Australian Government

cefc

# CEFC Complying Investment Guidelines

March 2021

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

## Contents

The 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 emission technologies" and the phrase "solely or mainly Australian-based", to assist investors interested in engaging with the CEFC.

## 1. Low emission technologies

The CEFC provides the following guidelines for the term "low emission technologies" for the purposes of section 60 (Clean energy technologies) of the *Clean Energy Finance Corporation Act 2012* (CEFC Act).

Low emission technologies may be applied to a number of activities including, but not limited to, the following (and includes enabling technologies):

– energy production

– electricity generation including the use of non-renewable, fossil fuels

– fuels for and modes of transportation

– using, reducing or eliminating existing greenhouse gasses or emissions.

The CEFC Board expects that, the low emission technology will result in emissions of $CO_2$-e 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 or enable an emissions intensity of less than 50 percent 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

– if the technology is not solely for electricity generation: it will achieve or enable useful life emissions at 50 per cent less than the relevant current average baseline of the activity being undertaken

– 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) or enables meaningful aggregate emission reductions and other positive externalities.

### 1.1 Board role

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 emission technology" considering the relevant facts relating to a potential investment known to the CEFC Board at that time.

## 2. Prohibited technologies

Low emission technologies exclude "prohibited technology" as described in the CEFC Act, s62 (Prohibited technology), namely:

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

## 3. Solely or mainly Australian-based

The CEFC Board will have regard to the following circumstances, conditions and/or other matters (as relevant) when determining whether an investment is "solely or mainly Australian-based" for the purposes of section 61 (Australian-based investments) of the CEFC Act:

- where the relevant project will be primarily located
- where the relevant project will be primarily used or exploited
- where the activity being funded by the investment will be primarily undertaken
- where the expenditure for the project will be primarily incurred
- where the intellectual property related to the project will be primarily located
- where the project's management will be primarily located
- where the project's operational activities will be primarily located
- whether (and to what extent) any benefits will flow to Australia (including, without limitation; carbon abatement, expertise, technological and/or economic benefits) in a manner consistent with the object of the CEFC Act and functions of the CEFC there under
- the nature of the investment recipient's nexus (or proposed nexus) with Australia, including without limitation, the current or future location of its assets, employees, costs and/or revenues and whether it is (or plans to be) registered with the ATO with an Australian Business Number (ABN)
- any other matters the CEFC Board deems appropriate in the circumstances.

### 3.1 Board role

While the CEFC Board will have regard to the relevant 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.

# 4. Definitions

For the purposes of these guidelines, a reference to "Australia" and "Australian" includes the external territories (CEFC Act, section 6 (Extension to external Territories)) and "Australian waters".

**The external territories of Australia are:**

– 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

– 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

– 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.

## About the CEFC

The CEFC has a unique role to increase investment in Australia's transition to lower emissions. With the backing of the Australian Government, we invest to lead the market, operating with commercial rigour to address some of Australia's toughest emissions challenges – in agriculture, energy generation and storage, infrastructure, property, transport and waste. We're also proud to back Australia's cleantech entrepreneurs through the Clean Energy Innovation Fund, and invest in the development of Australia's hydrogen potential through the Advancing Hydrogen Fund. With $10 billion to invest on behalf of the Australian Government, we work to deliver a positive return for taxpayers across our portfolio.