

Future-proof your organisation's energy strategy

with managed service agreements (MSAs) and
power purchase agreements (PPAs) for solar



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Section 1

Introduction

The climate is changing. Energy prices are trending upwards long term and they're becoming more volatile.

As organisations look to lower their monthly bills and carbon emissions, solar has emerged as the clear solution for a sustainable energy future.

However, many businesses find financing a high-performance solar system that takes full advantage of their site's potential to be a challenge.

Our General Manager of Smart Energy Portfolio, Simon Mason, discusses how organisations can take advantage of managed service agreements (MSAs) or power purchase agreements (PPAs) to overcome these challenges and meet their financial and green energy goals.

Industry-first MSAs enable organisations to generate solar energy on their own sites while removing the cost barrier to entry – locking in a fixed monthly fee that's less than their current operational energy costs.

Industry standard PPAs operate on the same principle and remove the cost barrier to entry. Fees are charged per kW hour generated. The headline fee per kWh is targeted to be less than the current operational energy costs.

“Given the conditions we’re in, the best way to mitigate increasing energy prices is to generate 100% green energy yourself.”

Simon Mason
GM – Smart Energy Portfolio,
Iberdrola Australia

Simon Mason is a Chartered Management Accountant passionate about helping organisations unlock the financial benefits of solar energy. With a wealth of experience across the construction and renewables sectors, he brings his expertise to commercial properties of all sizes across Australia.

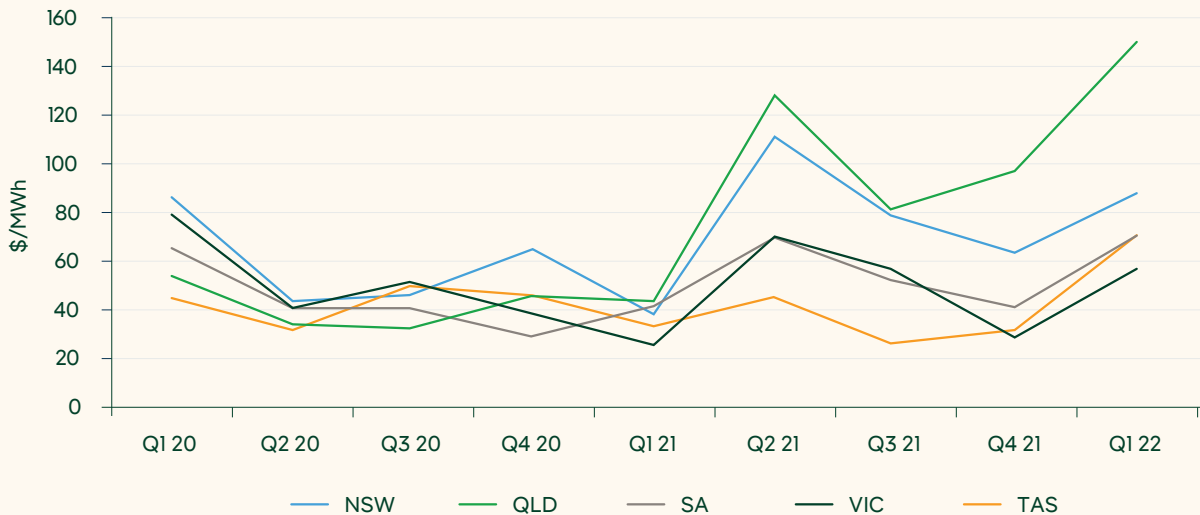
“It is anticipated that market stallholders will save up to \$590,000 every year compared to the current retail offers available, ensuring that we continue to provide affordable fresh produce on a local and global platform.”

Angelo Demasi
CEO, South Australian Produce Market

Energy prices will remain volatile as the energy transition plays out

With long-term energy prices historically trending up, you’ve probably already noticed your monthly energy bill has increased. The energy landscape is changing, with unprecedented volatility in the energy markets throughout 2022. The best hedge to volatile energy prices is onsite solar.¹

Average wholesale electricity spot price by NEM region



Source:
AEMO, Quarterly Energy Dynamics Q1 2022

Although any cost increase can cause financial friction, the rise in energy costs has come as a shock to many operational budgets. Businesses that do not switch to alternate sources of energy will incur increased costs that they’ll need to absorb or pass on to their customers.

The time to move to solar is now.

