

Clean Energy Finance Corporation Amendment (Grid Reliability Fund) Bill 2020

Submission to the Senate Environment and
Communications Legislation Committee

25 September 2020

About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Australia must reduce net emissions without delay

Climate change and a slow, poorly managed transition to zero net emissions is a major threat to achieving our vision. Consistent with the Paris Agreement, Australia must act to support global efforts to limit global warming to 1.5 degrees Celsius above pre-industrial levels.

As a wealthy, developed country, this means reducing our net domestic emissions to zero before 2050 and by at least 45% on 2005 levels by 2030. Based on the available evidence, delaying action now will require faster, more expensive and more disruptive change in the future, while heightening risks of more dangerous climate change.

Prioritise our energy system and support for people on low incomes

Our energy system has the greatest capacity to reduce emissions rapidly using current technology, and must be prioritised for fast, early emissions reductions.

Energy costs are disproportionately higher for people on low incomes or experiencing disadvantage, who have least capacity to reduce their energy use and invest in new technologies. Priority should also be given to supporting people on low incomes access new emissions reductions measures to ensure they are not left behind in the energy transition.

Role of the Clean Energy Finance Corporation

ACOSS welcomes the opportunity to provide input to the committee regarding the proposal for the Clean Energy Finance Corporation (CEFC) to administer a new \$1 billion Grid Reliability Fund (GRF).

ACOSS supports an ongoing role for the CEFC, it has a strong track record of investing in renewable energy, energy efficiency and low emissions technologies and has played a critical role in supporting Australia's transition to clean energy.

ACOSS does not support changes to the CEFC that undermine its independence and its current low emissions remit.

Recommendations

With respect to proposed changes in the [Clean Energy Finance Corporation Amendment \(Grid Reliability Fund\) Bill 2020](#), ACOSS recommends the Senate Committee recommend:

1. **Retaining the CEFC's existing requirement to invest at least half its funds in renewable energy** and reject the proposed quarantining of the GRF from this requirement. Investment in large scale renewable energy and associated infrastructure is still needed to accelerate the transition to zero emissions energy, and to widen the use of renewable energy to more sectors of the economy, for example transport, heating and industry.
2. **Retaining the existing definition of 'low emissions technology' under the Clean Energy Finance Corporation Act 2012**, and as detailed under the CEFC's published Investment Guidelines, and reject proposed changes to the definition. There is a risk the proposed changes outlined in the Bill are designed to require the CEFC to invest in projects that do not currently meet the CEFC's emissions reduction tests and could include gas or coal projects.
3. **Protecting the CEFC's independence** by rejecting the proposed change providing additional powers for the Minister to direct CEFC's investments. There has been no demonstrated need for further Ministerial direction.
4. **Rejecting the proposal to transfer the Underwriting New Generation Investment (UNGI) Scheme, in its current form, to the CEFC**, given a number of the projects (i.e. 5 gas and 1 coal project) are not consistent with the CEFC guidelines for low emissions technology and points.
5. **Rejecting changes that would enable the CEFC funding for gas or fossil fuel projects**. The CEFC should be used to fund projects that will accelerate the transition to zero emissions energy and economy. Supporting projects that do not accelerate the transition to zero emissions is not in keeping with our international obligations under the Paris Agreement and the Sustainable Development Goals. Such projects would increase climate impacts on people, environment and economy; create stranded assets and increase intergenerational inequity.

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