

## **Statement from the Clean Energy Finance Corporation (CEFC)**

### **Senate Standing Committee on Environment and Communications Supplementary Budget Estimates 2015-16 (13 November 2015)**

This is the CEFC's inaugural appearance before this Committee in an Estimates hearing format, following the change in Administrative Arrangements Orders and the move to the Environment portfolio from Treasury.

The Corporation's mission is 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.

The CEFC is a sector specific fund of \$10 billion, set up to increase the flow of funds into renewable energy, energy efficiency and low emissions technologies. The CEFC operates nationally and has made investments into every state.

The Corporation acts as a catalyst to capital expenditure and leverages private sector funding to support it.

It is a policy tool which can cost effectively contribute to, and complement other policy initiatives, for the achievement of Australia's emissions reduction target.

The CEFC welcomes the change in the Administrative Arrangement Orders for the transfer of the responsibility of the CEFC from the Treasurer to the Minister of the Environment. We are working with Treasury and the Department of the Environment to ensure a smooth transition.

CEFC investment decisions are made using a commercial filter with minimal use of subsidies or concessional finance. The Corporation is well progressed along the path to financial self-sufficiency where returns will be covering our operating costs and the governments cost of funds.

#### **1. The CEFC is achieving outcomes:**

- The CEFC has cumulatively committed over \$1.4bn in total finance.
- The CEFC has current commitments of over \$1.2bn against projects valued at \$3.5bn.
- The CEFC's investments help leverage additional private sector finance into the clean energy sector, \$1.80 for each \$1 of CEFC funds.
- Investments we make are profitable for the CEFC, that's why our projects achieve abatement at a positive net benefit to the taxpayer (but note the CEFC does not claim that this abatement occurs independently of complementary policy, such as the RET).
- We have not provided anyone with financing at a rate below the government's cost of funds.
- Forecast lifetime yield on investments, once fully deployed, is around 6%.
- The CEFC is currently examining in excess of 84 proposals seeking \$3.8bn in funding for projects worth a total \$12.9bn.

## **2. Demand for clean energy investment is growing:**

- After more than 2 years in operation, businesses have seen the types of services we can provide and there is a greater understanding of our role in the market.
- More businesses are aware of who we are and more confident in seeking CEFC finance.
- Businesses have watched first-movers in their industry cut costs and improve productivity using CEFC finance and are now coming to us seeking finance to do the same.
- We've already partnered with over 15 co-financiers, both domestic and international, including all of the major banks. Other banks and co-financiers are now more willing to partner with us.
- There is a steady flow of projects from the market place so we are in the continuous process of receiving and reviewing new project proposals and making investments.

## **3. Our investments help lower costs and improve business productivity:**

- All our investments are improving the productivity and efficiency for businesses and the economy.
- We have broad sectoral reach, helping businesses reduce energy costs and adopt cleaner energy or generate energy on-site to better manage future energy price rises.
- Real examples of the type of projects financed include:
  - Agribusiness – biogas producing using waste abattoir sludge; refrigeration and boiler upgrades to increase efficiency; solar PV for onsite energy generation.
  - Manufacturing – upgrades to capital equipment for energy reductions and productivity gains (e.g. printers, industrial snap freezers, plastics mould ovens).
  - Local Government – street lighting, upgrades to council buildings, sports & aquatic centres, solar PV.
  - Property – building retrofits to lighting, cooling & heating, ventilation and solar PV and tri-generation.
  - The CEFC's investments help businesses to operate more profitably and achieve emissions reductions whilst delivering a return to taxpayers.

The CEFC is committed to continuing to play a valuable role helping Australia maximise economic opportunities for lowering emissions and contributing to our global competitiveness. We look forward to working with the Department of the Environment and our sister portfolio agencies.

Jillian Broadbent AO  
Chair