



# Delivering a stronger, cleaner electricity grid

## CEFC investment focus to strengthen Victoria's electricity grid

**As part of an investment focus on grid infrastructure across Australia, the CEFC will consider investment opportunities to support the accelerated development of the Victorian Government's program of Renewable Energy Zones.**

The CEFC will allocate up to \$150 million in debt finance to eligible Victorian REZ projects, delivering critical grid and renewable energy infrastructure.

The availability of low-cost clean energy generation is driving transformational change across our electricity system, requiring substantial new investment in critical transmission infrastructure. This opportunity is a significant extension of CEFC investment in Australia's clean energy infrastructure.

**Contact our specialist Grid Team for further information:** [grid@cefc.com.au](mailto:grid@cefc.com.au)

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### Renewable Energy Zones

Renewable Energy Zones (REZs) combine solar and wind renewable energy generation with energy storage such as batteries and critical transmission infrastructure.

In acting as interconnected modern day 'power stations', REZs can play a central role in delivering lower cost cleaner energy to business, residential and industrial users. REZs can also capitalise on economies of scale, by connecting multiple generators and storage in the same location.

The Australian Energy Market Operator has identified REZs as a critical element of its 2020 Integrated System Plan, noting that strategically placed interconnectors and REZs, coupled with energy storage, will be the most cost-effective way to integrate renewable energy into the national electricity market.

The CEFC is actively involved in efforts to identify and develop investment opportunities to accelerate the delivery of priority REZ projects Australia-wide, including in New South Wales, Queensland and Victoria.

### About the Victorian REZ program

The Victorian State Government has committed \$540 million to a REZ fund as part of a broader program to potentially unlock up to 10 GW of new renewable energy capacity. This would take the total generation capacity of Victorian REZs up to 16 GW. The fund will enable:

1. Timely grid connection for new renewable energy projects
2. Reduced risk premiums for investors
3. Better energy affordability and reliability outcomes for consumers.

A new body, VicGrid, is responsible for overseeing Victorian Government investment decisions related to the REZ fund.

Any CEFC investment decisions relating to Victorian REZ program projects will be made by the CEFC Board, on the recommendation of the CEFC Executive Investment Committee.

**For more information visit:** [Energy Victoria](#)

## Investing in Australia's clean energy transmission

The CEFC has an organisation-wide investment focus on investments that will accelerate the integration of new clean energy generation into our grid infrastructure. These projects are necessarily complex, requiring considerable planning, investment and development.

CEFC grid-related investments include a focus on commercial activities to:

- Strengthen the transmission network, to capture the competitive advantage of Australia's abundant renewable energy resources
- Resolve connection challenges faced by renewable energy developments as they increase investment in low cost, low emissions energy across the economy
- Demonstrate the ability of new technologies to play an increasingly effective role in our clean energy transition, as part of a transformed electricity grid.

Lifetime CEFC investment commitments to these large-scale grid and storage projects exceeds \$670 million, with a further \$561 million invested in renewable energy projects that included components of storage and grid firming and balancing technologies (at October 2021). CEFC investment in projects identified through the Victorian REZ program is an exciting extension of these activities.

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## REZ investment opportunities: key elements

### REZ investment focus:

The CEFC will allocate up to \$150 million in debt finance to eligible Victorian REZ program projects.

- The CEFC investments will initially focus on eligible grid strengthening projects being considered under the Invitation to Tender phase for the Stage One procurement process for services to strengthen the system across the Murray River, Western Victoria and South West REZs, complementing any funding available through the Victorian REZ fund
- CEFC finance may also be available to other Victorian REZ projects
- The CEFC may also invest in the development and connection of additional renewable generation capacity in Victoria
- In the event projects meet CEFC investment requirements, the CEFC may choose to extend its total investment commitment beyond \$150 million.

### REZ finance options:

The CEFC is offering a flexible approach to debt finance for eligible Victorian REZ projects. The finance may include the provision of:

- Senior secured project finance debt
- Fixed interest rate debt with sufficient legal and notional tenor to reduce refinance risk for project proponents

- Debt for projects with contracted or partially contracted revenues, including revenues via frequency control and ancillary services and energy arbitrage.

