

## **Solar Rooftop Legal Agreements**

The Bendigo Sustainability Group has developed and/or improved on a number of legal documents over time including through the Community Power Hub period.

There are a number of investment related documents including:

- Rooftop Lease;
- Power Purchase Agreement;
- Special Purpose Investment Vehicle document set; and
- Loan Note documents.

### **Rooftop Lease (RL) and Power Purchase Agreement (PPA)**

The BSG has developed RL and PPA documents since 2015 when it entered into a 20 year agreement with the City of Greater Bendigo for a 20 kW solar PV system located on the Bendigo Goldfields Library. We had developed and implemented multiple community owned solar rooftop projects since and ongoing experiences highlighted some deficiencies in the earlier RLs and PPAs which have subsequently been further updated.

The financial modelling variations has also meant enhancements to PPAs to cater for alternative models, e.g. fixed lease payments, payments that follow tariffs up/down, etc.

The RL and PPA documents endeavour to appropriately manage various potential risks to the investor(s) and host site fairly.

The RL and PPA documents are for use with a single investing entity and can cater for the same or different host site owner and tenant (electricity purchaser).

### **Loan Note**

The Loan Note developed is a variation on the Loan Note developed by the Geelong Sustainability Group. Geelong established a Special Purpose Vehicle (SPV) to sit between the host and the investors. This is appropriate when the investment is \$100,000 or more. However, we wanted to establish some projects with capital value of only \$15,000 to \$30,000 and the added cost of an SPV made them unviable. We modified the Loan Note to be an agreement between the host and investors, with no SPV in between.

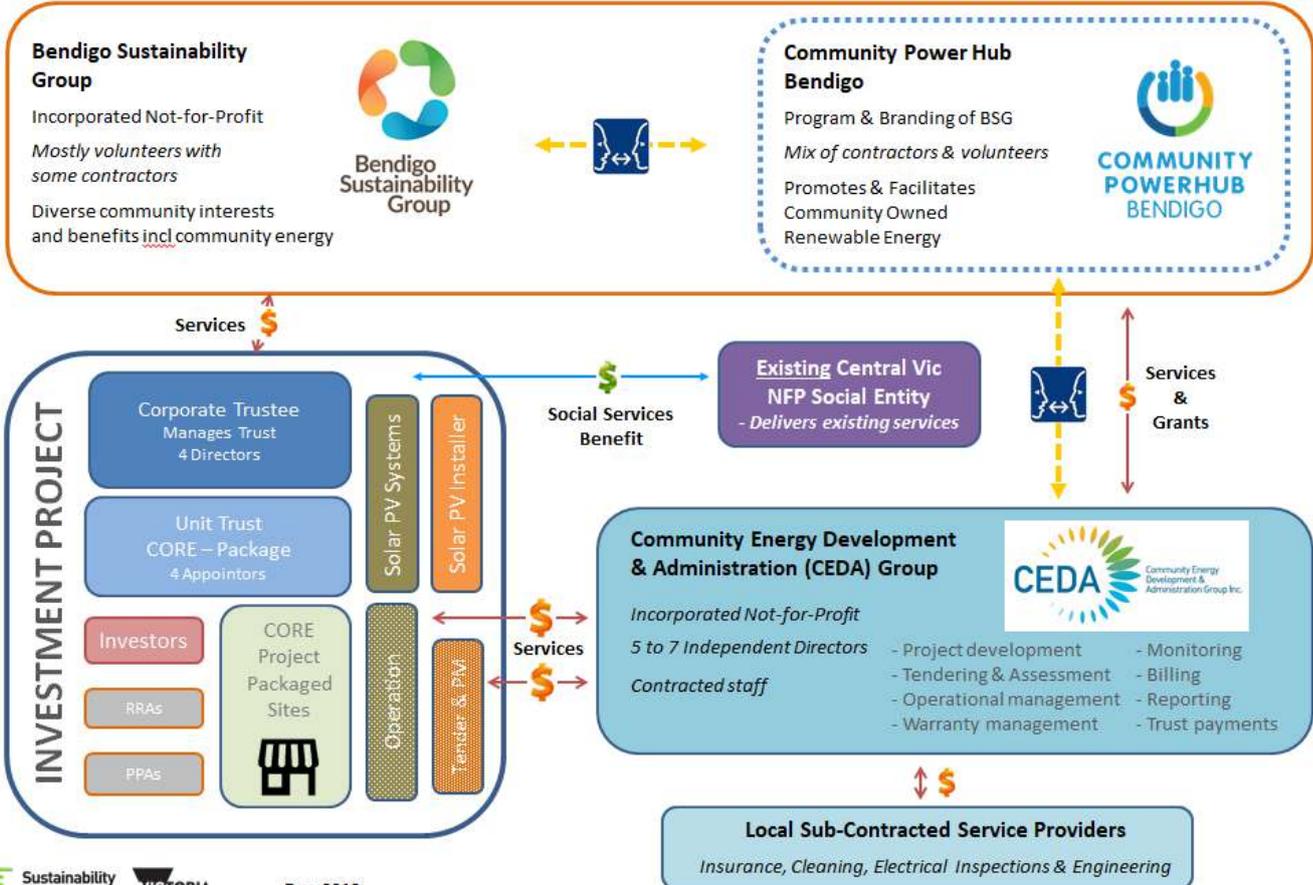
Further investigations are intended for the investing entity to be a small Partnership rather than individuals to sit between an individual investor and an SPV.