¹ <https://aemo.com.au/-/media/files/major-publications/qed/2022/qed-q1-report.pdf>

Section 2

Challenges

Businesses are turning to solar energy to power their operations sustainably

Australia is in an enviable position to harness solar energy – it receives enough solar radiation per year to power the entire country 10,000 times over.²

However, we're barely tapping this capacity. Although solar power is the country's largest source of renewable energy, it only accounts for 9% of total generation.³

Sustainability goals limited by financial hurdles

Climate change makes it more urgent than ever to switch to renewable energy, but the current economic challenges are making it even more difficult to do so. In fact, a third of Australian companies are projected to miss their 2050 net zero targets.⁴

As temperatures rise across Australia, buildings will use more energy, across more months, to stay cool. At the same time, avoiding dirty sources of energy is higher on organisations' wishlists.

So, why aren't more organisations switching to solar energy? Finances, particularly in the current economic climate, are a major factor:



The capital cost of a high-quality commercial solar system makes it a significant investment and continues to be a barrier to many companies.



Rising inflation makes large projects more expensive (including materials, transport and labour costs) to install.



Rising interest rates make it increasingly difficult for organisations to finance large capital expenditure projects such as solar.

“Everyone has a capital expenditure budget. With these ownership models, you don't need to spend it on solar.”

Simon Mason
GM – Smart Energy Portfolio,
Iberdrola Australia

To hit our net zero targets and lock onto clean and predictable energy sources, it's clear that organisations need an affordable path to solar ownership.

² <https://www.ga.gov.au/scientific-topics/energy/resources/other-renewable-energy-resources/solar-energy>

³ <https://www.minister.industry.gov.au/ministers/taylor/media-releases/2021-australian-energy-statistics-electricity>

⁴ <https://www.workforclimate.org/post/microsoft-report-2022>

Section 3

Managed service agreements

Rewriting the rules of commercial solar ownership

Managed service agreements (MSAs) enable organisations to take advantage of the benefits of owning an onsite solar generation asset. They can draw on green energy from the system, all for a fixed monthly fee and no upfront expenditure.

It's an industry-first that removes the financial barrier to entry and associated ownership risks and costs, replacing it with a fixed monthly fee that's less than an organisation's current operational energy costs.

Meaning it's cash-positive from day one.

All service and maintenance activities are covered in the fixed monthly rate and risks of ownership sit with us.

The end of the term is flexible. An organisation can choose to renew the agreement at a much reduced rate, remove the system or transfer ownership for an agreed fee.

MSAs help organisations future-proof their energy strategy, delivering:

Fixed

monthly fee for the duration of your term

Risk-free

financial arrangement

100%

guaranteed output for 5-15 years

Full-service

proactive monitoring and maintenance

Full

equipment warranty

100%

onsite green energy

With proactive servicing and output guarantee, organisations can consistently hit their ESG and cost projection goals 100% of the time for years to come.



Section 4

Power purchase agreements

Alternative commercial solar ownership

Power purchase agreements (PPAs) are a model that also enable organisations to take advantage of solar ownership through the procurement of onsite green energy on a kWh rate with no upfront fees.

It removes the financial barriers to entry and associated risks and costs of ownership, replacing them with a kWh rate that's less than an organisation's current operational energy costs.

Like the MSA, it's a cash-positive proposition.

All service and maintenance activities are covered in the headline rate per kWh and risks of ownership sit with us.

There is a contracted expectation to transfer ownership for a nominal fee at the end of the term.

“We're in a race to decarbonise the world. The challenge in front of us is so big, every single organisation needs to make an impact.”

Matt Linney
GM, Smart Technology Development,
Iberdrola Australia

PPAs help organisations future-proof their energy strategy, delivering:

Rate per kWh

generated

Risk-free

financial arrangement

Only pay for

the power generated over 10-25 years

Full-service


proactive monitoring and maintenance

Full

equipment warranty

100%

onsite green energy



“We initially chose to work with Iberdrola based on a combination of track record and price. The Iberdrola team has been self-sufficient and ‘low-maintenance’ – they have all been professional and easy to deal with, especially at times where change requests from our side have required additional legwork, but haven’t always converted into confirmed variations.”

Simon Witt
Project Engineer, Scentre Group

Section 5

The time to act is now

Capitalise on compound savings by installing solar now

How much can an organisation save by switching to solar? A lot.

The monthly cost of grid electricity adds up, as does the amount of greenhouse gases pumped into the atmosphere. The longer a business postpones installing solar, the larger the losses.

