

January 15, 2013

Solar Finance Solution & Pricing

Introduction

Smartcom is a consulting house that provides independent advice to customers and solar retailers / installers Australia wide. We usually work for the solar retailers / installers to provide comprehensive documentation to support their sales efforts and finance arrangements. However we also work directly for customers providing independent advice and support during the pre & purchase process.

Solar Financing - Issue

At the moment it has become problematic for some solar retailers to sell larger solar systems +10KW due to the difficulty in acquiring suitable finance. In the USA most systems are currently sold via either a PPA arrangement or solar lease.

Solar service agreements are contractual arrangements between consumers who want the benefits of solar without the hassle of ownership and investors who purchase residential & commercial solar systems. The consumer pays for equipment use in the case of a Lease or for energy produced by the system in the case of a PPA.

Although solar Leases and PPAs are a relatively new concept, consumers are already accustomed to using service level agreements to pay for mobile phones, cable and electricity from their utilities. Consumers can realize immediate savings on their electric bills with no hassle and the finance provider earns a favorable return on a stable investment.

The finance intermediary arranged by Smartcom connects banks and corporations interested in investing in solar, with solar professionals who then sell the solar service agreements to consumers and install the systems. The finance intermediary makes a transaction fee for processing the solar service agreement and providing for the monitoring and maintenance of the system. Solar professionals expand their customer base, increase sales and grow their businesses.

A white label financing program can provide the retailer / importer with a huge marketing advantage and would gain a market share at the expense of its competitors who do not offer such a program. This program does not require the solar manufacturer / importer to finance the program, but does require the retailer / importer to be financially sound and be well organised and pay for the consultants fees to get the program up and running.

If a solar retailer sells on finance they need to get all their profit upfront whereas with a PPA arrangement the customer can be subsidised, per se by the retailer who will receive an ongoing slice of the revenue which is many times greater than the forgone profit. The retailer builds an ongoing revenue stream in exactly the same way as the mobile phone industry, but is dependent upon the structure of the individual deal ie pay off finance first and then the retailer get their cut between 3- 5 years down the track or enter into profit sharing arrangement and receive partial revenues ongoing from the start.

Enquire now to Smartcom to see if your company qualifies for this type of finance scheme.

Consulting Rates

Charges for Smartcom Services

Smartcom charges are listed below on a per day basis, plus the cost of travel and reasonable accommodation expenses. All airfares are to be economy class.

| Principle resource | Charges (AUD per day) ex GST |
|---------------------|------------------------------|
| Luke Meredith Hardy | \$800 per day |
| | \$100 per hour |

Rates can also be quoted in the currency of choice.

Invoicing Frequency

Fortnightly

Payment

All invoices in respect of service and implementation charges are payable within fourteen days. Interest at the NAB 30 day bank bill rate from time to time plus 2% will be charged and will be payable on all overdue amounts from the date when due until the date of actual payment.

Bank:- National Australia Bank Limited
Account name: Smartcom Pty Ltd
Account number 54403 9026
BSB 084 462

Project Payments Schedule

Scoping Study at T&M 30 Days Terms
50% on Contract / Purchase order
50% on Completion

Rates for Services on Customers Premises. (Travel)

If Smartcom consultants are required to travel more than 100 KM from the Gold Coast the travel costs will apply. Smartcom charges are listed above on a per day basis, plus the cost of travel, daily allowance and reasonable accommodation expenses as shown below. All airfares less than 8 hours are to be economy class. Flights over 8 Hours are to be Business Class.

| Team Contractor resource | Charges (AUD per day) ex GST |
|--------------------------|------------------------------|
| Daily allowance | \$100 |
| Travel | At cost |
| Accommodation | At Cost |
| Vehicle Travel Per KM | 70 Cents Per KM |

Variation of Charges

The above charges will not be varied for a period of one year from the date of the Agreement, save in the following manner:

Subject to Smartcom giving three months notice to the Customer Smartcom may vary the rates of its charges for Smartcom services in line with any increases over the previous twelve month period in the Consumer Price Index.