

# STRATEGIC FRAMEWORK FOR TRANSFORMING CLEAN ENERGY INVESTMENT

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CLEANER POWER SOLUTIONS BIOENERGY WASTE LARGE - SCALE  
SOLAR GRID + STORAGE BIOENERGY WASTE  
WIND SMALL-SCALE SOLAR WIND BIOENERGY  
INFRASTRUCTURE BETTER BUILT UNIVERSITIES PROPERTY  
NOTFOR PROFIT SOCIAL HOUSING GOV  
GOVERNMENT ENVIRONMENT MANUFACTURING UNI  
CO-FINANCIERS CLIMATE BONDS EQUITY NEW SOURCES  
FUNDS CLIMATE BONDS INNOVATION EQUITY OF CAPITAL  
CLIMATE BONDS CO-FINANCIERS INNOVATION

# CEFC MISSION

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To accelerate **Australia's transformation** towards a more **competitive economy** in a carbon constrained world, by acting as a **catalyst** to **increase investment in emissions reduction**.

# AGENDA

1. About the CEFC
2. Our Strategic Framework
3. Governance and Risk Management
4. Recent Activities and Achievements
5. Scaling from Projects to Programs



# About the CEFC

# ABOUT THE CEFC

- AU\$10bn (~US\$7.5bn) of capital for renewable energy, energy efficiency and low-emission technologies
- Investment commitments of around AU\$2bn
- Offices in three cities: Sydney, Brisbane and Melbourne
- Independently-run Australian Government institution
- Around 70 staff
- Private sector expertise with public purpose



