

Economics Legislation
Answers to questions on notice
Climate Change, Energy, the Environment and Water Portfolio

Inquiry: Treasury Laws Amendment (2022 Measures No. 4) Bill 2022
Question No: IQ23-000100
Hearing Date: 21 February 2023
Division/Agency: Electricity Division G2
Topic: Powering Australia
Question Date: 22 February 2023
Question Type: Written

Senator Bragg asked:

1. Schedule 8 of the Amendment Bill authorises \$11.0 billion be paid to the Clean Energy Finance Corporation to support Rewiring the Nation projects.
 - a. Why will only \$11 billion (of the \$19 billion) be paid to the CEFC now?
 - b. Can you please provide the annual equity funding profile for Rewiring the Nation?
 - c. Given that the full \$20 billion is a decision of Government, can you please confirm the remaining \$8 billion not contained within the Bill is in the Contingency Reserve? Can you please provide the annual profile?
 - d. Why is \$8 billion remaining quarantined in the Contingency Reserve? Why is the Government not delivering on its election commitment?
 - e. Would you generally make appropriations like this one, \$11.5 billion, via a general appropriation? Did the Department seek legal advice on this?
 - f. How much of the \$11 billion paid to the CEFC under the Rewiring the Nation Program has already been committed? Can you please provide the annual profile?
 - g. Of the projects already announced by the Government (In Tasmania, Victoria and New South Wales), how much - if any - will be paid out of the \$1 billion given to the Rewiring the Nation Office?
2. According to the explanatory memorandum for Treasury Laws Amendment (2022 Measures No 4) there is \$1 billion for the Department of Climate Change to fund "government investments in major Rewiring the Nation-eligible projects" - why is this not being done through the independent CEFC process?
3. At the Senate Estimates hearing in November, Department of Climate Change officials confirmed that an investment committee will be established to recommend projects to the CEFC. Can you confirm that is still the case?
 - a. What is the status of the investment committee? Who has been appointed?
 - b. Can you confirm that the CEFC will be a member of the committee? The CEFC will be part of the committee that recommends projects to the CEFC to fund?
 - c. Have government arrangements between the CEFC and the Department been settled? Please table.
 - d. What assessment process will there be for the \$1 billion?
 - e. How will decisions be reached? Unanimous agreement or a majority?
 - f. Will the Minister have the power to recommend projects to the Committee for consideration? Has the Minister done so?
 - g. How many projects have been recommended by the Committee to the CEFC to date? Were these projects accepted by the CEFC for funding? Were any rejected?
 - h. Of the projects (Tasmania, Victoria and New South Wales) announced by the Prime Minister, how many were approved by the Committee? Will similar projects, funded under Rewiring the Nation, need to be agreed by the Committee prior to announcement going forward?
4. According to Table 1.2 of the Portfolio Budget Statement, the Department will receive \$33.3

million in departmental funding for Rewiring the Nation across the forward estimates.

- a. Will all the funds go to running the Rewiring the Nation Office?
 - b. Did the \$33.3 million come out of the \$1 billion committed to the Rewiring the Nation Office in the Amendment Bill?
 - c. How much money has the Rewiring the Nation Office spent on contractors of consultations since the Budget? Please provide an amount for contractors and consultants?
 - d. According to the Department, the Office has 20 staff managing coordination, community engagement and negotiations with the States and Territories. Does this include any contractors? If so, how many? What are their roles? Are there any contractors employed in addition to the 20 staff?
 - e. How much money has been spent on community engagement to date? Please provide a description of any events held, including the date, location, the number of participants (excluding government officials) and the number of government officials who attended.
 - f. Are there any upcoming events? Please provide a description of any upcoming events, including the date and location.
 - g. How much has been spent on advertising to date? Please table a copy of any paid advertisements
5. According to the Department, the Government will submit a rule change to the Australian Energy Market Commission (AEMC) requiring corporations to pass any savings from Rewiring the Nation on to consumers. Has that rule change been submitted? If not, when?
- a. When do you expect the AEMC to make a decision on the rule change?
6. According to the Department, some Rewiring the Nation funding could also go to grid-support projects, such as batteries (page 55 of Senate Estimates Hansard). Can you confirm this is the case?
- a. When was a decision taken to use Rewiring the Nation funds to support non-transmission projects?
 - b. Did it say anything in Labor's election commitment about using funds for this purpose?
 - c. Have any funds been used for non-transmission projects to date? If so, what projects? How much has been allocated?
 - d. Can you confirm that the \$500m Powering Australia Technology Fund is a rebranding of the Low Emissions Technology Commercialisation Fund and not additional funding?
 - e. If this is a Department of Climate Change measure, how did it find its way into a Treasury omnibus bill?

