



Australian Government



CEFC Rewiring the Nation Investment Advisory Committee Charter

September 2023



The CEFC is a corporate Commonwealth entity established by the Australian Government under the *Clean Energy Finance Corporation Act 2012* (Cth).

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1. Introduction

1.1 Purpose of Charter

The purpose of this CEFC Rewiring the Nation Investment Advisory Committee Charter (Charter) is to set out the role, responsibilities, membership and operation of the Rewiring the Nation Investment Advisory Committee (Committee).

1.2 Authority

The Committee is a committee of the board of the CEFC (Board) established in accordance with section 43 of the *Clean Energy Finance Corporation Act 2012* (Cth) (CEFC Act) and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. The Committee has the authority and power to exercise the responsibilities set out in this Charter and under any separate resolutions of the Board granted to it from time to time.

1.3 CEFC Group

The CEFC may from time to time and in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), incorporate one or more subsidiaries to assist it in pursuing its statutory objectives under the CEFC Act. For the purposes of this Charter a reference to CEFC includes a reference to each of its wholly-owned subsidiaries unless the context requires otherwise.

2. Role of the Committee

The Australian Government is investing \$20 billion under the Rewiring the Nation policy in respect of the following priorities:

- **Seek to achieve where feasible the Australian Energy Market Operator (AEMO) Integrated System Plan (ISP) for the National Energy Market (NEM) and non-NEM equivalents:** to modernise Australia's electricity grids, accelerating, where possible, implementation of AEMO's ISP and supporting grid investments in Western Australia and the Northern Territory
- **Reduce the cost of the energy transition to electricity consumers:** to lower the cost of electricity bills for consumers by providing \$20 billion in low-cost finance to reduce the cost of upgrading Australia's critical transmission infrastructure
- **Assist the electricity sector in meeting the emissions reduction target:** increasing renewables in the grid and in turn ensuring that Australia gets to 'net zero' emissions by 2050, lowering wholesale power prices and exposure to volatile international energy markets
- **Ensure regional equity:** to help manage the electricity system in delivering cheaper and more reliable electricity from where it is created, to households and businesses in remote, rural and metropolitan areas.

The CEFC is the key financing arm in respect of the Rewiring the Nation policy and will lead on financial aspects of program delivery. The directions under the *Clean Energy Finance Corporation Investment Mandate Direction 2023* dated 20 July 2023 (as amended from time to time, the Investment Mandate) create the Rewiring the Nation Fund [for investments in projects that rebuild, modernise and strengthen Australia's electricity grids and energy systems (as defined in the Investment Mandate)].

The role of the Committee is to assist the Board in discharging certain aspects of its responsibilities in relation to the CEFC role in the delivery of the Australian Government's Rewiring the Nation policy objectives, including:

- Providing an additional level of investment and progress review and evaluation of large, complex Rewiring the Nation transactions
- Periodically reviewing the Rewiring the Nation investment pipeline
- Liaising with CEFC Board Committees on relevant matters as deemed appropriate
- Undertaking any other work as requested by the Board from time to time.

3. Committee responsibilities

3.1 Investment review and evaluation

The Committee is responsible for providing an additional level of investment and progress review and evaluation of large, complex Rewiring the Nation transactions. It is noted that there will be some transactions that will qualify as Rewiring the Nation investments such as utility scale batteries and distributed energy investments that will not require review and evaluation by the Committee.

Transactions may be referred to the Committee for review and evaluation as follows:

- In the case of transactions to be approved by the Board: following the Executive Investment Committee's (EIC's) review and recommendation of a transaction to the Board for approval, that transaction may be referred by either the CEO or CEFC Chair to the Committee for an additional level of investment review and evaluation
- In the case of transactions to be approved under delegated authority by the EIC (including the CEO) or the CEO: following the EIC's review of a transaction, the EIC or the CEO may refer that transaction or a particular matter relating to the transaction to the Committee for an additional level of investment review and evaluation.