Waiting one year to install solar can cost you:

Building Type	System Size (kW)	Approximate missed savings (year)	Emissions per year (kg CO2)
School	30	\$7,000.00	20,000.00
Retail	100	\$30,000.00	60,000.00
Manufacturing	500	\$100,000.00	270,000.00

Because MSAs and PPAs cost less per month than an organisation’s energy bills, there’s no reason not to switch **this month**. The savings begin compounding immediately.





Be cash positive with solar from day one

These energy procurement models are available to the Australian commercial and industrial market, helping protect businesses against rising energy costs, large capital expenditures and solar maintenance costs.

- No upfront costs
- Protect against energy price increases – price certainty regardless of wholesale energy cost or interest rate
- Costs of ownership wrapped up into a simple fixed monthly fee or price per kWh
- Performance guaranteed with a built-in service and maintenance program

It's an agreement that enables your solar system to be cash positive from day one. And because an organisation pays less than their current energy costs – and full maintenance, inspections, reporting and warranties are included – it's completely risk-free.

Remove the performance barriers of solar

With an MSA and PPA, monitoring, cleaning and full-service maintenance is included. Iberdrola's offer:

100%
performance guarantee
for up to 15 years

Full
equipment warranty

A team
of highly-experienced
technicians on-call

Performance
guarantee

Section 6

Maintenance

The key to solar performance? Regular maintenance.

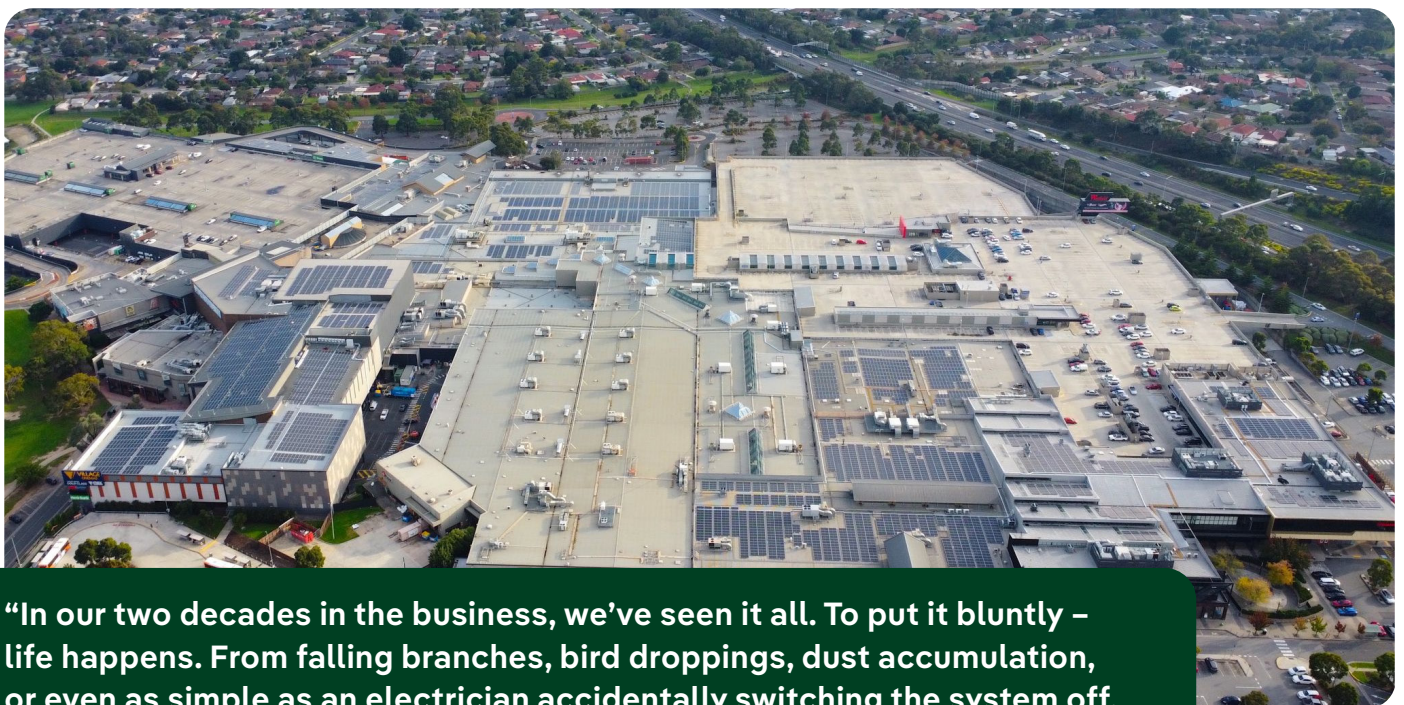
All solar systems need regular monitoring and maintenance to perform at their best. Common problems, such as a switchboard being turned off or a system becoming inadvertently unplugged, can go unnoticed on an unmonitored system for months. Panels are also exposed to the elements and so need regular cleaning.

