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APPENDIX A

INDEX OF ANNUAL REPORTING REQUIREMENTS FOR THE CEFC

As a Commonwealth statutory authority, the CEFC has a range of annual reporting requirements set by legislation, subordinate legislation and reporting guidelines.

This Index of Annual Report Requirements for the CEFC is set out with reference to the source of the requirement — it can be used as a checklist as to which rules apply to the CEFC and how these requirements have been met in the Annual Report (the Table of Contents and the Index can be used to browse by subject matter).

As part of the Australian Government's Public Management Reform Agenda, during the year the main provisions of the PGPA Act came into effect, and the former CAC Act was repealed. Transitional legislation was also passed.

The *Finance Minister's Orders (Financial Statements for reporting periods ending on or after 1 July 2011)* made under the CAC Act were repealed. Financial Statements

are now prepared under the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* ('FRR'); and Australian Accounting Standards ('AAS') and Interpretations issued by the Australian Accounting Standards Board ('AASB') that apply for the reporting period.

The *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Rule 2014* provides that the former *Commonwealth Authorities and Companies (Annual Reporting) Orders 2011* remain in effect for reporting on the 2014–15 year notwithstanding the repeal of that instrument.



Legislative reference	Nature of Obligation	How and Where Reported Against
Reporting Obligations under PGPA Act		
Section 46	CEFC must prepare an annual report in accordance with any rules and provide to the Responsible Ministers by 15 October each year	This Annual Report is the 2014–15 report
Reporting Obligations under <i>Public Governance, Performance and Accountability (Financial Reporting) Rule 2015</i>		
Sections 1–48 inclusive	Applies Australian Accounting Standards with modified effect and specifies requirements and format of preparation of financial statements for Commonwealth entities like the CEFC	Section 3, Page 139.
Reporting Obligations under <i>Commonwealth Authorities and Companies (Annual Reporting) Orders 2011</i> still in effect by way of transitional legislation		
Section 6	Specifies: <ul style="list-style-type: none"> • approval by resolution of Directors • a statement of approval by Directors, signed by a director and including details of <ol style="list-style-type: none"> I) how and when approval was given II) statement that directors are responsible for preparation and contents 	This Annual Report includes the required particulars at the Letter of Transmittal.
Section 7	Specifies statement of any exemptions applied for from annual reporting requirements under these Orders	There were no exemptions from these Orders applied for or granted. This Annual Report includes the required particulars at the Letter of Transmittal.
Section 8	Parliamentary standards of presentation	The obligation applies to the whole of the Annual Report, which complies with this order.
Section 9	Plain English and clear design	The obligation applies to the whole of the Annual Report, which complies with this order.
Section 10	Enabling legislation	Page 107.
Section 11	Responsible Minister	Pages 92 and 109.
Section 12	Ministerial Directions	Pages 109 and 114. There were no instances of non-compliance.
	General Policies of the Australian Government	Page 113. There were no instances of non-compliance.
	General Policy Orders under CAC Act/Government Policy Orders under the PGPA Act	Page 114. There were no such orders in effect for the CEFC during the reporting period.
	Other Legislation	Page 115.

Legislative reference	Nature of Obligation	How and Where Reported Against
Section 13	Information about Directors (names, qualifications, experience, attendance at Board meetings, whether acting in an executive or non-executive capacity)	Pages 93–99.
Section 14	Organisational Structure	Pages 90–91.
	Location of major activities and facilities	Pages 17–18. Section 1, Page 104.
	Statement on Governance (Board committees, education and performance review processes for directors, ethics and risk management practices)	Section 2.
Section 15	Related entity transactions	Pages 125 and 169.
Section 16	CAC Act Significant events	Page 113.
	Operational and financial results of the authority	Sections 1, 2 and 3.
	Key changes to the authority's state of affairs or principal activities	Section 2.
	Amendments to the authority's enabling legislation and to any other legislation directly relevant to its operation	Pages 107–116.
Section 17	Judicial decisions and decisions by administrative tribunals that have had an impact	Page 116.
	Reports by the Auditor-General, Parliamentary Committees, Commonwealth Ombudsman or the Office of the Australian Information Commissioner	Page 116.
Section 18	Obtaining Information from subsidiaries	N/A. The Corporation had no subsidiaries in 2014–15.
Section 19	Details of indemnities and insurance premiums for officers	Pages 125–126.
Reporting Obligations under CEFC Act		
Section 74(1)(a)	Total value of section 63 investments as at the end of the financial year, by reference to the class of clean energy technologies to which the investments relate	Figure 1: CEFC Performance against KPIs, Pages 19–27.
Section 74(1)(b)	Details of the realisation of any section 63 investments in the financial year	Pages 46–47.