Sydney

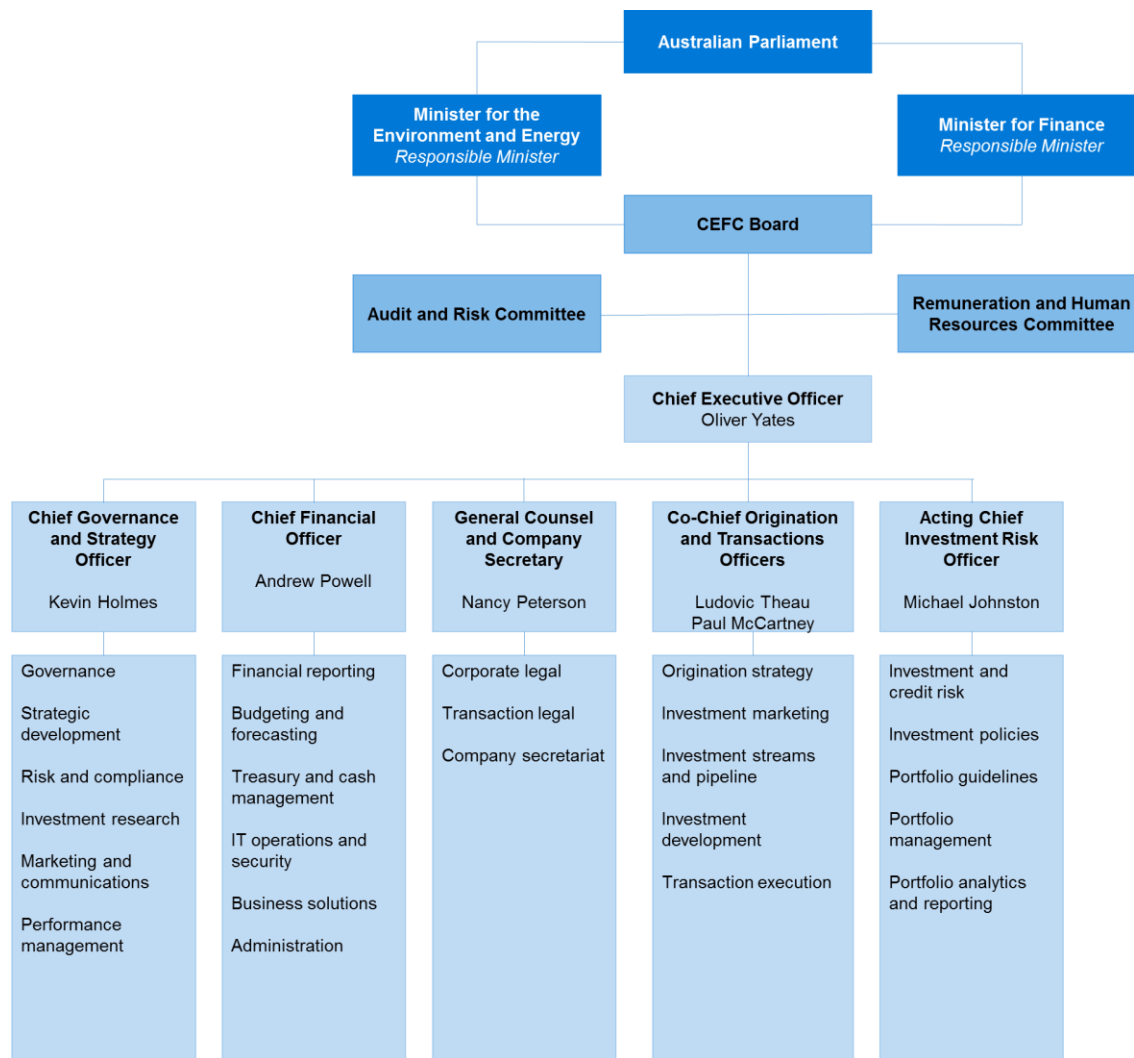


Brisbane



Melbourne

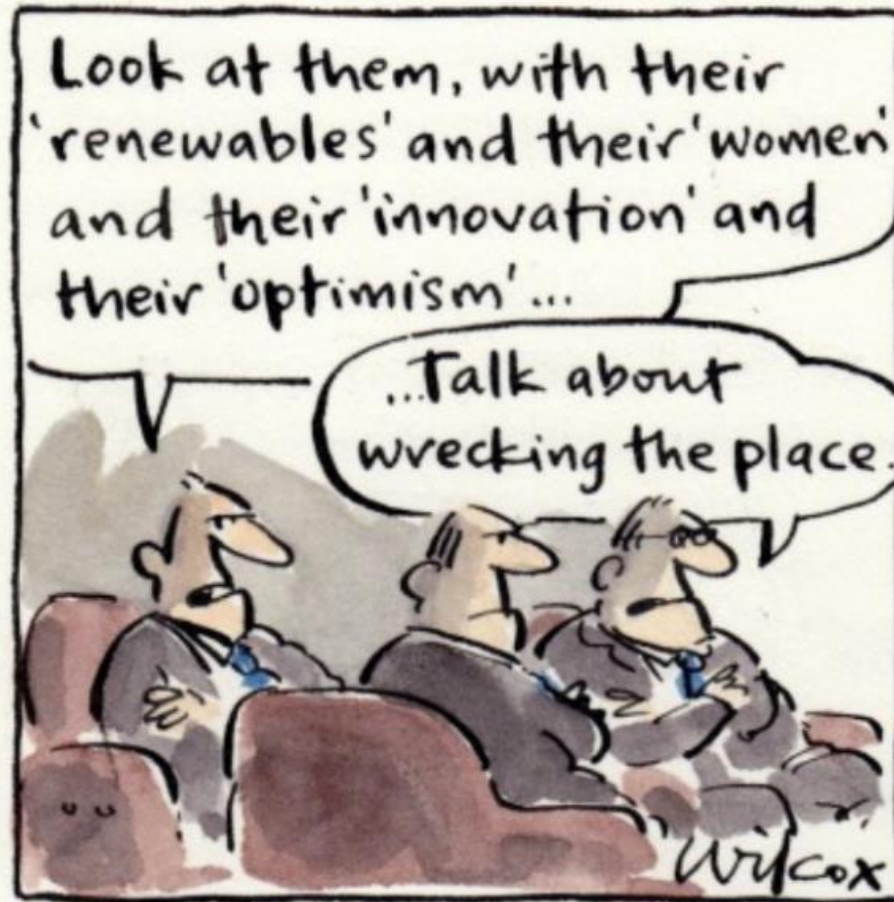
# CEFC ORGANISATIONAL STRUCTURE



# Our Strategic Framework



# OUR STRATEGY



*Illustration: Cathy Wilcox.*



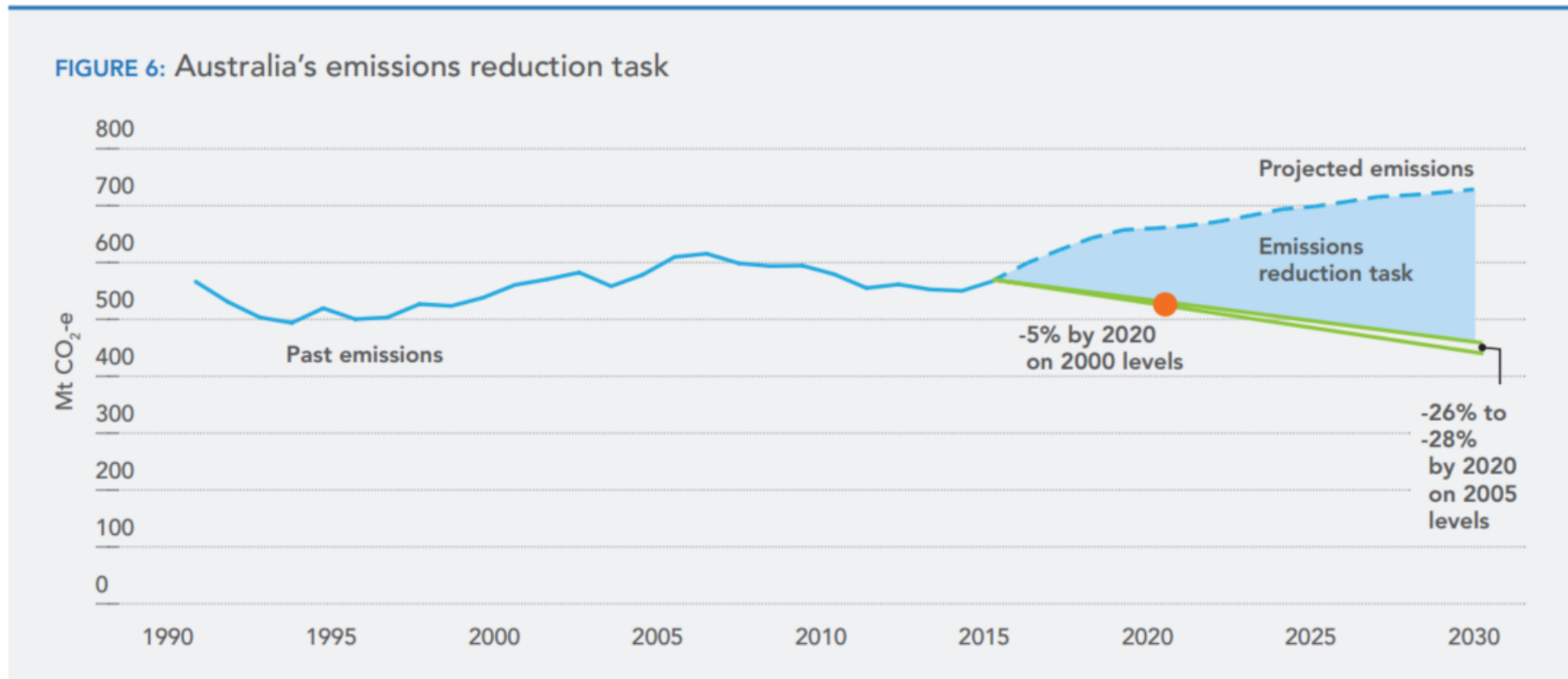
# AUSTRALIAN MARKET CONTEXT

- Low interest rate environment (under 1.7% on 5-year govt. bonds)
- High renewable energy certificate prices (approaching \$90 per MWh)
- Upward wholesale electricity prices (52 week average up in all regions)