The Committee's investment review and evaluation shall include (but is not limited to):

- a) The alignment of the proposed transaction with Rewiring the Nation policy objectives, and other relevant public policy concerns, in the

context of the investment factors, return, concessionality limit and risk parameters prescribed in the Investment Mandate;

- b) Transaction risks and relevant mitigants. This may include but is not limited to consideration of:
- The structure of the proposed transaction, the nature and priority of debt and equity financing and the priority of cash flows
 - The adequacy of, and capability, to exercise step-in rights
 - Counterparty risk, including (to the extent relevant) consideration of relevant ownership structures
 - Any supply chain and construction risks including satisfaction with key project delivery partners and their risk allocations, project costs and contingency budgets including insurances and credit support
 - Technology risks where novel technologies are involved or existing technologies are being deployed at a previously untested scale
 - Investment and bankability risks including: risk sharing (including in downside scenarios); having regard to the scale of individual projects and the pipeline of potential projects; and consideration of how to address unidentified risks
 - Any potential reputational risks including satisfaction with community licence to operate, political and/or any sovereign risks
 - The due diligence plan for any outstanding matters (at the time of Committee review) including opining on the independent experts engaged; and
- c) Consideration of proposed returns in the context of:
- Project delivery risk
 - The proposed financial instrument (which may include debt, equity and/or hybrids)
 - Tenor relative to investment life cycle
 - The financial model and sensitivity analysis
 - The use of and assessment of the impact from any proposed concessionality.

3.2 Pipeline review

The Committee is responsible for periodically reviewing the Rewiring the Nation investment pipeline and providing feedback on relevant matters, which may include:

- Suggested areas for due diligence focus in relation to specific Rewiring the Nation transactions
- Identifying relevant risks as early as possible in pipeline reviews.

3.3 Progress review

The Committee is responsible for the review and evaluation of the progress of relevant Rewiring the Nation projects, including plans to deal with the emergence of unanticipated or unfunded or underfunded risks.

4. Code of Conduct and Ethics

4.1 Code of Conduct and Ethics

Committee members will abide by the Board-approved CEFC Code of Conduct and Ethics which helps Board and Committee members and employees of the CEFC to understand their responsibilities to uphold the goals and values to which the CEFC aspires and to conduct business in accordance with applicable laws and regulations.

4.2 Conflicts of interest

Conflict procedures are included as a standing agenda item at every meeting.

A Committee member must give the other Committee members notice of any material institutional or personal interest or conflict (each a Conflict) in a matter before the Committee that relates to the affairs of the CEFC and its associated entities.

A Committee member who has a Conflict in a matter that is being considered at a Committee meeting must not be present while that matter is being considered at the meeting or vote on the matter, unless all the members who have not disclosed a Conflict in the matter have decided that the Committee member is not disqualified from being present or voting (or both), and the decision is recorded in the minutes. To the extent that Committee member is permitted to be present or vote (or both), they may only do so in accordance with the decision of the other Committee members.

In meeting its obligations with respect to any Conflict, each Committee member must have regard to the requirements and obligations imposed by the PGPA Act and/or the *Corporations Act 2001* (Cth) as relevant.

5. Committee membership

5.1 Composition of the Committee

The Committee will be constituted partly by Board members and partly by other persons.

The Committee will consist of at least four members. A minimum of two members must be persons who are not also members of the Board.

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Subject to this clause 5.1 and clause 5.4 (*technical expertise*), composition of the Committee and all appointments shall be decided by the CEFC Chair.

5.2 Chair

The Chair of the Committee shall be appointed by the CEFC Chair and must be a Board member.

The Chair of the Committee must preside at all meetings at which they are present. If the Chair of the Committee is unable to be present for all or part of a Committee meeting, they shall appoint an alternate chair who must be a Board member and will act as chair for the period of the meeting the Chair of the Committee is absent.

The Chair of the Committee is responsible for coordinating and administering the Committee in conjunction with the Committee Secretary and ensuring it fulfils its obligations in accordance with this Charter.

5.3 Secretary

The Corporate Governance team will act as the Committee Secretary.

5.4 Technical expertise

The Committee must be structured so that members have the appropriate knowledge, skills and experience to assist the Committee to perform its functions, including members who:

- Have deep and broad experience in financial markets
- Have experience in the regulation and/or financing aspects of large energy infrastructure projects
- Are proficient in assessing investment opportunities and making investment decisions
- Have deep experience in the delivery and risks of delivering complex, large-scale (multi-billion dollar), long-term critical infrastructure assets from an engineering and project management perspective
- Have a deep understanding of the industries within the scope of the Rewiring the Nation policy and its policy objectives.

6. Operation of the Committee

6.1 Convening meetings

The Committee will meet as frequently as required to undertake its role effectively.

The Chair of the Committee is vested with the authority to determine the location of, and call meetings of, the Committee.

The Chair of the Committee must call a meeting if requested by the CEFC Chair, the CEO or the Chief Investment Officer – Rewiring the Nation (CIO – RTN).

Committee members shall be given not less than seven days' notice of any meeting of the Committee.