Legislative reference	Nature of Obligation	How and Where Reported Against
Section 74(1)(c)	If, as at the end of the financial year, less than half of the funds invested for the purposes of the Corporation's investment function are invested in renewable energy technologies— an explanation of the reasons why	N/A. See Figure 1.1. Summary of the CEFC's performance against KPIs, page 20.
Section 74(1)(d)	Total value of concessions given by the Corporation in the financial year	Page 119.
Section 74(1)(e)	A balance sheet setting out, as at the end of the financial year, the assets and liabilities of the Corporation and a statement of cash flows	Section 3.
Section 74(1)(f)	Set out the remuneration and allowances of Board members and senior staff of the Corporation for the financial year	Pages 98–99, 103–104, 168, 170.
Section 74(1)(g)	Set out the Corporation's operating costs and expenses for the financial year	Appendix D, page 199. See also Section 3.
Section 74(1)(h)	Benchmark the Corporation's operating costs and expenses for the financial year against the operating costs and expenses of other comparable entities for that financial year	Appendix D, page 199.
Section 74(1)(i)	Set out details of any procurement contracts to which the Corporation is party that are in force at any time in the financial year and have a value of more than \$80,000	Page 118.
Section 74(1)(j)	Details of credits and debits to the Special Account in the financial year	Page 113
Section 74(2)	Section 74(1) reports for subsidiaries	N/A. The Corporation had no subsidiaries in 2014–15.
Reporting Obligations under EBPC Act		
Section 516A(6)	<p>How activities accorded with the principles of ecologically sustainable development</p> <p>Outcomes contributing to ecologically sustainable development</p> <p>Activities that affect the environment</p> <p>Measures taken to minimise the effect of activities</p> <p>Mechanisms to review and Increase the effectiveness of measures to minimise the environmental impact of activities</p>	Appendix B, page 195.

Legislative reference	Nature of Obligation	How and Where Reported Against
Reporting Obligations under WHS Act		
Schedule 2, Part 4, section 4	Health, safety and welfare initiatives Health and safety outcomes Notifiable incidents Investigations Other matters under JCPAA Guidelines	Appendix C, page 197.
Reporting Obligations under EEO Act		
Section 9	Annual Program Report	Page 115. See also separate EEO Report online at cleanenergyfinancecorp.com.au/reports



APPENDIX B

ENVIRONMENTAL PERFORMANCE AND ECOLOGICALLY SUSTAINABLE DEVELOPMENT

The following table details the CEFC's Ecologically Sustainable Development (ESD) activities in accordance with section 516A(6) of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

ESD reporting requirement	CEFC Response
<p>How the CEFC's activities accorded with the principles of ESD</p>	<p>At the very core of all of the CEFC's activities is a strong alignment to the principles of ESD.</p> <p>As defined in the CEFC Act, the CEFC exists to facilitate financial flows to 'renewable energy', 'energy efficiency' and 'low emissions' technologies.</p> <p>By mobilising capital investment in renewable energy, low-emissions technology and energy efficiency in Australia, the CEFC's activity results in an increased flow of funds for the commercialisation and deployment of such Australian-based technologies and thus prepares and positions the Australian economy and industry for a carbon constrained world.</p>
<p>Outcomes contributing to ESD</p>	<p>The CEFC has a single appropriations outcome to:</p> <p><i>Facilitate increased flows of finance into Australia's clean energy sector, applying commercial rigour to investing in renewable energy, low-emissions and energy efficiency technologies, building industry capacity, and disseminating information to industry stakeholders</i></p> <p>This outcome contributes directly to the principles of ESD.</p> <p>As at 30 June 2015, the CEFC had committed over \$1.4 billion in projects with a total project value of over \$3.5 billion. The CEFC invests for a positive return, with its more than 55 direct investments and 34 projects co-financed under aggregation programs.</p> <p>These CEFC investments are expected to achieve abatement of 4.2 million tonnes of CO₂-e per annum, representing a positive net benefit to the taxpayer in the order of \$2.30 per tonne CO₂-e. The CEFC does not claim that this abatement occurs independently of complimentary policy, such as the RET.</p> <p>They help to improve energy productivity for businesses across Australia, lower emissions, develop local industries, increase competitiveness, and generate new employment opportunities.</p>