### Investment approach:

The CEFC considers each investment opportunity on a case-by-case basis. CEFC investments in large-scale projects and funds are usually valued from \$20 million and above.

The CEFC is generally not the sole funder of a clean energy investment, with CEFC investments usually occurring alongside that of co-financiers and/or equity partners.

The CEFC has considerable investment experience across new technologies and innovative investment models to accelerate investment in emerging clean energy opportunities. CEFC involvement in the Victorian REZ program will benefit from this experience.

### Investment Policies and Guidelines:

The CEFC Board has developed Investment Policies and Guidelines to explain how we invest.

For more information visit: [cefc.com.au](https://cefc.com.au)

# CEFC investment in the Victorian REZ program

## FAQs

### How do I apply for CEFC finance for my Victorian REZ project?

Contact our specialist Grid Team: [grid@cefc.com.au](mailto:grid@cefc.com.au)

### What finance is available?

We have a flexible approach to finance. Investments are likely to be in the form of senior secured project finance debt, fixed interest rate debt and debt for projects with contracted or partially contracted revenues. We may consider providing equity, depending on the individual project.

### Is there a maximum or minimum investment?

Our investments in large-scale projects are usually valued at \$20 million and above. Our investments usually "crowd in" additional capital from private sector co-financiers and/or equity partners to extend the impact of our finance.

### Why are you only offering debt finance?

We expect transactions within the Victorian REZ program will seek specialised project finance. Where the financing structures of individual REZ projects are more suited to equity, the CEFC may consider equity participation.

### How are investment decisions made?

We consider each investment opportunity on a case-by-case basis. Our Executive Investment Committee reviews investment opportunities and makes recommendations to the CEFC Board, which approves suitable investments.

We apply commercial rigour to individual investment decisions, which are made independently of government. We work to deliver a positive return for taxpayers across our portfolio.

### How much does the CEFC expect to invest?

The CEFC has allocated up to \$150 million to this program. The final value of our investment commitments will depend on a range of factors, including the debt finance requirements of the project proponents.

The Victorian REZ program is a significant extension of CEFC investment in Australia's clean energy infrastructure. Subject to Board approval of specific transactions, we may extend this financing commitment beyond \$150 million.

In the event the full \$150 million in CEFC finance is not required for Victorian REZ program projects, the capital will be available for investment in other clean energy opportunities, both within and beyond Victoria.

### When will the CEFC finance be available?

We will work closely with eligible individual project proponents as part of the Victorian Government's REZ program. These are substantial investments which can take time to bring to financial close.

Subject to CEFC Board approval, and the timing of the Victorian Government's procurement processes, we hope to be in a position to confirm individual investment decisions in the first part of 2022.

### What kind of projects does the CEFC invest in?

We invest in renewable energy, energy efficiency and low emissions technologies. Our investments are:

- Solely or mainly Australian-based
- Can include businesses and projects that develop, commercialise or use renewable energy, low emissions or energy efficiency technologies
- May include businesses that supply associated goods or services for these technologies.

### Where do I get more information about the Victorian REZ program?

A new body, VicGrid, is responsible for overseeing Victorian Government investment decisions related to the REZ fund.

For more information visit: [Energy Victoria](#)

## About the CEFC

The CEFC has a unique mission to accelerate investment in Australia's transition to net zero emissions. We invest to lead the market, operating with commercial rigour to address some of Australia's toughest emissions challenges. We're working with our co-investors across renewable energy generation and energy storage, as well as agriculture, infrastructure, property, transport and waste. Through the Advancing Hydrogen Fund, we're supporting the growth of a clean, innovative, safe and competitive hydrogen industry. And as Australia's largest dedicated cleantech investor, we continue to back cleantech entrepreneurs through the Clean Energy Innovation Fund. With \$10 billion to invest on behalf of the Australian Government, we work to deliver a positive return for taxpayers across our portfolio.