



Australian Government



Year of firsts for trailblazing clean energy investor

Landmark investments in new areas of the economy, innovative technologies and nation-building clean energy projects

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In the 12 months to 30 June 2021, the CEFC was proud to make landmark investment commitments in new areas of the economy, in innovative technologies and in nation building clean energy projects. These commitments reflect the importance of our purpose, in leading investment to accelerate Australia's transition to a low emissions economy.”

Ian Learmonth
CEO, CEFC





Message from CEO Ian Learmonth

On behalf of the CEFC, I am pleased to provide this investment update on our activities in the 12 months to 30 June 2021.

In a year of firsts, we were proud to make landmark investment commitments in new areas of the economy, in innovative technologies and in nation-building clean energy projects.

Investing on behalf of the Australian Government, we defied the constraints of the Covid 19 pandemic to deliver new commitments of \$1.37 billion across 22 transactions. With a total transaction value of \$5 billion, these new investments underscore the success of the CEFC in attracting additional private sector finance into the clean energy economy.

Our investment performance was further strengthened by the completion of our single largest investment to date, a \$295 million subordinated note to help accelerate delivery of the landmark ProjectEnergyConnect grid infrastructure, which closed just after year end.

Our specialist Clean Energy Innovation Fund marked its fifth year of investment with significant milestones in 2020-21. Lifetime investments reached \$117.6 million, driven by a record 11 investments in the year, including five follow on investments. Together with its co-financiers, Innovation Fund finance has now reached almost 100 individual cleantech pioneers.

The commitments of the 2020-21 year reflect the importance of our purpose, in leading investment to accelerate Australia's transition to a low emissions economy.

On behalf of my CEFC colleagues, I extend our thanks and appreciation to our co-investors, stakeholders and supporters for your contribution to these endeavours. With your shared commitment to lowering emissions and developing a sustainable economy, we are helping capture the benefits of clean energy.

We also extend our best wishes as Australia continues to meet the challenges of this pandemic.

Ian Learmonth
CEO, CEFC

CEFC investment activities: 2020-21

\$1.37b

investment commitments

22

transactions

\$5b

total project value

*To 30 June 2021.





CEFC finance delivers across the economy

The CEFC has access to \$10 billion to invest in activities to cut Australia's emissions.

We are proud to report that, at 30 June 2021, our lifetime investment commitments are playing a key role in driving \$33 billion in new investments across the economy, complemented by substantial capital inflows from domestic and international investors.

CEFC investment commitments are delivering benefits Australia-wide, from the farm gate to the city, encompassing businesses large and small, and helping our economy capitalise on the exciting opportunities of the global clean energy transition.

Reflecting our role as a market leader, we are also increasingly using our capital to drive investment in hard-to-abate activities.

During the 2020-21 year, we were excited to back the evolution of clean hydrogen as a low emissions energy source for transport, manufacturing and industry. We were also pleased to be investing in complex large-scale transmission infrastructure, which is essential for Australia to leverage our natural advantage as a renewable energy powerhouse.

Market leadership role

The scale and impact of new CEFC investment commitments in meeting critical emissions reduction goals continued to demonstrate the market leading role of CEFC capital.

CEFC investments into new areas accounted for about a third of new investment commitments in the year, across hydrogen, transmission and embodied carbon, and broke new ground in recycling, PV technology, green home loans and climate-indexed bonds.

At the same time, we maintained a strong focus on both large and small-scale renewable energy investments, recognising the central role clean electricity must play in delivering broader low emissions goals in multiple areas of economic activity.

	2019-20	2020-21	Lifetime*
CEFC commitments	\$1b	\$1.37b	\$9.54b
New transactions	23	22	220
Transaction value	\$4.24b	\$5b	\$32.8b
Leverage	>\$3	~\$2.70	~\$2.40
Capital deployed	\$937m	\$1.35b	\$7.4b
Capital returned	\$942m	\$823m	\$2.5b
Smaller-scale transactions: financed	~6,700	~5,800	~23,700
Smaller-scale transactions: total value	\$187m	\$175m	\$1.43b

*To 30 June 2021.
Excludes \$295 million CEFC commitment to Project Energy Connect, closed just after year end.

