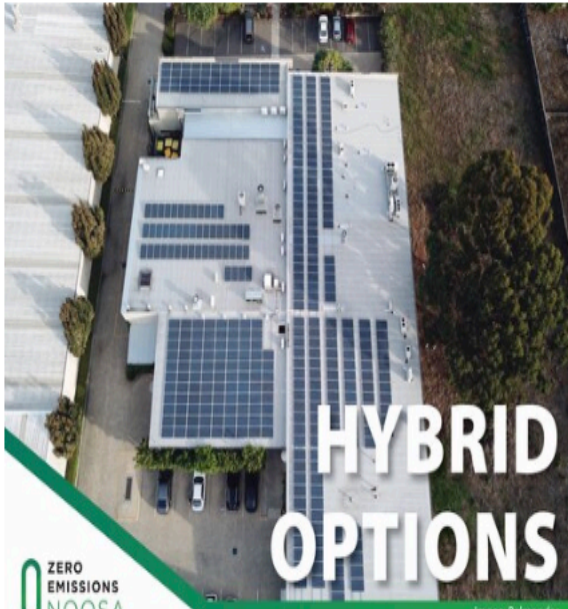
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- Consumption or output.
- Feed-in or not.
- Up-front costs.
- Responsibility for damage.
- Cancelling contract.
- End of term options

WHAT ARE THEY...?



**ZERO
EMISSIONS
NOOSA**

**HYBRID
OPTIONS**

Image: Belmondos

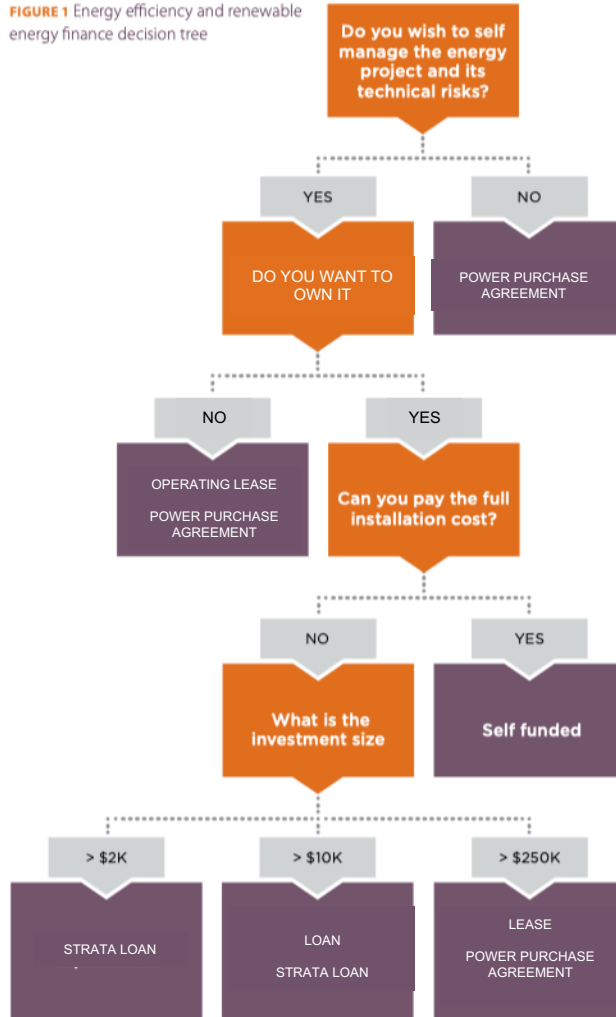
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- 'No interest' / 'Interest free'
- Nothing is free
- Cost of the system, term and initial deposit
- How does the seller get a return?

