

**Sibley, Jon**

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**Subject:** FW: OneSun - Further due diligence advice

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**From:** [Redacted]  
**Sent:** Tuesday, 18 June 2013 5:22 PM  
**To:** Sibley, Jon  
**Cc:** Buckman, Greg; Traves, Alan; [Redacted]  
**Subject:** RE: OneSun - Further due diligence advice

Dear Jon,

Following up on our phone conversation today, and questions raised below, we provide the following commentary.

**Statement of facts:**

- Elementus have owned and operated four solar generation facilities, in Europe (sizes ranging from 1.1 MWp PV to 30 MWp PV generation in Europe with values ranging from [Redacted]). Three of these projects were project financed. Elementus have also acted as corporate advisors in development and financing of solar farms, as well as asset managers. In proposal ELM-001-10.0, Elementus are acting as project developers and asset manager. It should be noted that the dates of these projects commenced are unknown. Therefore we do not know how recent the project financing experience was.
- Elementus' asset management service offering includes solar asset management and back office services including invoicing, accounts, regulatory, compliance, governance, financial performance, financial analysis and reporting, and production and insurance.
- The special purpose vehicle (SPV) for the project is OneSun Capital 10 MW Operating Pty Ltd (herein OneSun). OneSun is a wholly owned and controlled subsidiary of Elementus Energy Pty Ltd. Elementus are the asset managers and would be responsible for development, construction, and operational periods of the project.

- [Redacted]
- [Redacted]
- [Redacted]

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[Redacted]

1) **The Director and Managing Director of OneSun were apparently Chairman and 'founding Executive' of Jack Green Limited, the failed electricity retailer:**  
[http://www.ewon.com.au/ewon/assets/File/Reports/EWON\\_Jackgreen\\_Report\\_Sept10.pdf](http://www.ewon.com.au/ewon/assets/File/Reports/EWON_Jackgreen_Report_Sept10.pdf). The Minister has requested advice on the implications of Jack Green/OneSun linkages for project financing, including a public record search (ASIC etc.) to define linkages. I direct your attention to Attachment 6 of their proposal which I have attached for your convenience which makes the link.

Project financing requires the assessment of all contractual relationships and appropriate risk allocations to be made in a project taking into account the credit worthiness and relevant experience of each of the counterparties alone and in combination. Project financiers will consider equity sponsors, EPC and O&M contractors, and asset managers in their assessment.

The inclusion of [Redacted] as O&M and EPC provider is a key component of the OneSun project financing. [Redacted] is a strong EPC and O&M contractor from a project financing perspective. The asset manager, Elementus, whilst important, is not the sole determinant of a successful project financing. Elementus has previously been a bankable (third party debt and equity basis) asset manager and acceptable equity sponsor from a project financing perspective. [Redacted]

[Redacted] On this basis the linkages to Jack Green do not appear to be of material concern or impact for the project financing.

The key remaining component of the project financing being achieved for the OneSun project is the equity sponsor.

[Redacted]

Therefore, the outstanding and critical component of the project financing is the certainty of the equity financing from [Redacted]. The project plan assumes project construction commencement of 2014 which provides 9 months for equity to be sourced and committed.

2) **The Minister has noted [Redacted] BBB credit rating, and negative outlook (as flagged in your review) and has requested advice on whether this is a material risk to the project in the development or operational stages. In your assessment, what risks does having an equity investor with a poor credit rating give rise to for a project such as this?**

A BBB credit rating for a bank is still an investment grade rating and there are numerous banks with ratings in BBB range. Therefore the BBB credit rating is not in itself a concern for the project. The BBB credit rating tends to impact the costs of their financing, unless [Redacted] is further downgraded and then there will be potential implications as to general availability of financing, especially for non-domestic funding. The major concern for the project is the importance and priority of the OneSun project in respect of its broader bank priorities to provide equity and shareholder loans to this project. Also with a potential future financing date of 9 months such priorities could change and level of support and commitment for the project could change over this time or their willingness to finance projects which are not domestic.

Warm regards

[Redacted]

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**From:** Sibley, Jon [<mailto:Jon.Sibley@act.gov.au>]  
**Sent:** Monday, 17 June 2013 3:49 PM  
**To:** [REDACTED]  
**Cc:** Buckman, Greg; Traves, Alan  
**Subject:** FW: OneSun - Further due diligence advice

Hi [REDACTED]

There are two more matters the Minister has requested advice on.

- 1) The Director and Managing Director of OneSun were apparently Chairman and 'founding Executive' of Jack Green Limited, the failed electricity retailer:  
[http://www.ewon.com.au/ewon/assets/File/Reports/EWON\\_Jackgreen\\_Report\\_Sept10.pdf](http://www.ewon.com.au/ewon/assets/File/Reports/EWON_Jackgreen_Report_Sept10.pdf). The Minister has requested advice on the implications of Jack Green/OneSun linkages for project financing, including a public record search (ASIC etc.) to define linkages. I direct your attention to Attachment 6 of their proposal which I have attached for your convenience which makes the link.
- 2) The Minister has noted [REDACTED] BBB credit rating, and negative outlook (as flagged in your review) and has requested advice on whether this is a material risk to the project in the development or operational stages. In your assessment, what risks does having an equity investor with a poor credit rating give rise to for a project such as this?

This advice is reasonably urgent as it required by the Minister to finalise his decision. Please let me know, when you can, likely timing and costs.

Regards, Jon

## Alieva, Daria

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**From:** Sibley, Jon  
**Sent:** Tuesday, 18 June 2013 5:26 PM  
**To:** Ekelund, Dorte  
**Cc:** Traves, Alan  
**Subject:** Solar Auction - Further Advice COMMERCIAL-IN-CONFIDENCE

Dorte

The Minister has requested two pieces of advice:

- Estimated cost per household for different options for the Minister's decision in the regular stream. These are provided at [Attachment A](#).
- Additional advice related to financing risks of the OneSun proposal. This has been provided by Deloitte and is at [Attachment B](#).

Once happy, if you could please forward to Monika.

Regards, Jon

**JON SIBLEY** | Senior Manager

Climate Change, Energy and Sustainability Policy | Environment and Sustainable Development Directorate | ACT Government

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