Investing in new technologies



Soil carbon



Hydrogen



Recycling



Grid



Energy storage

Our investment impact

Total CEFC commitments since inception reached \$9.54 billion by 30 June 2021, helping spur \$33 billion in investment commitments to clean energy initiatives across the economy.

Over our lifetime, we have made more than 220 large-scale commitments, attracting an additional \$2.40 in private sector finance for each \$1 of CEFC finance committed.

In parallel, since inception we have seen more than \$1.43 billion in CEFC finance invested in almost 23,700 smaller-scale projects, with our tailored low cost asset finance programs delivered via our co-financiers.

Technology Investment Roadmap

CEFC investment commitments are assisting with the delivery of low emissions priorities included in the Australian Government Technology Investment Roadmap. This includes investing in technologies which have significant emissions abatement and economic potential, such as clean hydrogen, energy storage, low carbon materials and soil carbon.

Together with project proponents and co-investors we are pursuing a strong pipeline of potential investments in these priority areas. Many of these technologies are familiar to the CEFC – from those we have financed to those we are strongly considering financing.

Year of firsts



Single largest investment

\$295m

CEFC commitment

Up to \$295 million to support delivery of new transmission infrastructure spanning more than 900 kilometres in three states through Project EnergyConnect. The project will unlock renewable energy projects and lead to the creation of thousands of jobs in regional Australia. The CEFC investment was made via an innovative subordinated note instrument, contributing to the crowding in of further private sector debt to this critical project*.



First major transmission transaction

\$125m

CEFC commitment

\$125 million to help finance grid infrastructure critical to the delivery of the Snowy 2.0 pumped storage project. The CEFC corporate debt facility with TransGrid Services is part of a complex project to connect Snowy 2.0 to the NEM. TransGrid Services will draw on the CEFC finance to design, construct, operate and maintain a new 330kV switching station and associated transmission lines as part of its agreement with Snowy Hydro Limited to provide connection services for 30 years.



First embodied carbon in property construction

\$95m

CEFC commitment

\$95 million to support the use of low carbon concrete at Perth's Roe Highway Logistics Park. The use of low carbon construction materials across at least five new warehouses could reduce emissions by up to 42 per cent compared to existing practices.



First all green residential mortgage-backed securitisation

\$108.5m

CEFC commitment

\$108.5 million to Firstmac to help deliver sustainable housing through green home loans. The homes will be among the most energy efficient in Australia. Firstmac raised a total of \$750 million through an Australian-first green mortgage-backed securitisation where all the underlying mortgages are backed by sustainable housing.

* Transaction closed just after year end. The \$295 million CEFC investment commitment will be reflected in 2021-22 numbers, rather than 2020-21.



First hydrogen-related investment

\$750k

CEFC commitment

\$750,000 through the Clean Energy Innovation Fund to Wollongong University start up Hysata to commercialise innovative electrolyser production technology. The advanced electrolyser technology has the potential to significantly improve the efficiency of hydrogen production, an important step in making it a more economic source of clean energy.



First forward-looking climate transition equity index in Australia

\$60m

CEFC commitment

\$60 million to cornerstone the BNP Paribas green bond, linked to the Australian Climate Transition Index, the first Australian equities index with a specific forward-looking focus on climate transition and decarbonisation. The index will seek to identify Australian-listed companies likely to perform well in a world undergoing a 2°C transition, using a methodology developed through a two-year collaboration between BNP Paribas, ClimateWorks Australia and others.



Largest energy storage investment

\$160m

CEFC commitment

\$160 million to build the 300 MW Victorian Big Battery, providing a critical boost to the state's grid security while driving down power prices and supporting more renewable energy. The investment, backing the design, construction and operation of one of the largest energy storage facilities in the world, delivers on the CEFC strategic focus on energy storage.



