
Chapter 8: Amendment of the Clean Energy Finance Corporation Act 2012

This Schedule was prepared by the Department of Climate Change, Energy, the Environment and Water

Outline of Chapter

- 8.1 Schedule 8 to the Bill enables the CEFC to receive additional funds to implement Rewiring the Nation, establish the Powering Australia Technology Fund and to streamline the ability of the government to provide the CEFC with additional funds in future. This Schedule also clarifies the CEFC's governance arrangements in specifying its nominated Minister.

Context of amendments

- 8.2 The CEFC was established to facilitate increased flows of finance into the clean energy sector, and (from 14 September 2022 onward) to facilitate the achievement of Australia's greenhouse gas emissions reduction targets legislated by the *Climate Change Act 2022*. The CEFC invests in accordance with its legislation, the CEFC Act and the relevant investment mandate directions.
- 8.3 The CEFC is an independent statutory authority, defined as a corporate Commonwealth entity under the PGPA Act and is governed by an independent Board. The Board reports to Parliament through its responsible Ministers.
- 8.4 The CEFC's investment objectives are to catalyse and leverage an increased flow of funds for the commercialisation and deployment of renewable energy, energy efficiency and low emissions technologies and to facilitate the achievement of Australia's greenhouse gas emissions reduction targets.
- 8.5 The CEFC has ten years of investment experience in the sector and has executed its mission with a high degree of success, including investment into electricity generation, transmission, distribution and storage. The CEFC will play a key role in delivering Rewiring the Nation in partnership with the Department of Climate Change, Energy, the Environment and Water.
- 8.6 The Government's \$20 billion Rewiring the Nation election commitment will modernise Australia's electricity grids, lower the cost of electricity bills for consumers, help manage the transition of the electricity system, and increase renewables in the grid.

- 8.7 This measure is a significant step in the Government’s plan to reduce Australia’s emissions by 43% on 2005 levels by 2030 and keeping us on track for net zero by 2050.
- 8.8 Major projects under the Rewiring the Nation measure were announced by the Prime Minister and the Minister for Climate Change and Energy on 19 October 2022. This includes the critical Marinus Link transmission project, delivering renewable energy generation and storage for the mainland through Tasmania’s Battery of the Nation projects, and unlocking the next wave of renewable energy development in Tasmania, attracting investment and jobs in the state. The project comprises two under-sea transmission cables connecting Tasmania and Victoria. It will create 1,400 jobs in Tasmania during peak construction, 1,400 jobs in Victoria, and deliver up to \$4.5 billion in positive net market benefits, including to electricity users. This Partnership will catalyse investment in Battery of the Nation, which is expected to deliver up to 670 direct jobs across Tasmania.
- 8.9 The agreement with Victoria announced on 19 October 2022 also covers \$1.5 billion of concessional financing from Rewiring the Nation available for Renewable Energy Zone projects in Victoria, including offshore wind projects and providing a concessional loan of \$750 million for Victoria-NSW Interconnector (VNI) West to ensure it is completed by 2028. VNI-West is expected to unlock 4,000 MW of new power generation, supporting more than 2,000 direct jobs during construction and generating \$1.8 billion in net market benefits - including for electricity users.
- 8.10 Funding for these and other Rewiring the Nation projects across Australia is to be delivered through a partnership between a new Rewiring the Nation Office in the Department of Climate Change, Energy, the Environment and Water, and the CEFC. **The CEFC will be the finance arm** and the Australian Energy Market Operator will, where appropriate, assist as a technical adviser.
- 8.11 This Schedule will not change the CEFC’s responsibility for individual investment decisions. The CEFC will continue to make investment decisions independently of the government.
- 8.12 Specific investment directions relating to Rewiring the Nation and Powering Australia Technology Fund investments will be set out in an updated Investment Mandate, to be issued by the responsible Ministers.

Detailed explanation of new law

Clarifying definitions

- 8.13 Schedule 8 to the Bill amends the definition of *responsible Ministers* to replace the Treasurer with ‘the Minister administering the CEFC Act’ as one of the

responsible Ministers, along with the Finance Minister. This reflects the current arrangements, as established by the *Acts Interpretation Substituted Reference Order 2017*. This amendment is administrative in nature only and makes it clearer in the CEFC Act who the responsible Ministers are.

[Schedule 8, item 1, section 4 of the CEFC Act]

- 8.14 The CEFC Act requires that one of the responsible Ministers also be the ‘nominated Minister’, to fulfil certain functions under the Act. Existing subsection 76(1) of the CEFC Act requires the responsible Ministers to determine which Minister is the ‘nominated Minister’ for the purposes of the CEFC Act.
- 8.15 This Schedule implements a new arrangement, whereby the Minister administering the CEFC Act as specified in the Administrative Arrangements Order automatically becomes the nominated Minister. This can be reversed if the responsible Ministers determine in writing that the Finance Minister is the nominated Minister.

[Schedule 8, items 5 and 6, section 76 of the CEFC Act]

Additional funds

- 8.16 Existing section 45 of the CEFC Act establishes the CEFC Special Account to provide the CEFC with funds to carry out its activities and functions. Existing section 46 of the CEFC Act requires that specific amounts be credited to the CEFC Special Account, and if specified, on certain dates.
- 8.17 This Schedule amends section 46 to require the CEFC Special Account be credited with \$11.5 billion as soon as practicable after the amendments commence.
- [Schedule 8, item 3, section 46 of the CEFC Act]***
- 8.18 The total amount of \$11.5 billion to the CEFC would allow for \$11.0 billion to implement Rewiring the Nation and \$0.5 billion to establish the Powering Australia Technology Fund.
- 8.19 The Powering Australia Technology Fund, which was part of the 2020-21 MYEFO, will provide funding for investments to support the growth or expansion of clean energy technology projects, businesses and entities, including via venture capital and growth capital. It will leverage at least another \$0.5 billion from the private sector. The credit of the \$0.5 billion has no impact on the underlying cash balance.
- 8.20 In addition to but separate from the \$11.0 billion allocation for Rewiring the Nation, the new Rewiring the Nation Office in the Department of Climate Change, Energy, the Environment and Water will administer a further \$1 billion to be used for government investments in major Rewiring the Nation-eligible projects where this is required to support their timely delivery. The remaining \$8.0 billion (to make up the total \$20.0 billion election