6.2 Quorum

The majority of the Committee constitute a quorum for meetings of the Committee.

However, if due to an actual, potential and/or perceived conflict of interest and/or duties:

- (a) a Committee member is not present during deliberations, or is not able to take part in any decision of the Committee with respect to a particular matter; and
- (a) when that member leaves the meeting concerned there is no longer a quorum present,

the remaining members at the meeting constitute a quorum for the purpose of any deliberation or decision at that meeting with respect to that matter.

6.3 Decision-making

The Committee is to be a forum for Committee members to provide feedback and recommendations to aid the decision-making processes of the CEFC in advancing the Rewiring the Nation policy objectives. For the avoidance of doubt, the Committee is not intended to be an investment decision-making body.

To the extent that the Chair of the Committee determines that any matter ought to be decided by a vote, then the matter shall be determined by a majority of the votes of the Committee members present and voting, noting a preference for unanimous approval and the requirements for a quorum in clause 6.2 (*Quorum*) above.

The person presiding at a meeting has a deliberative vote and, in the event of an equality of votes, a casting vote.

Nothing in this Charter nor any act by the Committee requires the Board or the CEFC to act on any vote, feedback or recommendation of the Committee.

The Chair of the Committee (if they are also the CEFC Chair) may, in their discretion, elect to:

- (a) Submit a matter to the Board (or other relevant approval authority) for consideration, notwithstanding the failure to obtain majority approval in respect of that matter by the Committee; or
- (b) Not submit a matter to the Board (or other relevant approval authority) for consideration, notwithstanding the Committee having approved to do so.

The Chair of the Committee will notify the Committee of any action taken under sub-clause 6.3(a) or (b).

6.4 Attendance

Committee members (and invitees) may participate in meetings in person, by telephone, video-conference or any other means of communication. A Committee member who participates in such a way is taken to be present at the meeting and to form part of any quorum for the meeting.

Any Board member who is not a member of the Committee and the CEO will have a standing invitation to attend meetings of the Committee.

The Chair of the Committee may invite the other members of the Executive Team, relevant staff and external advisors to attend all or part of any meeting of the Committee, subject to exclusion from all or any part of the meeting as deemed appropriate by the Chair of the Committee.

6.5 Agenda and documents

The Chair of the Committee will determine the meeting agenda after consultation with the CEO, the CIO - RTN and the Committee Secretary.

The Committee Secretary will distribute the agenda and any related materials to all Committee members and other attendees ideally (and to the extent possible) at least five days before each proposed meeting.

Committee members are required to have read and considered the Committee documents ahead of each meeting.

6.6 Minutes

The Committee Secretary will be responsible for taking minutes at the meeting and will maintain a minute book to record the proceedings and resolutions of Committee meetings.

6.7 Board reporting

Subject to clause 6.3 (*Decision-making*), the Chair of the Committee, or delegate, will report to the Board after each Committee meeting and make appropriate recommendations to the Board for consideration.

The papers and minutes of all Committee meetings are to be made available to the Board, the CEO and the CIO - RTN.

6.8 Circular resolutions

To the extent that the Chair of the Committee determines that any matter ought to be decided via circular resolution, the Committee may consider and make a decision on such a matter without a meeting if all of the Committee members entitled to vote on the proposed decision are provided with the proposed resolution and a simple majority of those Committee members entitled to vote (Majority) sign a document containing a statement that they are in favour of the resolution set out in the document. The document may be signed in counterparts (including by electronic means) and the resolution is passed when the last Committee member entitled to vote that constitutes a Majority signs the document.

If a decision is made in accordance with the above procedure, the Committee is taken to have made a decision at a meeting.

The Committee Secretary must notify all Committee members following a resolution being passed and keep a record of all decisions made in accordance with this section.

Nothing in this Charter nor any act by the Committee requires the Board or the CEFC to act on any circular resolution of the Committee.

6.9 Sub-delegation

The Committee may, at its discretion, delegate some or all of its responsibilities to the Chair of the Committee or to a sub-committee of the Committee (if established by the Chair of the Committee).

7. Committee performance evaluation

The Board will review the performance of the Committee from time to time as it deems appropriate, but in any event no less than biennially.

The Board will periodically review this Charter and approve any amendments as it considers appropriate. Committee members will be invited to make recommendations regarding any amendments to this Charter they consider advisable or necessary.

The Company Secretary may approve any immaterial and inconsequential amendments as necessary to maintain the accuracy and currency of this Charter. The Committee and the Board shall be promptly informed of any such amendments to this Charter.