

CEFC COMPLYING INVESTMENTS GUIDELINES

The Clean Energy Finance Corporation (**CEFC**) works to deliver financial solutions to increase the flow of funds into the clean energy sector.

The CEFC Board has developed these guidelines in relation to the term “low emissions technologies” and the phrase “solely or mainly Australian-based”, to assist investors interested in securing finance from the CEFC.

You can contact us for further information about CEFC finance via this email address: info@cefc.com.au

1. LOW EMISSIONS TECHNOLOGIES

The CEFC provides the following guideline for the term “low emissions technologies” for the purposes of section 60 of the *Clean Energy Finance Corporation Act 2012 (Cth)* (**CEFC Act**).

Low emission technologies may be applied to a number of activities including, but not limited to:

- energy production;
- electricity generation including the use of non-renewable, fossil fuels;
- fuels for and modes of transportation; and
- using, reducing, or eliminating existing fugitive greenhouse gas emissions.

The CEFC Board expects that, the low emissions technology will result in emissions of CO_{2e} being substantially lower than the current average of the most relevant baseline for the activity being undertaken. To satisfy this test a proponent must demonstrate:

- that if the technology is solely for electricity generation, it will achieve an emissions intensity of less than 50 per cent of the existing generation system as connected to the transmission network/grid, or where not connected to a grid, less than 50 per cent of the emissions intensity of the baseline activity;
- that, if otherwise, the technology will achieve useful-life emissions at 50 per cent less than the relevant current average baseline of the activity being undertaken; or
- that, for a technology not solely for electricity generation that does not achieve the useful-life emissions at 50 per cent less than the relevant current average baseline of the activity being undertaken, the technology achieves (or has demonstrable ability to achieve) meaningful aggregate emission reductions and other positive externalities.

While the CEFC Board expectations are set out above, ultimately, it is the CEFC Board that will determine, on a case-by-case basis, whether (or not) the CEFC Board is satisfied that a potential investment involves a “low emissions technology” considering the relevant facts relating to a potential investment known to the CEFC Board at that time.

Low emission technologies exclude “prohibited technology” as described in the CEFC Act, section 62, namely:

- a technology for carbon capture and storage (with the meaning of the *National Greenhouse and Energy Report Act 2007*);
- nuclear technology; or
- nuclear power.

2. SOLELY OR MAINLY AUSTRALIAN-BASED

The CEFC Board will have regard to the following circumstances, conditions and/or other matters when determining whether an investment is “solely or mainly Australian-based” for the purposes of section 61 of the *Clean Energy Finance Corporation Act 2012 (Cth)* (**CEFC Act**):

- (a) where the relevant project will be primarily located;
- (b) where the relevant project will be primarily used or exploited;
- (c) where the activity being funded by the investment will be primarily undertaken;
- (d) where the expenditure for the project will be primarily incurred;
- (e) where the intellectual property related to the project will be primarily located;
- (f) where the project’s management will be primarily located;
- (g) where the project’s operational activities will be primarily located;
- (h) to the extent (a) – (g) inclusive above is outside of Australia, whether (and to what extent) economic or other benefits will flow to Australia;
- (i) the nature of the investment recipient’s nexus with Australia, including without limitation, the location of its assets, employees, costs and/or revenues and whether it is registered with the ATO with an Australian Business Number (ABN); and/or
- (j) any other matters the CEFC Board deems appropriate in the circumstances.

While the CEFC Board will have regard to the matters set out above, ultimately, it is the CEFC Board that will determine, on a case-by-case basis, whether (or not) the CEFC Board is satisfied that a potential investment is “solely or mainly Australian-based” considering the relevant facts relating to a potential investment known to the CEFC Board at that time.

DEFINITIONS

For the purposes of this guidelines, a reference to “Australia” and “Australian” includes the external territories (CEFC Act, section 6) and “Australian waters”.

The external territories of Australia are at present:

- the Australian Antarctic Territory;
- the Coral Sea Islands Territory;
- the Territory of Ashmore and Cartier Islands;
- the Territory of Christmas Island;
- the Territory of Cocos (Keeling) Islands;
- the Territory of Heard Island and McDonald Islands; and
- the Territory of Norfolk Island.

“Australian waters” includes:

- the “exclusive economic zone” as defined in the *Seas and Submerged Lands Act 1973* including the external territories; and
- the waters above the “continental shelf”, that is, any part of the area in, on or over the “continental shelf” as that term is defined in the *Seas and Submerged Lands Act 1973* including the external territories.