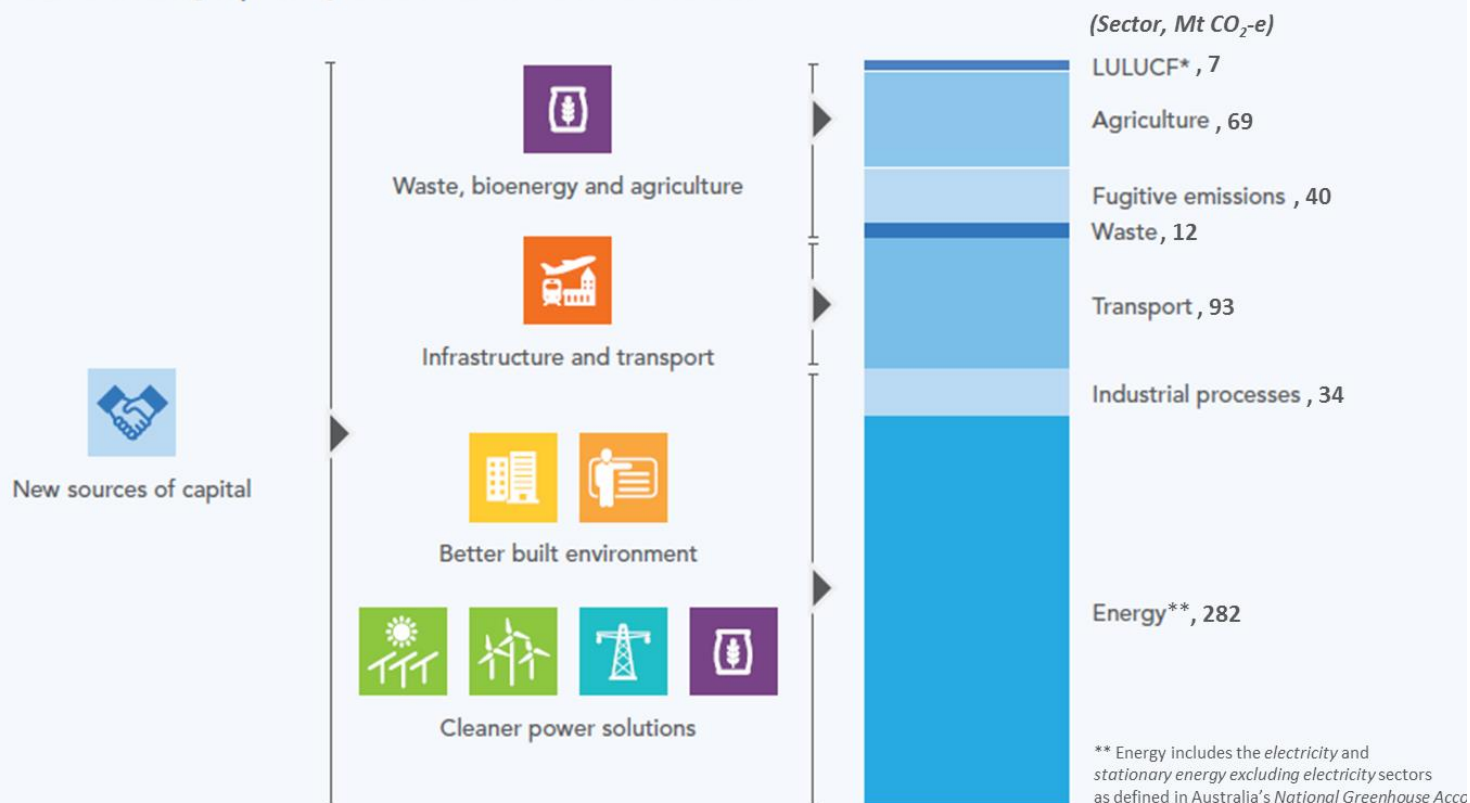
AUD/LGC	27 Sep	20 Sep	chg YTD
LGCs	88.15	88.00	+14.40
	7-day average	52-week average	Previous 52-week average
AUD/MWh			
Queensland	43.74	62.19	56.09
New South Wales	47.25	53.95	36.53
Victoria	45.50	49.34	30.77
South Australia	59.76	75.80	44.38
Tasmania	49.26	107.16	37.49

# AUSTRALIA'S EMISSIONS REDUCTION TASK



# MAIN EMISSIONS SOURCES

## Alignment of CEFC strategic priority areas with emissions sources



\*\* Energy includes the electricity and stationary energy excluding electricity sectors as defined in Australia's National Greenhouse Accounts

\* Land, Use, Land Use Change and Forestry

## TRANSFORMING CLEAN ENERGY INVESTMENT

### THE CHALLENGE

Carbon intensive electricity

Large emissions from transport

Inefficient energy use

### INCREASING FLOWS OF FINANCE INTO THE CLEAN ENERGY SECTOR

### STRATEGIC PRIORITY AREAS

Cleaner power solutions

Better built environment

### TARGET CLIENT SECTORS

Renewables developers  
and generatorsEnergy  
retailers  
and utilitiesWaste,  
bioenergy,  
agricultureInfrastructure and  
transportGovernments  
and not-for-profitsProperty and  
manufacturing