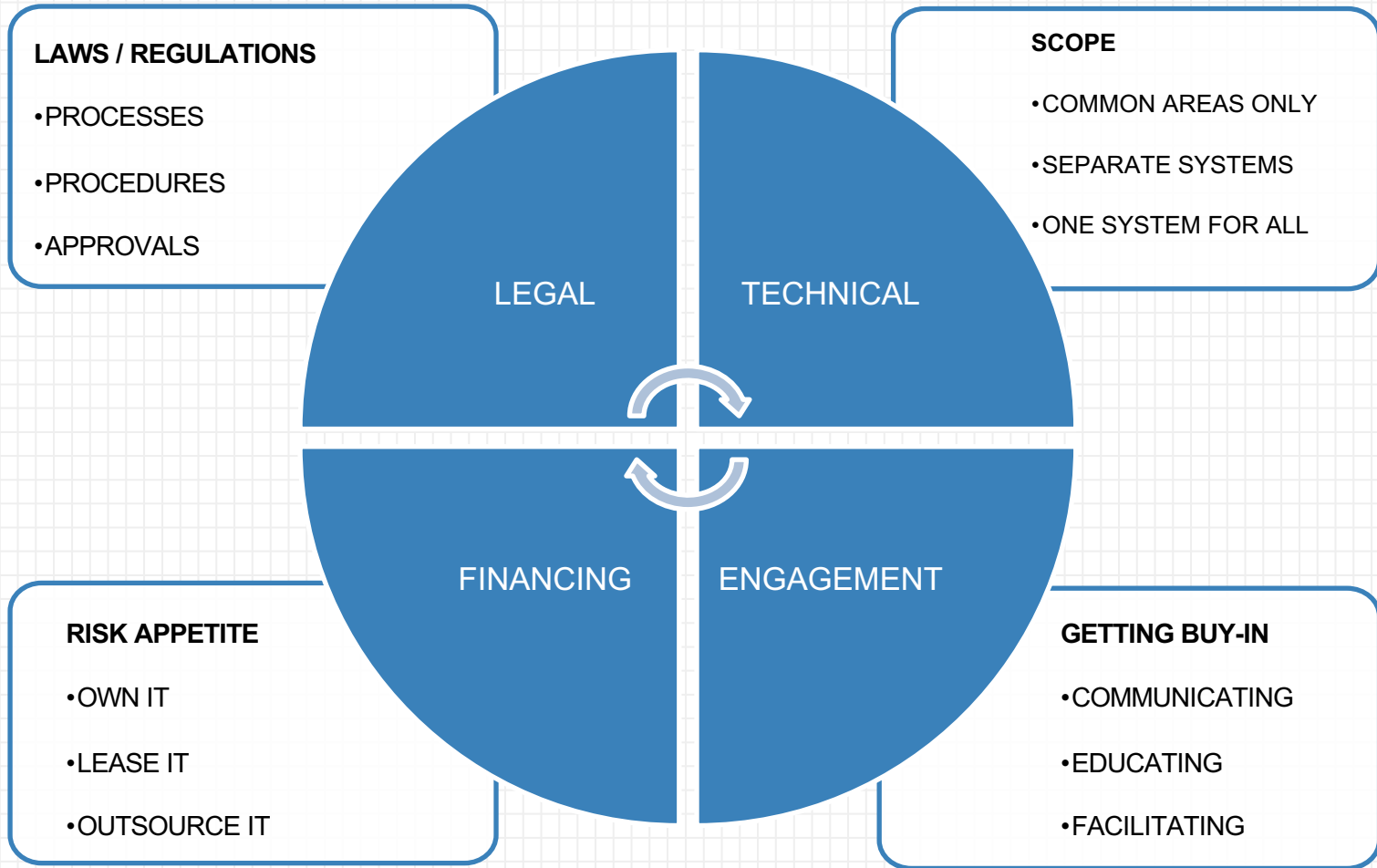
DECISION TREE

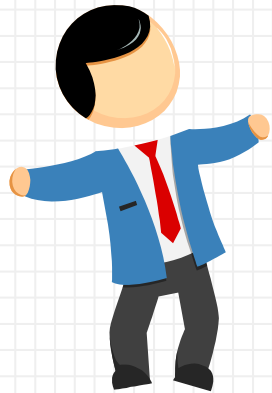
FIGURE 1 Energy efficiency and renewable energy finance decision tree



Adapted from NSW Office of Environment and Heritage Energy Efficiency and Renewables Finance Guide 2014

THE SOLAR-FOR-STRATA PROJECT





If you want to have a chat about your solar-for-strata project, feel free to contact me and arrange to catch up and have a chat...

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