



# FUNDING YOUR ENERGY TRANSITION



**EXPLORE THE OPTIONS TO  
KICKSTART YOUR ENERGY JOURNEY**

## FUNDING YOUR ENERGY TRANSITION

Getting your business started, or further progressed, on its energy transition journey can be challenging for some. Research conducted by Utility Market Intelligence, found that over 50% of customers struggled to justify the costs of implementing energy solutions initiatives<sup>1</sup>. Knowing where to start, or what should be the next best action in your energy efficiency pipeline, is not always straightforward. The UMI research identified the top 3 barriers to advancing energy management solutions were justifying the costs, sourcing the funding and finding the best solution.

Many Australian businesses are delivering energy projects to drive energy cost savings and reduce emissions. However, competing priorities for capital allocation and business cases that don't meet internal hurdle rates of return can cause some energy projects to be delayed.

This is why it's important to explore the options available to help you get your next energy project over-the-line and accelerate your decarbonisation plans.

Various options, including government grants, tradeable certificates, co-financing packages, power purchase agreements (PPAs), and on-bill financing are available to help fund your energy transition.

<sup>1</sup> Utility Market Intelligence (UMI) survey of large commercial and industrial electricity customers of major electricity retailers, including ERM Power (now known as Shell Energy) by independent research company NTF Group in 2011-2021.

## GOVERNMENT GRANTS AND FUNDING SCHEMES

Various federal and state government grants and funding schemes are available across Australia for energy projects. These schemes have different eligibility and funding criteria, often differ by jurisdiction and are subject to change, which can make them a challenge to navigate.

Reach out to an energy expert to help you find the right funding tool - or combination of tools - to maximise value for your business and kickstart your energy project sooner.

To get you started, below are some resources providing information about grants and funding schemes that might be useful. This is not an exhaustive list, so it's important to research and find out what's currently available.

- Australian Government: Business Energy Advice Program, Grants and Funding opportunities at [energy.gov.au](https://energy.gov.au) and GrantConnect at [grants.gov.au](https://grants.gov.au)
- Queensland Government: Business Energy Savers Program at [business.qld.gov.au/running-business/energy-business/energy-saving/other-programs](https://business.qld.gov.au/running-business/energy-business/energy-saving/other-programs)
- New South Wales Government: Energy Saver at [energy.nsw.gov.au/business-and-industry](https://energy.nsw.gov.au/business-and-industry)
- Victorian Government: Victorian Energy Saver at [energy.vic.gov.au/for-businesses](https://energy.vic.gov.au/for-businesses) and Sustainability Victoria at [sustainability.vic.gov.au](https://sustainability.vic.gov.au)
- South Australian Government: South Australia Government website at [sa.gov.au/topics/energy-and-environment/using-saving-energy/for-businesses](https://sa.gov.au/topics/energy-and-environment/using-saving-energy/for-businesses)
- Australian Capital Territory: ACT Government's Energy Efficiency Improvement Scheme website at [climatechoices.act.gov.au](https://climatechoices.act.gov.au)

At Shell Energy, it's our business to know what is available. We work with our customers to select the right options for their business. We can also help our customers by managing the funding application on their behalf or assisting with the application process.<sup>2</sup>

## ENVIRONMENTAL CERTIFICATE AND CARBON CREDIT SCHEMES

Australia's federal and state governments have introduced environmental certificate and carbon credit schemes to provide businesses with financial incentives to invest in eligible cleaner energy initiatives and energy efficiency projects.

These environmental schemes provide market-based solutions to today's environmental challenges, such as reducing greenhouse gas emissions and incentivising cleaner sources of energy generation.

Certificates and credits are created for eligible activities, such as building renewable energy infrastructure, carbon capture and storage, reforestation or installing energy efficient technology. These are then surrendered to meet environmental obligations or sold on the secondary market.

Liable entities (largely energy retailers, like Shell Energy) are the main buyers of certificates which they purchase to meet their obligations under the various schemes. Other buyers include businesses or individuals seeking to offset emissions on a voluntary basis. Participants should be aware that certificates and carbon credits are commodities, and their prices will fluctuate in an open market.

Shell Energy can provide you with insights and information on the certificate and carbon credit markets, as well as how you may be able to maximise value across the different schemes.