### BUSINESS PLATFORMS

1

Wind



2

Large-scale  
solar

3

Grid and  
storage  
solutions

4

Waste,  
bioenergy,  
agriculture

5

Infrastructure  
and transport

6

Social  
housing

7

Universities



8

Local  
government

9

Property and  
manufacturing

### FACILITATED BY CAPITAL

CEFC direct

10

Debt markets and  
financial institutions

11

Investment  
funds

12

Innovation  
funds

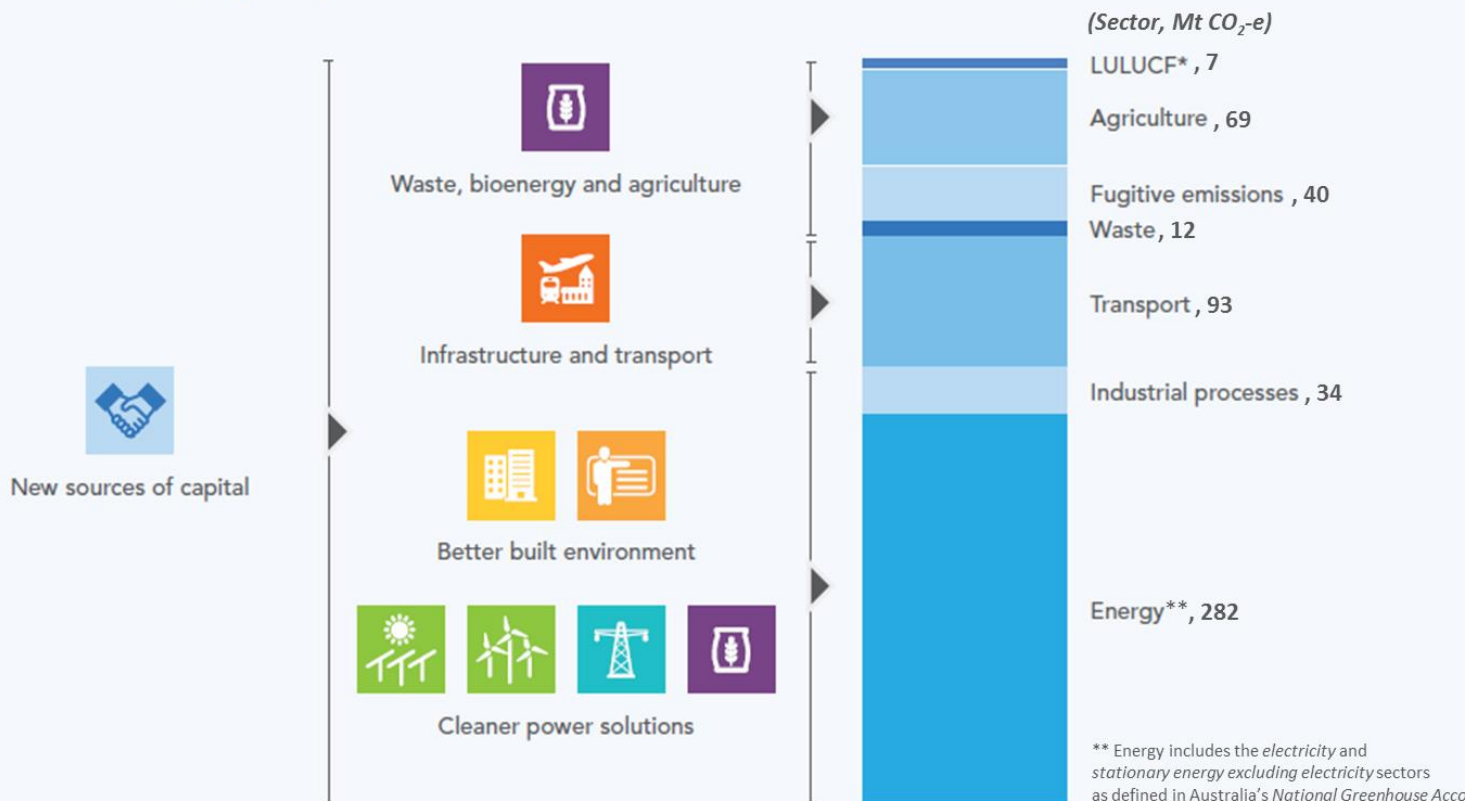
### DELIVERING OUTCOMES

Lower carbon electricity

Efficient energy use

