

13 December 2018

Senator the Hon Mathias Cormann
Minister for Finance and the Public Service
Leader of the Government in the Senate

The Hon Angus Taylor MP
Minister for Energy

Parliament House
CANBERRA ACT 2600 and by email

Dear Responsible Ministers

Issue of Consultation Draft Direction under section 66, *Clean Energy Finance Corporation Act 2012*

I am writing with reference to your correspondence of 11 December 2018 enclosing a consultation draft direction (Investment Mandate) for consideration of the CEFC Board, as required under section 66 of the *Clean Energy Finance Corporation Act 2012* (the CEFC Act).

The Board has asked that I respond on its behalf. This formal response is provided as a submission pursuant to section 66 of the CEFC Act.

CEFC View

The approach adopted in the Investment Mandate is an updated framework for the CEFC to support Australian Government policy priorities and is accepted by the Board.

The CEFC Board acknowledges:

- a) the new direction set out in the Investment Mandate for CEFC to consider the potential effects on reliability and security of supply when evaluating potential renewable energy generation investments; and
- b) the Australian Government's encouragement to prioritise investments that will support reliability and security of electricity supply.

We note that the CEFC has already invested in projects that incorporate smart controls, batteries, weather predicting technology, and Frequency Control and Ancillary Services (FCAS), which support reliability or security of electricity supply. While the market is still emerging for many of these technologies, our investment pipeline includes potential investments in technologies (such as large-scale pump storage, FCAS, or batteries) which can support reliability or security of electricity supply. We look forward to progressing these and other investments in due course.

We thank you for the consultation and the constructive engagement that you and your offices have offered on the Investment Mandate. The Board acknowledges this

direction and, once given and in effect, will undertake all reasonable steps to ensure that the CEFC complies.

If Ministers or officials wish to discuss or progress any matters raised in this submission, Mr Simon Every, Head of Corporate and Government Affairs is available to assist on 07 3188 1627 or at simon.every@cleanenergyfinancecorp.com.au

Yours sincerely

[SIGNED]

Steven Skala AO

Chair

CC: The Hon Melissa Price MP, Minister for the Environment