<sup>2</sup> Shell Energy Retail Pty Ltd is not providing financial advice in relation to your financial solutions. You should consider seeking independent legal, financial, taxation or other advice to check how the information on this page relates to your unique circumstances.

## Australian Government Renewable Energy Target Schemes

By investing in small or large-scale renewable energy systems, your business may be eligible to participate in either the **Small-scale Renewable Energy Scheme (SRES)** or the **Large-scale Renewable Energy Target (LRET)**. The Clean Energy Regulator administers the Renewable Energy Target Schemes.

Scheme	Certificate	Description
<b>Small-scale Renewable Energy Scheme</b>	Small-scale Technology Certificates (STCs)	<p>Shell Energy works with customers to plan small-scale renewable energy projects and, where eligible, generate STCs to help recover project costs.</p> <p>These systems include, but are not limited to, solar panels, solar water heaters, and air source heat pumps.</p> <p>The value of STCs can be applied to reduce the capital cost of your projects. The scheme ends in 2030.</p>
<b>Large-scale Renewable Energy Target</b>	Large-scale Generation Certificate (LGCs)	<p>If you're installing a large commercial solar photovoltaic (PV) or wind or hydro systems above 100 kilowatts, or those which generate over 250 megawatt hours each year, you may be eligible to create LGCs.</p> <p>At Shell Energy, we can work with you to plan and deliver large-scale renewable energy projects, get your project accredited, and then generate LGCs on your behalf.</p> <p>If emissions reduction is your principal concern, LGCs can also be surrendered to help you meet your emissions reduction targets.</p>

## State-based Environmental Certificate Schemes

The New South Wales and Victorian environmental certificate schemes focus on reducing energy consumption, particularly through energy efficiency and decarbonisation projects. These certificates are issued for projects that result in energy savings or emissions reduction.

It's important to note that the energy savings or emissions reduction from your project-based activities must go through a complex measurement and verification process.

Shell Energy is accredited to generate NSW Energy Savings Certificates (ESCs) and Victorian Energy Efficiency Certificate (VEECs), and our energy engineers are trained in world's best practice energy measurement and verification methodology (International Performance Measurement and Verification Protocol or IPMVP).

We recommend engaging with energy experts early in your planning as your energy baseline must be measured before you kickstart your project in order for it to be verified at completion.

Scheme	Certificate	Eligible Project Activities
<b>NSW Energy Savings Scheme</b>	Energy Savings Certificates (ESCs)	<p>At Shell Energy, we are accredited to create ESCs from the following project types:</p> <ul style="list-style-type: none"> <li>■ Natural gas, steam and electrification of hot water systems</li> <li>■ Whole-of-site improvements using metered baseline approach</li> <li>■ Compressed air optimisation</li> <li>■ Refrigeration projects</li> <li>■ Heating, ventilation and air conditioning (HVAC)/chiller upgrades</li> <li>■ Lighting projects</li> <li>■ Variable speed drives, fans and motors</li> <li>■ Information technology and data centre management</li> <li>■ Transformer upgrades or replacements</li> <li>■ Voltage optimisation.</li> </ul>
<b>Victorian Energy Upgrades</b>	Victorian Energy Efficiency Certificates (VEECs)	<p>The Victorian Energy Upgrades program provides Victorian's access to discounted energy efficient products and services. VEECs are the tradeable certificate under this program that are created for eligible energy efficiency activities.</p> <p>Shell Energy offers a VEECs creation service for a wide range of business energy efficiency projects undertaken in the commercial and industrial sectors in Victoria.</p> <p>We are certified to create VEECs for project-based activities, including gas burner replacements and steam efficiency, motors, refrigeration fans, and more.</p>

## Australian Carbon Credit Units

Australian Carbon Credit Units (ACCUs) incentivise businesses to cut greenhouse gas emissions and undertake activities that store carbon. ACCUs are available for eligible activities through the Federal Government's Emissions Reduction Fund.

ACCUs can be sold either to the government through a carbon abatement contract or in the secondary market. This offers additional revenue for your business that can help recover the cost of your project.