First investment through the Australian Recycling Investment Fund

\$16.5m

CEFC commitment

\$16.5 million to Circular Plastics Australia to develop a polyethylene terephthalate (PET) recycling facility in Albury-Wodonga, capable of recycling the equivalent of an estimated one billion PET bottles a year. The PET plastic will be used to produce more than 20,000 tonnes of new bottles and food packaging a year, which is a significant development of Australia's circular economy.

Investing with commercial rigour

While the nature of CEFC investments continues to evolve, an enduring characteristic of the CEFC is the commercial rigour of our investment approach, founded on our commitment to deliver a positive return for taxpayers across our portfolio.

Reinvesting our capital

As a large-scale investor with a considerable investment portfolio, we are pleased to report a strong rate of capital repayments and returns on our investments. Repayments and returns during the year were \$823 million, building on the strong performance of \$942 million in the previous year. This capital is available for CEFC reinvestment in clean energy projects. These returns saw our portfolio of investment commitments reach \$6.5 billion at 30 June 2021, after almost \$2.5 billion in lifetime amortisation and repayments.

Record deployment

Despite the impact of the pandemic, we continued our strong focus on capital deployment, which is essential to accelerating the delivery of emissions reduction activities. Lifetime deployment reached \$7.4 billion to 30 June 2021, including \$1.3 billion during the year. We have continued to make material cornerstone investment commitments, which have been instrumental in attracting additional private sector investment.

Advancing Australia's cleantech ecosystem

The \$200 million Clean Energy Innovation Fund marked its fifth year of investment with important milestones.

Lifetime investments to 30 June 2021 reached \$117.6 million, driven by a record 11 investments in the year, including five follow on investments. Together with its co-financiers, Innovation Fund finance has now reached almost 100 individual cleantech pioneers.

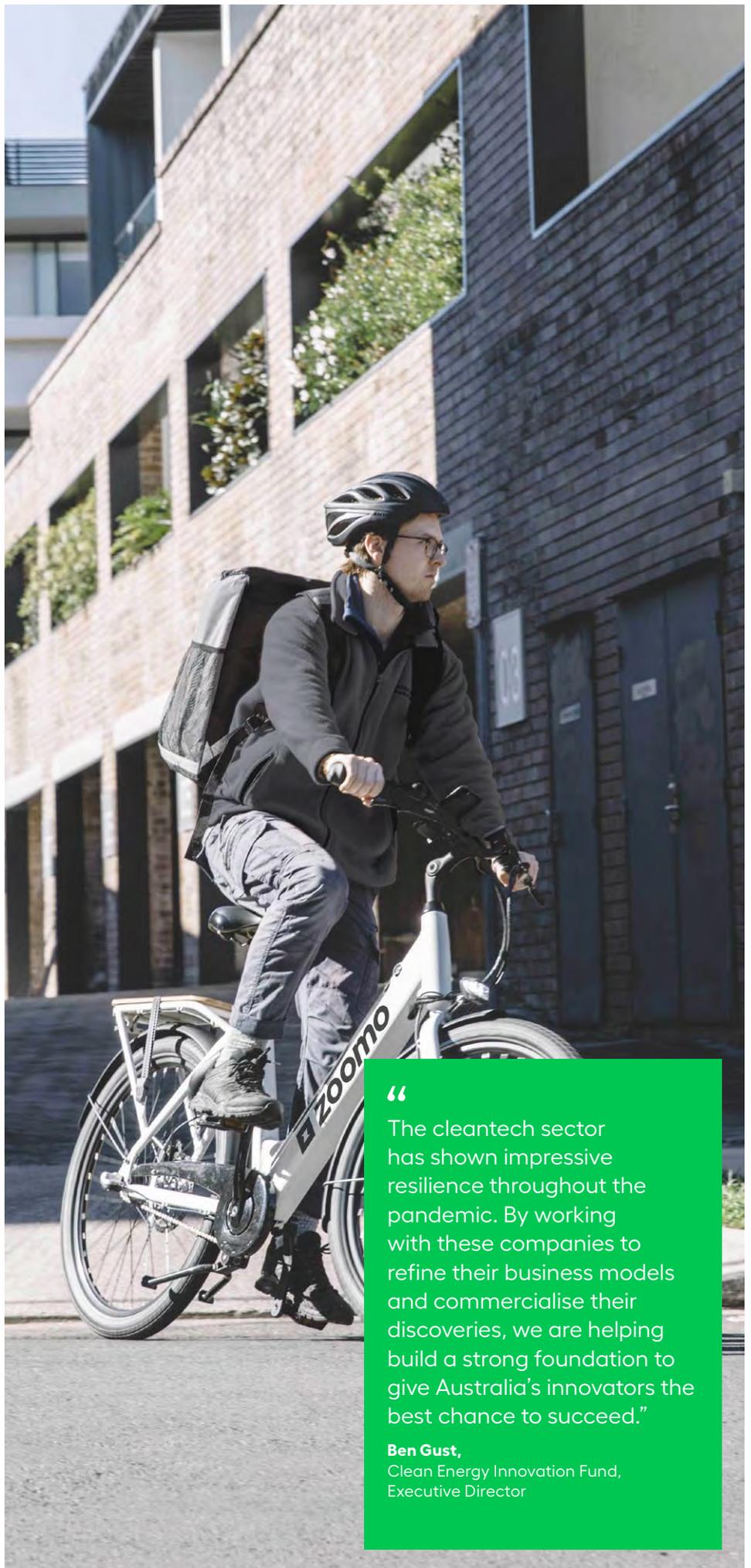
The Innovation Fund has participated in financing rounds which have raised more than \$408 million at 30 June 2021, as portfolio companies secure early growth opportunities.