Answer:

Question 1:

The Australian Government appropriated funds to be credited to the Clean Energy Finance Corporation (CEFC) Special Account in the 2022-23 October Budget. This initial funding is to ensure that the CEFC can commence making investments under Rewiring the Nation, with the remaining funding to be credited in due course. The appropriations will be credited to the CEFC Special Account sourced through a general appropriation. The remaining \$8 billion is being held in the Contingency Reserve.

The CEFC's full \$11 billion appropriation has been allocated to projects in Tasmania, Victoria and New South Wales. \$209 million has been allocated from the Department's Rewiring the Nation Special Account.

Question 2:

As part of implementing the Rewiring the Nation program, the Government decided to establish a \$1 billion Special Account to be administered by the Department of Climate Change, Energy, the Environment and Water. The Special Account is for investments in eligible projects, where required, to support their timely delivery. These investments may include complementary equity investments or other support as part of a range of options, in addition to the types of financing available through the CEFC. For example, where it would be inappropriate for the CEFC to supply both equity and debt to the same project.

Question 3:

Yes, the Government's Rewiring the Nation policy is being delivered through a partnership between the CEFC and the RtNO, with input and advice from the RtN Advisory Committee.

- a) The Rewiring the Nation Advisory Committee (RtNAC) is being established. Membership will include representatives from the Department, the CEFC, the Australian Energy Market Operator (AEMO) and the Australian Energy Infrastructure Commissioner.
- b) Yes
- c) A formal RtNAC Charter and governance arrangements are being developed.
- d) Investments through the Department's special account will be subject to assessment by the RtNO, drawing on relevant expert advice and consultation with the CEFC.
- e) The RtNAC is not a decision-making body.
- f) It is open to anyone to recommend projects to the CEFC for consideration. The Government has announced agreements with the Tasmanian, Victorian and NSW Governments that specific projects will be considered for RtN support.
- g) Nil. The CEFC and RtNO worked closely on the development of the agreements with NSW, Victoria and Tasmania. All projects to be delivered under these agreements will be considered by the CEFC in accordance with its standard investment processes.
- h) The RtNAC is an advisory body and does not approve projects

Question 4:

- a) The \$33.3 million in departmental funding will be used by the Department for the purposes of delivering Rewiring the Nation.
- b) No, the \$33.3 million is in addition to the \$1 billion Rewiring the Nation Special Account.
- c) In support of establishing the RtNO, as at 25 January 2023 the RtNO has spent \$233,837.38 on contractors and consultancies.
- d) As detailed in the DCCEE Portfolio Budget Statement 2022-23, the RtNO received \$7.5 million in 2022-23 (& \$25.8 million over the next 3 financial years). This includes 35 ASL for 2022-23, growing to 53 in 2023-24. The RtNO currently has 23 staff and is actively recruiting to fill vacant positions. The RtNO currently employs 1 labour hire contractor as the Director of the Rewiring the Nation Program Management Office.

- e) Nil
- f) Nil
- g) Nil

Question 5:

- a) The department is currently finalising this Rule Change Proposal with the states and territories and expects to lodge in March. The AEMC's timeframe for a standard rule change process is approximately 6 months from the publication of a consultation paper on the proposed rule to the final rule determination; however, this timeframe can be extended in certain circumstances.

Question 6:

- a) Rewiring the Nation is intended to support efficient investment in the grid.
- b) Rewiring the Nation election commitment was to invest \$20 billion to rebuild and modernise the grid, in line with AEMO's Integrated System Plan (ISP).
- c) \$1 billion in low-cost finance for Tasmania's Battery of the Nation project and other Tasmanian grid firming projects has been allocated.
- d) The Explanatory Memorandum for the Treasury Law Amendment Bill [4] (the Bill) confirms that Schedule 8 implements the 'Low Emissions Technology Commercialisation Fund' measure from the 2021-22 MYEFO.
- e) The Powering Australia Technology Fund measure was previously announced as the Low Emissions Technology Commercialisation Fund as part of the 2021-22 MYEFO but had not yet been implemented through amendments to the Clean Energy Finance Corporation Act 2012 (CEFC Act). The proposed amendments to the CEFC Act will establish both the Powering Australia Technology Fund and the Rewiring the Nation Fund within the CEFC, allowing them to deliver on the Government's agenda to support the transformation of the energy sector and the reduction in greenhouse gas emissions.

The Treasury Bill will also amend the CEFC Act to allow new funds to be credited through appropriations of Parliament, such as by passing a relevant appropriation bill. This amendment will simplify the process for the CEFC to receive additional funds in the future, if required. Any credits added to the CEFC Special Account can only be invested consistent with the CEFC Act.