# ALIGNING STRATEGY WITH EMISSIONS

## Alignment of CEFC strategic priority areas with emissions sources



\* Land, Use, Land Use Change and Forestry

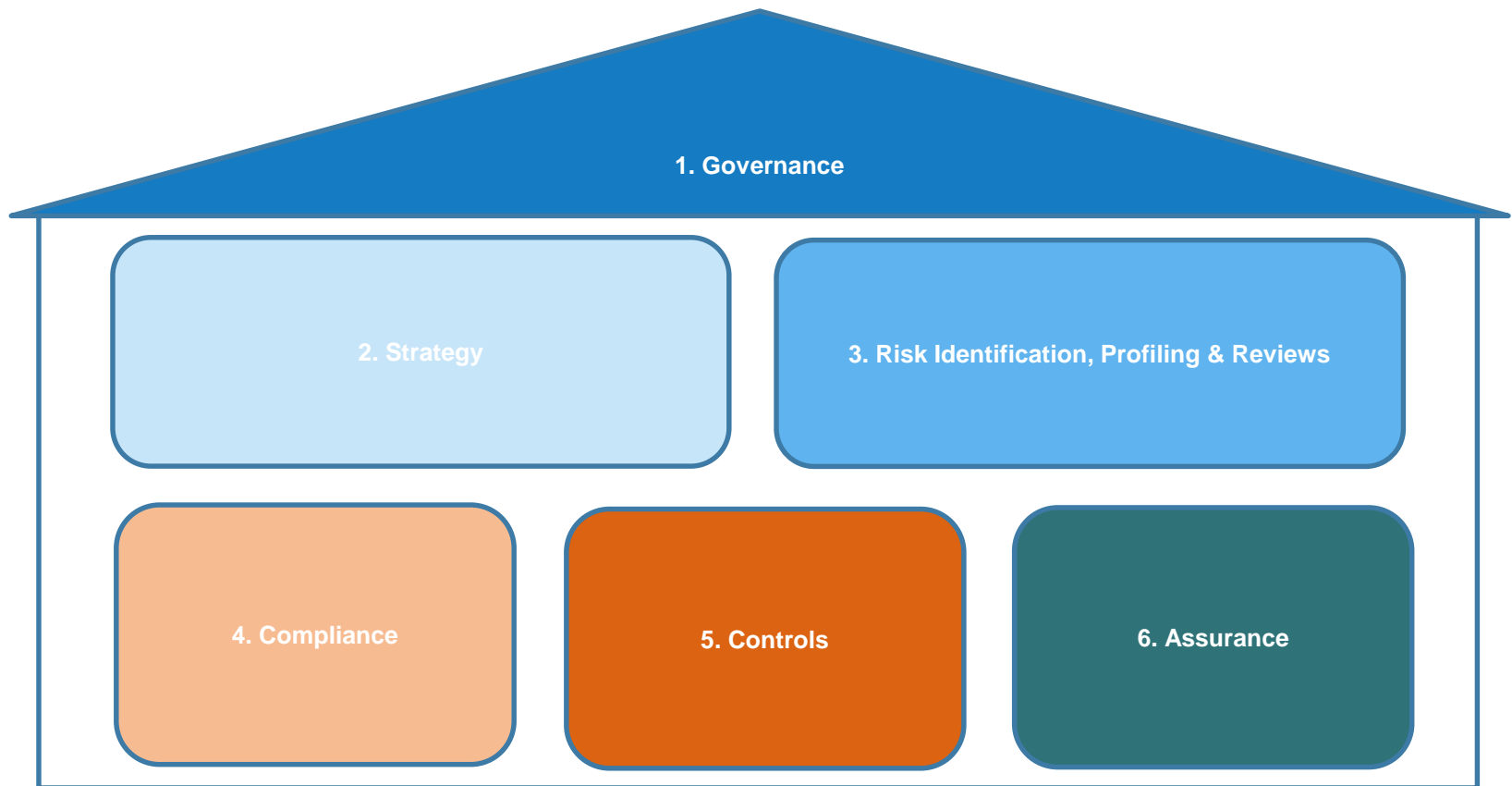
# Governance and Risk Management



## 15



# RISK MANAGEMENT PILLARS



# INVESTMENT AND ENTERPRISE RISK

## Investment risk



## Enterprise risk



# Recent Activities and Achievements

# RECENT ACTIVITIES AND ACHIEVEMENTS

In 2015-16, we committed more funds, supported more projects and mobilised an even greater amount of private sector capital into clean energy projects