Since we began investing, each dollar of Innovation Fund capital has attracted an additional \$2.60 in investment from the private sector, including new entrants to the Australian market. Portfolio companies have also attracted strong interest in follow on investment rounds, a critical indicator of the potential of these emerging businesses.

Significantly, the Innovation Fund has now realised returns of more than \$14 million from its early investments – capital which is available for reinvestment.

Innovative and entrepreneurial cleantech businesses will play an increasingly vital role in the transition to a low emissions economy – both because of the scale of the challenge and growing recognition that there is no single solution to lowering emissions.

Innovation Fund capital has therefore been deployed across multiple sectors of the economy, supporting homegrown innovation in agriculture, transport, grid stability, solar PV, soil carbon capture and energy management systems.



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The cleantech sector has shown impressive resilience throughout the pandemic. By working with these companies to refine their business models and commercialise their discoveries, we are helping build a strong foundation to give Australia's innovators the best chance to succeed.”

Ben Gust,
Clean Energy Innovation Fund,
Executive Director

Clean Energy Innovation Fund investment highlights: 2020-21

Powering the next wave of Australian solar

\$10 million to Sunman, to expand the growth of its innovative lightweight, flexible solar panels, which can be used across a wider range of applications and on buildings without the structural integrity for traditional glass panels, including awnings, factories, warehouses and building façades.

