



Clean Energy Finance Corporation

The **Clean Energy Finance Corporation** (CEFC) is an Australian Government-owned green bank that invests in clean energy, to help achieve Australia's national goal of net zero emissions by 2050. The CEFC invests billions of dollars on behalf of the Australian Government in economy-wide decarbonisation opportunities. It aims to help transform the Australian energy grid, as well as supporting sustainable housing initiatives, and climate tech innovators.

It was established by and operates under the *Clean Energy Finance Corporation Act 2012*, along with other subsidiary legislation.

As of March 2024 Steven Skala is chair and Ian Learmonth CEO of CEFC.

History

The CEFC was established under the *Clean Energy Finance Corporation Act 2012* (CEFC Act), passed by the Parliament of Australia on 22 July 2012.^[1] It was established on 3 August 2012^[2] and commenced making investment commitments from 1 July 2013.

The organisation did not always enjoy the support of Government. In 2013 Opposition leader Tony Abbott wrote to the CEFC asking it to stop making new loans and to cease assessing new projects.^[3] CEFC chair Jillian Braodbent later told ABC radio the new government should "break an election promise" and keep the CEFC in operation, citing a 7% profit. Coalition Senator Arthur Sinodinos said that if it is making a profit, it should survive without the government and essentially confirmed the government would shut the corporation down.^[4] Legislation to abolish the CEFC and transfer the CEFC's existing assets and liabilities to the Commonwealth was blocked by non-government senators. In July 2015, Abbott said he would ban the CEFC from investing in wind power^[5] and rooftop solar.^[6] Prime Minister Malcolm Turnbull lifted the ban in 2015, reportedly directing the CEFC to focus on innovative and emerging technologies, reversing the position of his predecessor Abbott.^[7]

Ian Learmonth was appointed CEO in March 2017.^[8] In August 2017 Steven Skala was appointed chair of the board.^[9]

Clean Energy Finance Corporation



Industry	<u>Clean energy investment</u>
Founded	August 3, 2012
Headquarters	<u>Sydney, Australia</u>
Number of locations	4
Key people	<u>Ian Learmonth</u> (CEO) <u>Steven Skala</u> (chair)
Owner	<u>Australian Government</u>
Website	<u>www.cefc.com.au</u> (<u>https://www.cefc.com.au/</u>)

An independent statutory review of the CEFC Act found that the CEFC had facilitated the flows of finance into the clean energy sector, successfully enabling projects that would not have otherwise proceeded, attracting substantial private co-investment to projects. The statutory review was conducted by Deloitte and tabled in Parliament on 14 December 2018.^[10] The CEFC submission to the Statutory Review of the Corporation is also publicly available.^[11]

Then Australian Prime Minister Scott Morrison subsequently said "The fact Australia leads the world in per capita investment in clean energy, we have the world's most successful green bank in the Clean Energy Finance Corporation, and that we're on track to have around a quarter of our electricity needs met by renewables by 2020, all underscores the work underway to reduce our global emissions."^[12]

In mid-2022, the Australian Parliament approved the first material change to the CEFC Act, expanding the role of the CEFC in driving investment towards the achievement of Australia's net zero ambitions. In parallel, the Government made the first increase in the organisation's capital allocation since 2012, empowering the CEFC to drive investment across priority areas critical to the clean energy transition with an additional capital allocation of \$20.5 billion.^[13] After 10 years of investment, in 2022 CEFC surpassed lifetime investment commitments of A\$10 billion. Minister for Climate Change and Energy Chris Bowen, described the CEFC as "the proud legacy of Labor in government" and said it would be essential in order to achieve of Australia's net zero emissions ambitions.^[14]

Chairman Steven Skala noted in a 2022 address at Parliament House, Canberra that the CEFC enjoyed political support, observing that the cornerstone of a strong economy was stable and affordable energy.^[15]

Legislative requirements

The *Clean Energy Finance Corporation Act 2012* establishes the CEFC, sets out the organisation's purpose and functions, and establishes arrangements for the Board, CEO and staff. Under the CEFC Act, the Australian Government can provide directions to the CEFC by issuing it with an investment mandate on matters set out in the Act. The CEFC Board is consulted in a process set out in the Act. Directions contained in the Investment Mandate must be consistent with the CEFC Act.^[16]

The CEFC is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).^[17]

Investment mandates

A series of Clean Energy Finance Corporation Investment Mandate Direction have been legislated since 2013,^[18] the latest as of March 2024 being the Clean Energy Finance Corporation Investment Mandate Direction 2023, enacted on 21 July 2023. This provides direction on the \$19 billion Rewiring the Nation Fund, the \$1 billion Household Energy Upgrades Fund, and the \$500 million Powering Australia Technology Fund, all of which were created in 2023. The Mandate also provides for the continuation of the Advancing Hydrogen Fund and the Clean Energy Innovation Fund. The Mandate

also adjusts the CEFC Portfolio Benchmark rate of Return (PBR) for the CEFC General Portfolio to an average of 2-3 per cent above the five-year government bond rate per annum over the medium to long term, down from 3-4 per cent previously stipulated.^[19]

Governance

As of March 2024 Steven Skala is chair,^[20] and Ian Learmonth is CEO of CEFC.^[21]

Mission and aims

Operating as a green bank, the government-owned financial institution invests in clean energy, alongside private investors, innovators and industry leaders, in the clean energy sector, to help achieve Australia's national goal of net zero emissions by 2050.^[22]

As of 2023 the CEFC is responsible for investing more than \$30 billion on behalf of the Australian Government in economy-wide decarbonisation opportunities, including renewable energy and natural capital to energy efficiency, alternative fuels and low carbon materials. It is also focused on transforming the Australian energy grid, backing sustainable housing and supporting the growth of climate tech innovators.^[23]

Investment strategy

The CEFC works with businesses, institutional investors, and entrepreneurs to increase investment in Australia's transition to net zero emissions. The CEFC is mandated by law to anticipate and respond to the environment and market conditions in which it operates, which may include increasing its investment activities to fill market gaps where the private sector is absent.^[24] It is obliged to operate in a way that delivers a positive return for taxpayers across its portfolio, and publishes quarterly reports on its website about its investment commitments.^[25]

Investment performance

The CEFC completed 30 new and 20 follow-on transactions in the 2022-23 year, confirming \$1.9 billion in new investment commitments. Its total transaction value was \$11.7 billion, which included a record \$1.2 billion in renewable energy and grid-related commitments. The lifetime total transaction value reached \$48.8 billion. As of 30 June 2023, the CEFC portfolio of on-risk investments was \$7.7 billion. The CEFC also invested a record \$54.5 million in new and ongoing commitments via the Clean Energy Innovation Fund. Each dollar of Innovation Fund capital attracted an additional \$6.47 in private sector capital in the 2022-23 year, delivering a combined \$407.3 million to emerging climate tech businesses.^[26]

Investment Update

CEFC activity	Lifetime to 30 June 2023
Investment commitments	\$12.7b
Transactions financed	>300
Transaction value	\$48.8b
Leverage	\$2.82: \$1.00
Capital deployed	\$10.1b
Capital repaid, returned	\$4.5b

All figures AUD

The CEFC publishes quarterly reports on its website regarding investment commitments.^[27]

See also

- [Australian Renewable Energy Agency \(ARENA\)](#)
- [Energy policy of Australia](#)
- [National electricity market](#)
- [Project finance](#)
- [Power purchase agreement](#)
- [Renewable energy in Australia](#)



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External links

- [Official website \(https://www.cefc.com.au/\)](https://www.cefc.com.au/)
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