

PEP's green loan world first for Intellihub

Exclusive

James Thomson

Pacific Equity Partners hopes its first foray into the green loan market for portfolio company Intellihub will encourage others in Australia's private equity sector to follow its lead.

The five-year, \$1.45 billion facility is PEP's first green loan. But it is also the first green loan in the world to receive electrical grid and storage certification under the London-based Climate Bond Initiative's standard.

PEP managing director Evan Hattersley, who leads the firm's Secure Asset Fund, says the firm had been keen to enter the green loans market, and Intellihub – which rents more than 1 million smart meters to energy retailers including Alinta Energy, AGL, Red Energy and Origin – was an obvious vehicle.

ANZ, NAB, Crédit Agricole and Japanese banks MUFG and SMBC are working to syndicate the loan, while French groups BNP and Société Générale have already committed to significant positions.

The process, in which PEP was assisted by ANZ as its green loan coordinator, took about three months and was rigorous. Mr Hattersley said the key to achieving certification was being able to establish mechanisms and reporting to show debt investors that the capital was being used for the intended purpose – to fund an accelerated rollout of smart meters across Australia and New Zealand.

But Mr Hattersley said it was vital the certification process had real teeth.

"It's not just getting the certification upfront that's helpful, but it's the rigor-

ous reporting standards involved," he said.

"It puts the onus on the company to carry through and meet that green criteria and I think more reporting and more disclosure around that will help shift the industry further down that path."

PEP is preparing Intellihub for rapid growth and, in addition to the new green loan, it is in the market seeking equity investments in the firm, which PEP bought in 2018. *The Australian Financial Review's* Street Talk column has previously reported PEP is seeking to sell a 50 per cent stake in the business at an equity value of about \$2 billion.

Intellihub chief executive Wes Ballantine said smart meters can play a vital role in the energy transition, allowing energy retailers to work with customers to make their homes more energy-efficient, and managing the two-way flow of energy between Australia's massive rooftop solar fleet and the electricity grid.

"Right across the board in the last 12 months, we've seen a really big uptick in regards to the deployment from retailers," Mr Ballantine said. "The smart meter is really facilitating that decarbonisation, digitisation, decentralisation evolution of the energy sector that we're going through."

Mr Hattersley said PEP, which has stepped up its ESG commitment in the past 18 months and hired Rosie Johnson as its first director of ESG earlier this year, would look to do more in the green finance sector.

"We're going to take the learnings away from here and apply them to our portfolio companies where they need a little bit more repositioning to get on the right track."