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CLEAN ENERGY FINANCE CORPORATION CEO

Nichola Davies



Investing billions in clean energy projects on behalf of the Australian Government, the Clean Energy Finance Corporation (CEFC) plays a huge role in Australia's energy sector.

Can you tell us a bit about your career background?

I joined the CEFC as Chief Executive Officer in May 2017 following a longstanding connection with the renewable energy sector both here and offshore. I've always worked in finance and investment, and am particularly interested in investing in sectors that made a positive contribution to society such as clean energy, infrastructure and social impact investments. With the impact investment team at Social Ventures Australia, we structured and launched Australia's first Social Impact Bond and launched a social and affordable housing fund. I held several roles at Macquarie Group, in Sydney, Hong Kong and London, including leading teams responsible for European renewables and carbon credits, as well as cross-border asset financing. I've always been a keen supporter of the arts and as a theatre lover, and a member of the board of Sydney's Belvoir Theatre.

Can you tell us a bit about the founding of the CEFC and why it came about?

The *CEFC Act* was passed by the Australian Parliament after a 2012 Expert Review Panel found that a large, flexible financier could play an important role in furthering Australia's place in a cleaner energy world and developing the technology, design, construction and operating skills to do so.

We're responsible for investing \$10 billion in clean energy projects on behalf of the Australian community, working across renewable energy, energy efficiency and low emissions technologies. Our finance is tackling some of our toughest emissions challenges, to deliver low carbon electricity, increase energy efficiency and lower transport emissions. Our investments work across the economy, from community housing to Australia's solar revolution; from energy efficiency for small businesses to world-class commercial buildings. We're also supporting innovative companies from start up to commercialisation and expansion both here and overseas.

What is the process of considering a clean energy project for funding?

We apply commercial rigour to individual investment decisions, which are made independently of government. Our Executive Investment Committee reviews investment opportunities and makes recommendations to the Board, which approves suitable investments.

We consider investments Australia-wide and can provide debt and/or equity. We invest in businesses and projects that develop and commercialise clean energy technologies, or are involved in the clean energy supply chain. We place a particular emphasis on transactions where our capital is making an impact, and/or where capital is not readily available from the private sector. We also focus on projects and technologies at both the early and later stages of development. While we do not provide grants, we can co-finance or co-invest in projects that have received grant assistance.

Can you tell us about the CEFC's investments in climate bonds and how it will impact investment in the clean energy sector?

We see green bonds as an important way to tap into the growing appetite for sustainable investment opportunities from superannuation funds and managers. We've been a material investor in this evolving market, supporting a variety of innovative investments. Most recently this included investing \$10 million in an Australian-first climate bond issued by flexigroup to give investors access to Australia's burgeoning rooftop solar and small-scale energy storage market. Investor confidence in solar receivables has deepened as consumers have capitalised on technology gains and rapid price declines to install rooftop solar. We can expect to see a similar pattern with energy storage, as consumers take even more control over their energy use. We also invested \$30 million in the Woolworths Group green

bond, the first certified green bond issued by an Australian retailer and by a supermarket business globally.

Can you tell us about some of the major successes of the CEFC?

We have committed more than \$6.4 billion in clean energy investments, including almost \$1 billion for 8600 smaller-scale clean energy projects Australia-wide. We've played a key role in \$19 billion in new clean energy investments, with every dollar of CEFC investment matched by more than \$1.80 from other investors. Our portfolio of investment commitments is expected to deliver lifetime cuts to greenhouse gas emissions of more than 190 million tonnes.

We're Australia's largest solar investor, with our finance filling private sector financing gaps to deliver 1 GW of new solar. We have also contributed to a substantial increase in new wind generation capacity, including the development of a robust ecosystem of local and international project developers, engineers, contractors, advisors and financial institutions. We are investing in Australia's first fully integrated wind, solar and battery project, at the Queensland Kennedy Energy Park, and we're working to unlock energy-from-waste opportunities with finance for innovative industry-leading projects. We're also proud of the early progress of the Clean Energy Innovation Fund.

What are the CEFC's plans for the future? Is there a particular focus the CEFC has for the next six months to a year?

We will maintain our strong focus on accelerating Australia's sustainable transition to net zero emissions while achieving the strongest emissions impact from the capital we invest. We see strong opportunities in batteries and energy storage, hydro, grid upgrades and distributed energy. We're also looking at how energy-efficient technologies can reduce emissions right across the economy, including the built environment, transport, agriculture, manufacturing and energy-from-waste.

We have a robust pipeline of more than 120 potential investment opportunities. Together, these projects are seeking more than \$8.5 billion in CEFC finance, potentially representing \$52 billion in total new investment. While not all these projects may require CEFC finance, this pipeline represents a strong signal of broad investor and business confidence in the positive potential of clean energy technologies and projects.

Given the complex problems facing Australia's energy sector, what do you think needs to be done to move forward?

Australia has abundant potential for low-cost, clean renewable energy, with enormous potential to capitalise on our fantastic solar and wind resources. The rapid and ongoing gains in technology are placing continuing downward pressure on the levelised cost of solar and wind generation, which is encouraging more developments.

Integrating this new clean energy into our electricity grid requires significant investment in the transmission system, balancing technologies such as pumped hydro, battery storage and providers of system strength such as synchronous condensers. The CEFC has already financed four large-scale renewables-plus-storage projects, as well as the world's first fully integrated wind, solar and battery project. We see clear potential for further investment in these areas.

Clean energy innovation is also important, including in the emerging area of demand response. We are confident of Australia's potential as a clean energy innovator: in fact, if we can invent Wi-Fi, the electric drill and the cochlear implant, Australia can certainly develop and commercialise technology solutions that can lower emissions right across our economy.

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