Shaping the future of the delivery economy

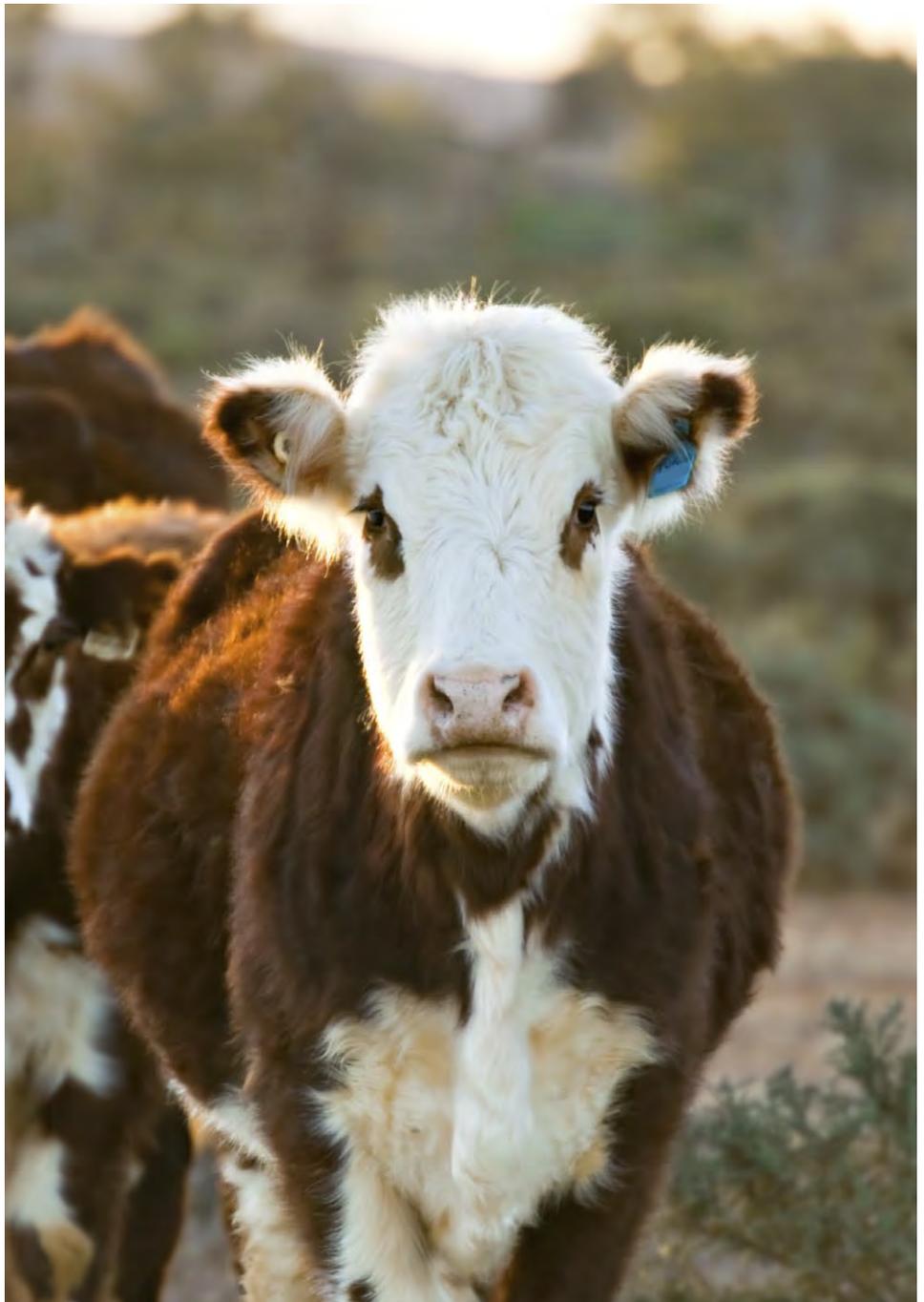
\$9.2 million to Australian born e-bike innovator Zoomo, which is supplying electric vehicles to displace internal combustion engines in the last mile delivery space as part of its rapidly expanding fleet of more than 3,000 units globally.

Backing sustainable cattle and sheep grazing

\$5 million to AgriWebb, an Australian-based agtech start-up, that has built a world leading livestock management platform that supports sustainable cattle and sheep grazing by automating data collection from around the farm to help farmers manage resources.

Investing in the future of energy

\$300,000 to Australian energy tech start-up Gridcognition which provides software to plan and optimise distributed energy projects, including microgrids, virtual power plants, community energy projects, electric vehicle charging systems and behind-the-meter renewable power plants.