One ACCU is earned for each tonne of carbon dioxide equivalent (tCO<sub>2</sub>-e) stored or avoided by a project.

Shell Energy generates ACCUs on behalf of its customers and, as described earlier, has quality measurement and verification credentials that you can trust.

## FUNDING OPTIONS

### ON-BILL FINANCING

If you are a Shell Energy business electricity customer, you may be able to turn your planned energy project expenses into operating costs through on-bill financing allowing you to pay for the cost of your energy efficiency equipment upgrade, or renewable energy or battery storage project, over time.

Once finance has been arranged, repayments will appear on your monthly electricity bill so you can make and track payments easily. Ownership is transferred on final payment of the finance.

Get in touch with Shell Energy to discuss on-bill financing options.<sup>3</sup>



### POWER PURCHASE AGREEMENTS

Power purchase agreements (PPAs) can take many different forms and assist businesses to procure renewable energy generation for supply into the grid, effectively offsetting their own consumption with a renewable energy source.

PPAs may also offer energy price security through a fixed pricing contract and are therefore well suited to meeting large, long-term energy demands over 10 to 15 years.

One type of PPA is an off-balance sheet, off-take agreement. This is when a business has solar and/or battery systems installed on its site at no capital cost, supporting the business to meet its renewable energy goals while avoiding capital expenditure constraints.

Under this arrangement, the business would have an agreed delivered cost of energy, which would be incorporated into their existing retail energy contract. The energy retailer, in collaboration with a renewables or battery supplier, would own and operate the system and manage the MWh output.

Whichever type of PPA you choose, for it to be successful, it requires an in-depth understanding of the energy market and industry players, which is why expert assistance is advisable.

### OTHER FINANCING ARRANGEMENTS

There are a range of financing arrangements available to businesses that could help you progress towards your energy and commercial goals, including:

**Loan financing**, such as traditional loans and other arrangements to avoid upfront costs, with repayments made using the savings generated from an energy efficiency project.

**Leasing equipment**, which helps to avoid upfront costs and manage energy efficiency projects within your operating budget.

<sup>3</sup> Shell Energy Retail Pty Ltd is not providing financial advice in relation to your financial solutions. You should consider seeking independent legal, financial, taxation or other advice to check how the information on this page relates to your unique circumstances. On-bill financing is only available while you remain a Shell Energy retail energy customer. If you are no longer a Shell Energy retail energy customer, you must make arrangements to pay the credit provider directly. Parties should obtain their own legal, financial and tax advice before entering into any financial transaction.

## CLEAN ENERGY FINANCE CORP

The **Clean Energy Finance Corp (CEFC)** is an Australian Government statutory authority that makes it easier for businesses and consumers to secure finance to transform their energy use and cut emissions.

The CEFC runs a range of programs targeting clean energy and energy efficiency improvements for small businesses, manufacturers and the agricultural sector, as well as small-scale commercial property. It also partners with external organisations to provide access to funding, via co-financing.

To find out if the CEFC offering is relevant for your business, visit [cefc.com.au](https://cefc.com.au).

## AUSTRALIAN RENEWABLE ENERGY AGENCY (ARENA)

ARENA, the Australian Government agency supporting the global transition to net zero, could help your business realise its decarbonisation ambitions through its innovative funding aimed at accelerating renewable energy uptake in Australia. Visit [arena.gov.au](https://arena.gov.au) to find out more.

## SUSTAINABLE FINANCE

To meet their own Environmental, Social and Governance (ESG) commitments, banks and investment funds are increasingly looking to prioritise finance and investments that provide support to customers as they decarbonise their energy consumption.

Energy efficiency projects and renewable energy systems and energy storage, are just some of the project types attracting investment today.

Talk to your financial institution and discuss their sustainable finance offerings and be sure to research all options to discover the solutions that would provide the most value for your business.

**These are just some of the ways you can finance your energy projects. Together with your financial advisor, our energy experts can work with you to explore finance and funding options and help you identify, prioritise, and plan your energy projects to make your net zero or decarbonisation ambitions a reality.**



## SMART ENERGY HUBS

If your business is a large energy user (i.e., consumes more than 5 gigajoules a year) with complex energy requirements, you are likely on the lookout for more sophisticated energy solutions to optimise your energy supply, generation, and demand flexibility.