### **Special Purpose Vehicle (Unit Trust) Document Set**

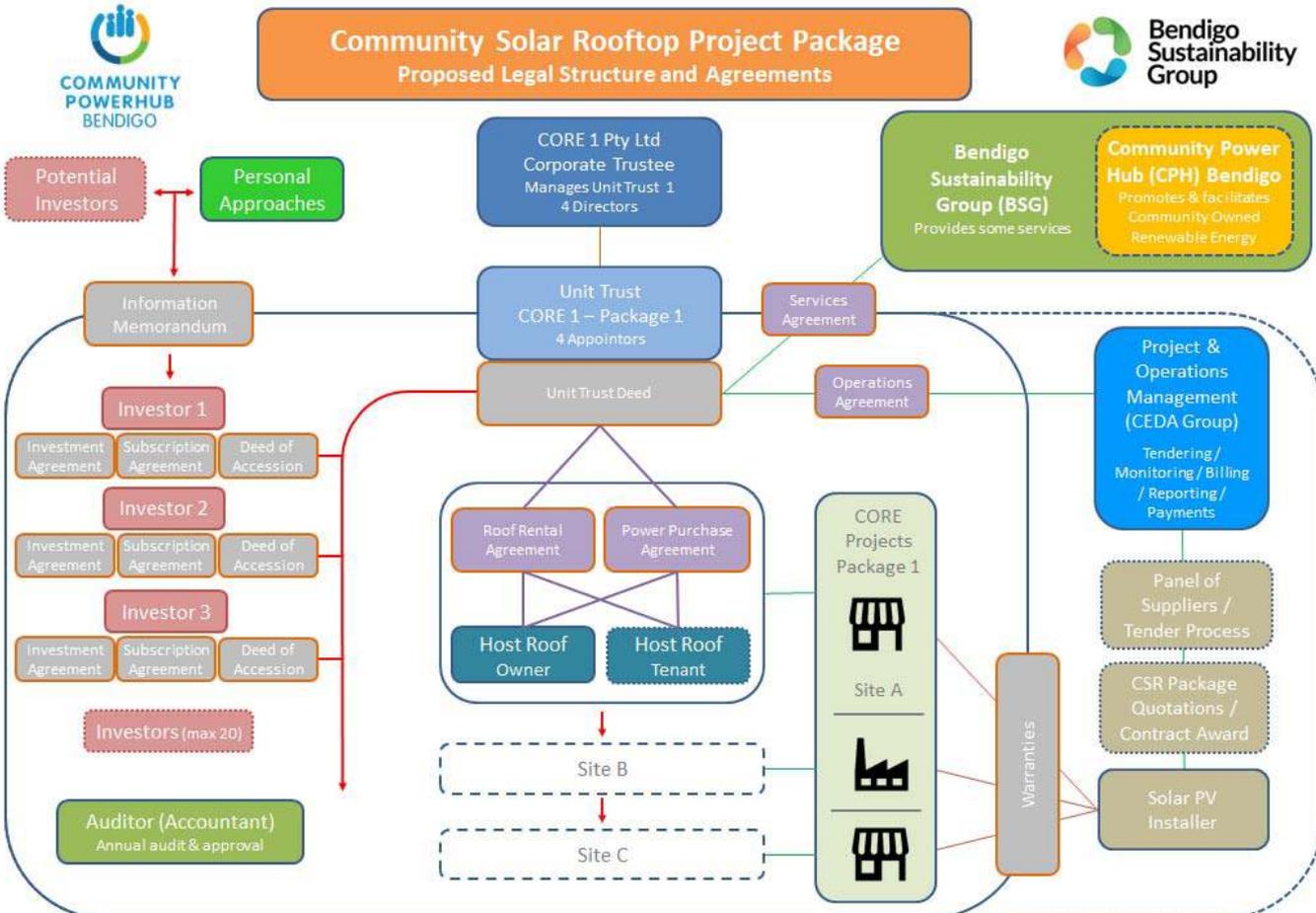
This extensive document set was developed with assistance of two legal firms; Beck Legal in Bendigo and Green & Associates in Sydney. The former due to our ongoing relationship and because we wanted to further develop local legal skills and the latter because of their experience working with ClearSky Solar Investments. A unit trust is created which can be provided with funds by up to 20 non-sophisticated investors. The trust in turn funds, owns and operates multiple rooftop solar PV systems for some contracted period with different roof hosts. PTO for indicate structure of setup.

An indicative legal structure of the entities and documentation is shown on the following page.

**Community Owned Renewable Energy Projects**  
Proposed High Level SPV Legal Structure and Relationships



**Community Solar Rooftop Project Package**  
Proposed Legal Structure and Agreements



## **Access to Legal Documents**

These detailed documents were developed by the Bendigo Sustainability Group with Beck Legal and involved significant volunteer time input as well as funding.

The BSG supports collaboration between parties by sharing confidential information, including documents, methodologies, Intellectual Property, information and insights about their respective community renewable energy projects in order to assist each other party to develop new community projects in its region. To manage risks and provide clarity with all parties, documents can only be shared with the signing of a Legal Document Sharing Memorandum of Understanding prepared by Beck Legal.

Due to the inherent value of the documentation, including the time and cost of development, and also the time and cost to manage the MoU process, there may be a fee for legal documentation where it has been agreed to provide.

**Contact:**      [cphbendigo@bsg.org.au](mailto:cphbendigo@bsg.org.au)

**May 2020**