

CASE STUDY

Funding renewable energy at Lord Howe Island

Lord Howe Island is a World Heritage listed site which historically relied on diesel generation for its power.

This was costly, with diesel needing to be shipped to the island every 2 to 3 weeks, and also being subject to volatility in fuel prices. It was also important to decrease the island's carbon footprint and reduce the risk to its pristine marine and terrestrial environment associated with transporting diesel fuel.

Reflecting on the future needs of the island, the Lord Howe Island Board explored renewable solutions and identified a hybrid solution involving solar and battery storage. The Board estimated it would need \$11.9mn to fund the project.

Crafting a tailored debt strategy

TCorp worked with the Board over several months to devise a suitable debt portfolio to fund up to \$5.9mn of The Lord Howe Island Hybrid Renewable Project.

By taking the time to understand the Board's business objectives, we devised a tailored, flexible debt strategy to meet their needs. Our solution allowed the debt to be repaid earlier or later taking into account the Board's budget forecasts and projected cash flows. The tailored portfolio included a fixed portion of debt over several years, allowing the Board to capitalise on historically low interest rates.

Delivering interest rate certainty over the long term

We partnered with the Board to analyse, develop and achieve an efficient debt solution, delivering interest rate certainty over the long term. The debt that TCorp raised helped the Board to fully fund the Hybrid Renewable Project and significantly reduce its carbon footprint.

The new integrated solar and storage system provides more than 67% of Lord Howe Island's electricity, previously powered by expensive diesel generation.

It also improves both the stability of the power supply to the island and energy security, while reducing the impact of future fuel cost increases.

The hybrid solution provides long-term environmental benefits for the Lord Howe Island community and visitors alike, in line with NSW Government climate and resource efficiency policies.

Lord Howe Island

Lord Howe Island is located between Australia and New Zealand, 780km northeast of Sydney in the Tasman Sea.

Approximately 75% of the island's original natural vegetation remains intact and undisturbed; many of the plants and animals cannot be found anywhere else in the world. Lord Howe Island is also one of the cleanest places on Earth, with no air or sea pollution, or litter.

The Island is run by the Lord Howe Island Board, a statutory authority responsible to the NSW Minister for the Environment.



Solar panels on Lord Howe Island, NSW.
Photograph courtesy of Lord Howe Island Board.

About TCorp

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With A\$109 billion of assets under management, TCorp is a top 5 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$127 billion. It is rated Aaa (Stable) by Moody's and AA+ (Stable) by S&P.