

Global Investment Insights

with Ludovic Theau, Chief Investment Officer, Clean Energy Finance Corporation



Ludovic Theau is the *Chief Investment Officer of Clean Energy Finance Corporation (CEFC)*, where he is responsible for leading the investment team, including the origination and execution of CEFC investments.

The CEFC has a mandate to catalyse investment in clean energy across the economy and accelerate Australia's transition to a net zero emissions economy by 2050.

"Our finance is central to filling market gaps to improve the uptake of low emissions solutions, while delivering benefits for assets that provide critical services. This includes a focus on large nation-building projects such as essential grid infrastructure and renewable energy, and reducing emissions in hard-to-abate sectors like manufacturing and waste", Ludovic highlighted.

The CEFC also helps finance innovative clean technologies that provide solutions to some of our long term carbon challenges in the resources, agribusiness, infrastructure and transport sectors.

CEFC has a mandate to catalyse investment in clean energy across the economy and accelerate Australia's transition to a net zero emissions economy by 2050.

"We see great opportunities to build Australia's sustainable debt markets to improve access, flexibility and transparency for investors, and have invested more than AU\$700 million into green bonds since inception in 2012", Ludovic shared.

He added, "these bonds have raised some AU\$4 billion in total, substantially expanding the private sector clean energy investor market."

CEFC support for the development of Australia's first dedicated green bond fund demonstrates how their early work to help mobilise capital markets towards the financing of sustainability related activities is helping meet growing investor demand for sustainable investment opportunities.

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The CEFC focuses on investments that will accelerate the integration of new, clean energy generation into Australia's grid infrastructure. These projects are necessarily complex, requiring considerable planning, investment and development. Ludovic shared with us a number of developments taking place which excite him about the future of investing.



“We have worked in the renewable energy space since we began investing and there are some really exciting developments, like Renewable Energy Zones, that will change the way we view grid energy, giving renewable energy producers easier access to the grid.

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“There has been a dramatic increase in emphasis on ESG factors in investing, particularly those that address carbon emissions. In addition, there is renewed focus on the importance of long-term policy frameworks, particularly relating to industries that are not yet commercially viable, including emerging new sources of energy, such as green hydrogen. Institutional investors have an appetite for opportunities that generate positive social and environmental impact, while delivering commercial returns.

“Investing through managed investment products such as AllianceBernstein’s Green Managed Volatility Equities also enables the CEFC to support fund managers to “prove up” innovative investment strategies that actively manage climate change risk and opportunity”, Ludovic shared.

It is encouraging to see real appetite for impact investing and the capital that is flowing towards impressively innovative options to mitigate climate risk.

The institutional investor community has faced undeniable challenges recently from the global pandemic and heightened geopolitical tensions. Although, the long-term threat of climate change related impact is a challenge, Ludovic believes that it also presents tremendous opportunities.

“There is enormous space for growth in the sustainability linked investment space and in impact investing. While still in its infancy, impact and sustainability investment has been growing rapidly with more significant investors getting involved,” Ludovic highlighted.

“It is a space that we have continued to drive and it is encouraging to see real appetite for impact investing and the capital that is flowing towards impressively innovative options to mitigate climate risk. This is an

environment where increased regulatory scrutiny is intensifying.

“For example, Australia’s corporate regulator has issued guidance to ensure that claims relating to investment products do not misrepresent their green credentials. So, investors are increasingly alert to the risk of greenwashing and the possibility of being exposed to stranded assets, if they do not keep pace with the transition to a low carbon economy.”

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As a specialist investor, the CEFC sees growing recognition of emissions as an economy-wide challenge and a significant opportunity. “Accelerating the investor focus on closing technology gaps and exploring emissions solutions for hard-to-abate sectors is a hugely exciting opportunity that will continue to grow in the next three years”, Ludovic believes. “In parallel, increased investor interest in the cleantech sector is demonstrating the economic potential of the clean energy transition”, he added.

“We run a large portfolio that is both diverse and resilient, ranging from large nation building projects and emerging opportunities in the clean tech innovation space. We are committed to strengthening key areas like grid stability, furthering the development of a green hydrogen industry, building up storage capacity and cutting non-energy emissions in areas like agriculture and throughout Australia’s supply chains, to cut carbon emissions, and help future-proof Australia. CEFC investment will continue to back new technologies and business models that support distributed generation”, Ludovic shared.

There are also emerging trends as corporate demand for ambitious carbon reduction strategies grow.

“As part of our efforts to support a voluntary carbon trading platform for buyers and sellers, CEFC finance backed the trading platform Xpansiv, which is helping commodity markets adapt to meet sustainability and ESG ambitions and carbon markets adapt to meet ambitious sustainability goals”, Ludovic added.



In conclusion, we asked Ludovic to share with us the top of mind concerns for him and how the CEFC is planning to drive the transition towards a lower emissions economy, and he explained:

“This is a fast-paced space that is constantly changing and subject to a range of challenges, but we are very aware of remaining nimble in an investment environment that is increasingly volatile.

“The industry has grown significantly in the past five years. With that growth it has also had to contend with concerns about the veracity of sustainability credentials and international ‘greenwashing’ scandals.

“As the world’s biggest ‘green bank,’ we have made more than AU\$10 billion in commitments to catalyse investment into lower emissions. We are able to draw on this considerable expertise, in what is a rapidly expanding market, to unlock new opportunities across a diverse investment landscape and continue to develop new markets and build investor confidence to facilitate the transition to lower emissions.

“This expertise has been recognised by the Investor Group on Climate Change which has awarded the CEFC-backed BNP Paribas equity linked green bond to support the unique Australian Climate Transition Index winning Innovation of the Year. In the 2021 Agri Investor Awards the CEFC was named Global Sustainable Investor of the Year and Asia Pacific Institutional Investor of the Year.”

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Ludovic Theau
Chief Investment Officer
Clean Energy Finance Corp. (CEFC)

Ludovic leads the CEFC Investment Team, responsible for the origination and execution of CEFC investments, including leading the successful financing of a number of market-leading renewable energy and energy efficiency projects.

He has more than 25 years' experience in delivering large transactions in the infrastructure, utilities and public/private partnership sectors, with a particular focus on the clean energy transition.

Prior to joining the CEFC, Ludovic worked in Europe and Australia in financial advisory, funds management, asset management, commercial and investment banking, including with Hastings Funds Management, Westpac, ABN AMRO, Macquarie Bank, UBS and BNP Paribas.

Ludovic holds a Master of Engineering from École Centrale de Paris, France.



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