**\$837m**  
of investment  
commitments

**15**  
direct  
investments

**\$2.5b**  
total project  
value

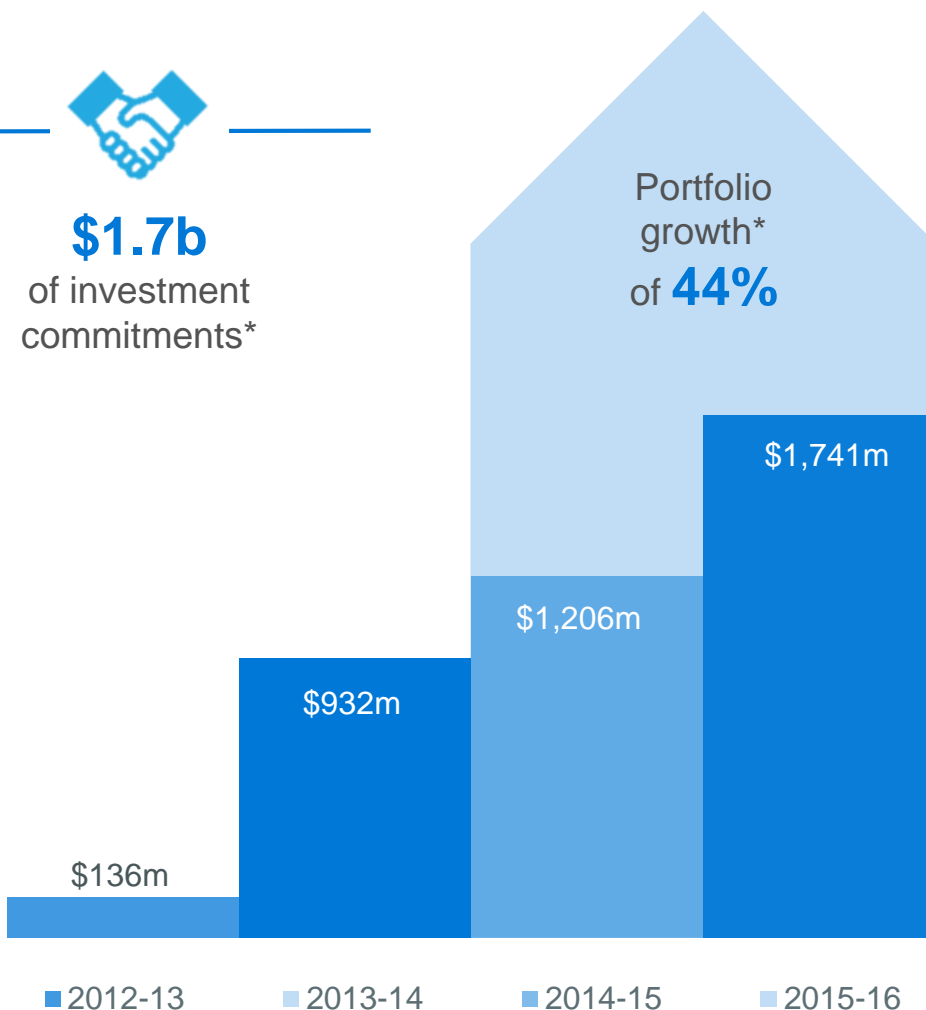


Every **\$1** of  
CEFC investment  
helped catalyse  
**\$1.95** from the  
private sector

# OUR CLEAN ENERGY PORTFOLIO



**\$1.7b**  
of investment  
commitments\*






Over **60** direct  
investments with a  
forecast investment  
yield of over **5%**






**7** co-finance and  
aggregation programs  
that have delivered  
over **\$100m** in  
finance to more than  
**500** smaller projects  
and businesses across  
Australia








