



## 2020-21 Senate Additional Estimates – Opening Statement

On behalf of the CEFC, I am pleased to provide the Committee with an opening statement.

### Notable achievements since last hearing

- The CEFC continues to commit its capital across a range of important clean energy investments.
- Of significance, since the Committee last met; we have made many exciting new investments – many of which align with the priority technologies in the Low Emissions Technology Statement - targeting all manner of industry sectors. A few notable examples include:
  - We invested \$160 million to build the Neoen 300 MW Victorian Big Battery, which will provide a critical boost to the state's grid security while driving down power prices and supporting more renewable energy.
  - We are committing \$125 million to assist help finance Transgrid Services in the development of grid infrastructure critical to the delivery of the Snowy 2.0 pumped hydro project.
  - We are also committing \$80 million as a cornerstone investor to the Adamantem Capital Fund II in a landmark Australian-first investment that will drive ambitious emissions reduction targets across a diverse range of private equity-owned, mid-market companies. This is also the CEFC's first investment in private equity.
  - And our Innovation Fund made a \$5 million investment in AgriWebb, an Australian-based agtech start-up that has built a world leading livestock management platform. Our finance will enable AgriWebb to develop tools to track methane emissions from livestock and the carbon sequestration of paddocks.

### Auditor General's Report

- Late last year, the CEFC welcomed the performance audit report of the Australian Auditor-General on investments by the CEFC (the Report).
- The Report notes, amongst other things, that the CEFC has facilitated increased funding into the clean energy sector and that the CEFC has suitable arrangements in place to assess and approve investments as well as for their ongoing management.
- This finding is consistent with the findings reached by Deloitte in its 2018 Independent Statutory Review of the CEFC.
- We accepted all but one of the recommendations in the Report and their implementation is being overseen by the CEFC Board's Audit and Risk Committee.
- The one recommendation in the Report not accepted by the CEFC relates to analysing individual investment transactions against the target portfolio benchmark return.
- The portfolio benchmark return is defined in the Investment Mandate as a portfolio metric and is therefore managed consistently on a portfolio-wide basis. Individual investment decisions are instead benchmarked against the relevant market-equivalent rate of return and the maximum rate that can be achieved while still ensuring the appropriate public policy outcome – commensurate with standard market practice and commercial rigour.



**ESG**

- Finally, I'm delighted to announce that CEFC's Environmental, Social, Governance (ESG) policy is now live and available on our website.
- The policy builds on CEFC's ongoing approach to clean energy and sustainable investment; and embeds ESG considerations into our investment and corporate activities which we believe will translate into sustainable, long-term risk adjusted returns.
- In line with this commitment, since 2016/17 CEFC has achieved certified carbon neutral status for our organisational carbon footprint, in accordance with the Australian Government Climate Active initiative.
- We're committed to continually evolving our approach to ESG; and increasing our level of ambition over time as the market matures.
- Thank you and I welcome questions from the Committee.