With proactive monitoring, the provider receives an alert immediately if there's a problem with the system – meaning they're able to fix it often before an organisation has noticed there's been an issue.

A system outage results in significant cost. Below is the average annual impact of an unmaintained system (see table on page 14 for the cost impact of a system that does not operate for a full year).

Building Type	System Size (kW)	Approximate missed savings (year)
School	30	\$600.00
Retail	100	\$2,500.00
Manufacturing	500	\$10,000.00

It is essential to not only install a high-quality system designed specifically for the site, but to also regularly monitor the system for outages and performance issues, carry out regular maintenance and fix problems when they arise.



“In our two decades in the business, we’ve seen it all. To put it bluntly – life happens. From falling branches, bird droppings, dust accumulation, or even as simple as an electrician accidentally switching the system off. Every day your solar isn’t performing costs money. Any other building services need regular servicing- so do solar systems!”

Ying Parker
GM – Smart Energy Operations, Iberdrola Australia

Section 7

Sustainability

Meet sustainability goals every time

With our 100% output guarantee, organisations can hit their ESG goals every time – today and into the future.




Meet and consistently deliver on your carbon emissions goals



Improve energy performance reporting

The sooner a commercial property switches to solar energy, the fewer greenhouse gases that organisation puts into the atmosphere. It's a win for the planet – and the budget.





“The University has taken positive action to offset its energy requirements by installing a Sustainable Energy Solution. The 2 megawatt solar project will reduce the University’s total carbon emissions by approximately 20 per cent.”

University of Southern Queensland

Choose from a range of solar systems

PPAs and MSAs work best with either rooftop or ground mount solar. Each is designed to maximise output for different site conditions and requirements.

Rooftop

This quick and standardised option uses dead roof space to generate renewable energy. Not only is it the cheapest form of solar, but it also helps increase property values.



Ground Mount

When combined with tilt and tracker technology, ground-mounted solar panels are the best use of the sun's power. They also turn an organisation's unused land into a productive asset.



Innovate with a highly qualified partner

Solar is about more than putting panels on the roof. The best systems are optimised through high-quality engineering to ensure that they stand the test of time. For the biggest impact and maximum returns, organisations benefit from enlisting a partner who takes a holistic view of their energy strategy.

PPAs and MSAs can also be combined with:



Solar Car Park

Adding solar to an organisation's car park reaps multiple benefits, including shading, weather protection and power generation, while clearly showcasing a commitment to sustainability.



Energy Efficiency Lighting Upgrade

A lighting upgrade is the easiest way to save money and reduce energy consumption while improving green ratings.



Battery Storage & Demand Management

Combining a storage solution with solar enables organisations to store excess generation for use outside of sunlight hours, which in turn mitigates energy supply and spot market risk.



eMobility

Adding onsite EV charging facilities helps increase footfall and time spent on premises by customers and staff.



100% Green Retail Solutions

Targeting net zero? Want to go green in more than just your electricity supply?

We structure credible and qualified carbon offset products to meet your business needs.

We also offer programs to enable your employees to green at home, structured to meet your sustainability or staff engagement objectives.

“We are passionate about understanding our customers’ decarbonisation needs and working with them to deliver cost effective and targeted solutions. We make it easy for you to reach your goals.”

Walter Schutte
Executive Manager – Customer Solutions,
Iberdrola Australia

Section 8

About Iberdrola



Iberdrola SA HQ, Bilbao, Spain.

About Iberdrola Australia

Iberdrola Australia provides leading full-service solar and energy solutions – designing, engineering and delivering large-scale systems that reduce costs and carbon emissions for customers. It is part of the Iberdrola SA group of companies headquartered in Bilbao, Spain.

Our mission is to lead Australia to a clean future, today.



Schedule a consultation with an expert

Our award-winning team of experts and engineers can create a bespoke solution for your commercial space. Get the conversation started.

[Know more \(Click Here\)](#)