# INVESTING ACROSS THE ECONOMY

	STRATEGIC PRIORITY AREAS	2015-16
	<b>Cleaner power solutions</b> , including large-scale and small-scale solar, wind and bioenergy	\$110m
	<b>A better built environment</b> , with investments to drive more energy efficient community housing, commercial buildings, local government operations and universities	\$217m
	<b>New sources of capital</b> , with investments in climate bonds, equity funds and with co-financiers to increase investment for small and large-scale clean energy projects	\$510m
	Total	\$837m





# CLEANER POWER SOLUTIONS

	STRATEGIC PRIORITY AREAS	2015-16
	<b>Cleaner power solutions, including large-scale and small-scale solar, wind and bioenergy</b>	\$110m
	<ul style="list-style-type: none"> <li>Australia's third largest wind farm, at Ararat in Victoria</li> </ul>	\$67m
	<ul style="list-style-type: none"> <li>Edge-of-grid Barcaldine Solar Farm, in Queensland</li> </ul>	\$20m
	<ul style="list-style-type: none"> <li>Solar and storage installation at remote copper mine in Western Australia</li> </ul>	\$15m
	<ul style="list-style-type: none"> <li>Growth capital for Windlab, based in the Australian Capital Territory</li> </ul>	\$8m

# A BETTER BUILT ENVIRONMENT

	STRATEGIC PRIORITY AREAS	2015-16
	<b>A better built environment, with investments to drive more energy efficient community housing, commercial buildings, local government operations and universities</b>	<b>\$217m</b>
	<ul style="list-style-type: none"> <li>• 5.5 star NABERS-rated headquarters for WorkSafe in Geelong</li> </ul>	\$68m
	<ul style="list-style-type: none"> <li>• Australian-first energy efficient community housing program with SGCH</li> </ul>	\$60m
	<ul style="list-style-type: none"> <li>• City of Melbourne sustainability investments</li> </ul>	\$30m
	<ul style="list-style-type: none"> <li>• University of Melbourne to accelerate action toward net zero carbon</li> </ul>	\$9m

# NEW SOURCES OF CAPITAL

	STRATEGIC PRIORITY AREAS	2015-16
	<b>New sources of capital, with investments in climate bonds, equity funds with co-financiers to increase investment for small and large-scale clean energy projects</b>	<b>\$510m</b>
	<ul style="list-style-type: none"><li>• Westpac Energy Efficiency Financing Program</li></ul>	\$200m
	<ul style="list-style-type: none"><li>• Cornerstone commitment to the new Australian Bioenergy Fund</li></ul>	\$100m
	<ul style="list-style-type: none"><li>• World-first green securitised bond with Flexigroup</li></ul>	\$20m

# Scaling from Projects to Programs

# SCALING FROM PROJECTS TO PROGRAMS

Local Government Program	Community Housing Program	Large-Scale Solar Program
<b>\$250 million commitment to help councils reduce energy bills and lower emissions</b>	<b>\$250 million commitment targeting the construction of as many as 1,000 new energy efficient dwellings</b>	<b>\$250 million commitment to boost the construction of large-scale solar developments in Australia</b>
<ul style="list-style-type: none"> <li>• Finance for eligible projects across renewable energy, energy efficiency and low emissions technologies</li> <li>• Finance can be drawn over three years</li> <li>• Ability for multiple councils to enter into joint financing agreements for eligible projects</li> <li>• Access to competitive fixed-rate longer-dated senior debt, up to 10 years</li> <li>• A straightforward approval process with simple loan documentation.</li> </ul>	<ul style="list-style-type: none"> <li>• Accelerating Australia's move towards a lower carbon economy</li> <li>• Lowering the energy bills of low income tenants</li> <li>• Providing capital to a sector which has historically struggled to raise funding</li> <li>• Providing eligible projects with access to long-term 10-year finance</li> <li>• Providing finance which can be used to complement funding or finance sourced from other state government initiatives or co-financiers</li> <li>• Meeting high community demand for affordable housing.</li> </ul>	<ul style="list-style-type: none"> <li>• \$250 million debt program to finance large-scale solar PV projects</li> <li>• Loans of at least \$15 million for projects of 10MW or more</li> <li>• Available for merchant and contracted projects</li> <li>• Providing fixed-rate longer-dated senior debt</li> <li>• CEFC will seek to catalyse other sources of finance through co-investment.</li> </ul>





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