Shell Energy's Smart Energy Hub helps large energy users achieve a lower delivered cost of energy, realise new revenue streams, and achieve commercial, environmental and emissions objectives.

Smart Energy Hubs optimise the entire energy ecology for each customer site. Rather than implementing discrete energy projects, Smart Energy Hubs combine the right mix of solutions for each business, such as optimisation of energy-intensive equipment, solar PV installation, battery or thermal storage, automation for improved productivity and demand response capabilities, electric vehicle infrastructure, as well as the creation of environmental certificates.

These assets are then integrated and co-optimised to maximise customer benefit.

Shell Energy offers an OPEX solution financed by us, and a CAPEX solution financed by the customer.

### Operating Expenditure Model

In this model, Shell Energy finances 100% of the new assets and software integration. This is then repaid through a power purchase agreement linked to the Solar PV installation.

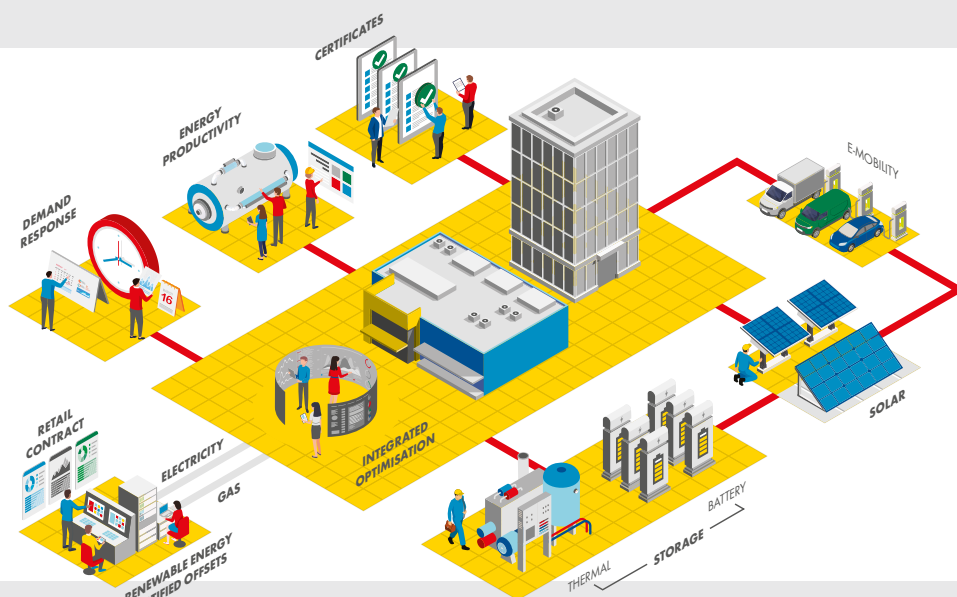
The customer and Shell Energy benefit from contract certainty with a contract period of 10 to 15 years.

### Capital Expenditure Model

In this model, the customer funds 100% of the project infrastructure and agrees to contract with Shell Energy to operate the Smart Energy Hub for a set period. Shell Energy manages the product warranty and performance obligations.

### Customer Benefits

- Reduction in the retail electricity rate
- Fixed network demand charges reduced
- Energy cost savings
- Electricity market benefits through participation in demand response schemes
- Emissions abatement
- Asset ratings improvements (NABERS and Green Star)
- Reduction in network costs risk
  - Shell Energy is removing the risk of increasing network capacity charges to the customer by fixing this charge for the duration of the agreement.



**Shell Energy is one of Australia's largest dedicated providers of business energy and a leader in energy innovation.**

We provide business energy solutions and innovation across a portfolio of gas, electricity, environmental products and energy productivity solutions to commercial and industrial customers.

Our goal is to create a better energy future. Shell Energy provides integrated business energy solutions backed by industry expertise and delivered with market-leading customer service.

We aim to be a trusted partner to our customers, solving their energy needs now and helping them navigate the energy transition into the future.

**CONTACT US TO DISCUSS THE  
FUNDING AND FINANCE OPTIONS  
AVAILABLE TO HELP FUND YOUR  
ENERGY TRANSITION.**

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