Clean Energy Innovation Fund lifetime investment snapshot

	2019-20	2020-21	Lifetime*
Commitments	\$16.6m	\$31.9m	\$117.6m*
New transactions	5	11**	31
Transaction value	\$47.3m	\$117m	\$408.2m
Leverage	\$1.8: \$1	\$2.5: \$1	\$2.6: \$1
Capital deployed	\$10.3m	\$34.7m	\$102.0m
Capital returned	\$11.9m	\$0.4m	\$14.0m

*The Innovation Fund draws on CEFC capital. These figures contribute to the overall CEFC performance. **Includes five follow on investments.

CEFC Investment Commitments: 2020-21

Transaction	Description	\$m
AgriWebb	Support for a world leading livestock management platform that supports sustainable cattle and sheep grazing, automating on-farm data collection.	5
Australian Salt Lake Potash	Investment to help build a world leading, low emissions fertiliser industry while supporting significant carbon abatement in the agricultural sector.	67.34
BNP Paribas	Cornerstone investment in an equity-linked green bond issuance linked to the Australian Climate Transition Index.	60
Canadian Solar	Financing the construction of two large-scale solar farms in NSW, featuring the latest innovative solar technology.	74.38
Charter Hall	Equity investment to accelerate sustainability initiatives in one of Australia's largest industrial and logistics funds.	50
Circular Plastics Australia	Investment in Australia's largest PET plastic recycling plant, the first investment through the Australian Recycling Investment Fund.	16.5
FirstMac	Australian first green mortgage-backed securitisation to support green home loans.	108.50
Frasers Property	Innovative sustainability linked loan to drive sustainability in two industrial projects, with lower embodied carbon, on-site solar, storage and biodiesel.	75
Gridcogniton	Innovative software to optimise distributed energy projects, microgrids and electric vehicle charging systems.	0.30
Hysata	Startup commercialising innovative electrolyser production technology developed at the University of Wollongong.	0.75
Ingenia Communities	Market leading sustainability measures across affordable accommodation for lifestyle and holiday communities.	75
Neoen	Finance for the design, construction and operation of the Victorian Big Battery, one of the largest energy storage facilities in the world.	160
Octopus Investments	Landmark joint venture to help accelerate the delivery of the proposed Perry Bridge and Fulham solar farms in Gippsland.	0.86
Roe Highway Logistics Park	First direct investment to reduce embodied carbon in property construction, to create Perth's most sustainable industrial estate.	95
Startmate	Supporting six climate cohorts to work with very early stage innovators and founders via a specialist climate accelerator program.	0.30
Sunman	Investing in innovative lightweight and flexible eArc solar panels, which are cheaper to transport and easier to install on a broader range of buildings.	10.04
Tesla	An innovative program to deliver home energy systems to social housing tenants in South Australia, as part of Australia's largest virtual power plant.	30
Transgrid Services	Finance for grid infrastructure critical to the delivery of the Snowy 2.0 pumped hydro project, including 330kV switching station and associated transmission lines.	125
Wesfarmers	Investment in inaugural sustainability-linked bonds with the interest rates linked to progress against specific renewable energy and emissions performance targets.	25
Zoomo	Financing the continued growth of Zoomo (formerly Bolt) and the development and deployment of its innovative e-bike model for low emissions deliveries.	9.2
To be announced	Investment in renewable energy and energy efficiency measures to lift the sustainability performance of specialist disability accommodation.	87
To be announced	Cornerstone investment in a new regenerative farming initiative, to lower the carbon output of underperforming rainfed or dryland small to medium farms throughout Australia.	50



About the CEFC

The CEFC has a unique purpose – to lead investment in Australia's transition to a low emissions economy. We invest to lead the market, operating with commercial rigour to address some of Australia's toughest emissions challenges. This includes 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 are 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.