ESD reporting requirement	CEFC Response
<p>Activities that affect the environment</p>	<p>As stated above, core investment activity by the CEFC is expected to yield a positive impact on the environment. More information on the CEFC’s investments and their specific effects on the environment, including case studies can be found at Section 1 of this Annual Report.</p> <p>In order to perform its functions, the CEFC has 57 FTE staff based in three locations (Sydney and Brisbane) which service Australia nationally. The nature of this operational activity has minimal impact on the environment in line with the CEFC aim to have as little impact as possible. The principal environmental impacts include:</p> <ul style="list-style-type: none"> • Energy Consumption • Water Consumption • Other Resource Consumption • Greenhouse Gas (‘GHG’) Emissions. <p>During the year, staffing numbers grew from 50 to 57 FTE — an increase of 14 per cent. This resulted in some increases in consumption and GHG emissions.</p>
<p>Measures taken to minimise the effect of activities on the environment</p>	<p>The CEFC’s current sustainability measures are intended to reduce the Corporation’s environmental footprint.</p> <p>Energy Consumption</p> <p>The CEFC has two open plan offices, allowing easier control of air conditioning; employees are provided with a central printing facility allowing for fewer high capacity multi-function devices (which have energy saving modes when not in use); the CEFC provides energy efficient computer monitors and laptops to all employees, which they are encouraged to turn off each evening; the CEFC’s occupied premises in both Brisbane and Sydney are fitted with sensor and LED lighting and purchase green power; both CEFC office buildings have been designed to achieve a 5.0-star NABERS Energy Rating; an energy use dashboard features in the Brisbane office reception area to indicate energy and water usage.</p> <p>Water Consumption</p> <p>Water is recycled at both premises. A grey water system is in operation at the CEFC’s Brisbane premises and a black water system is in operation at CEFC’s Sydney premises.</p> <p>Other Resource Consumption</p> <p>CEFC office furniture has been selected for its high recycled/recyclable content; a follow-me printing system is installed to save paper with default printing set to double sided, black and white; 100% recycled printer paper is used.</p> <p>Greenhouse Gas Emissions</p> <p>The CEFC is committed to carbon offsetting all employee flights.</p> <p>There are no car parks associated with either the Brisbane or Sydney lease and employees are encouraged to walk, run or cycle to work and to utilise public transport. No corporate car parks or corporate vehicles are provided to employees. During the 2014–2015 year, the CEFC heavily utilised its video conferencing facilities in our Brisbane and Sydney offices to reduce inter-office flight requirements.</p>



APPENDIX C

WORK HEALTH AND SAFETY REPORT 2014–15

The CEFC takes workplace health and safety seriously as people are our most precious resource. The CEFC is a ‘public authority’ under the *Work, Health and Safety Act 2011* (the WHS Act), and the Corporation must report annually according to the particulars of Schedule 2 Part 4, section 4 of that Act.

HEALTH, SAFETY AND WELFARE INITIATIVES

The CEFC is committed to the safety and health of its staff and acknowledges its responsibilities under the WHS Act and the National Employment Standards. These standards cover standard hours of work, reasonable additional hours, flexible working arrangements, provision of personal/carers leave and compassionate leave. The Standards underpin the CEFC’s commitment to safe working hours and a holistic view of staff health and welfare.

The CEFC has an inclusive, healthy and professional workplace culture and does not tolerate the following behaviours in the workplace:

- Physical and/or sexual harassment
- Discrimination
- Victimisation or bullying
- Drunkenness
- Unsafe work practices.

New employees are provided with a copy of the CEFC’s Corporate Policies and Procedures manual, which documents the CEFC’s stance on these issues, as well as a WHS induction.

Contractors and consultants must comply with all workplace laws and ensure that their subcontractors are also in compliance. The CEFC’s standard agreements with our

contractor suppliers contain clauses insisting on compliance with workplace laws.

The CEFC also operates a public interest disclosure scheme under the *Public Interest Disclosure Act 2013* (the PID Act). Provisions under the PID Act commenced on 15 January 2014.

This legislation establishes Australia’s first stand-alone whistle-blower protection scheme for federal government employees, contractors and employees of contractors who report wrongdoing within the Commonwealth public sector and Commonwealth entities.

Where the nature of a disclosure or potential disclosure suggests that an individual grievance or workplace conflict could be reasonably construed as a matter more broadly representative of a larger or systemic issue (bullying or harassment matters that may be representative of a culture of bullying or harassment), then further investigation under the PID Act might be appropriate.

The Board has final responsibility for ensuring compliance with duties under statute and at law relating to WHS. The Board has adopted the following framework for managing WHS compliance:

- Continuing to exercise a risk appetite and maintaining a risk management framework
- Maintaining the company’s Corporate Policies and Procedures.

During 2014–2015, the CEFC appointed two health and safety representatives to represent its workers across the two offices in Sydney and Brisbane. The CEFC had up to five fire wardens appointed across the organisation’s two offices. These fire wardens have conducted emergency evacuation training in accordance with requirements under New South Wales and Queensland law.

The CEFC also has five certified First Aid Wardens appointed. In the event that a First Aid Warden is not available, a list of emergency first aid procedures and first aid equipment has been made available to all employees.

The CEFC encourages staff engagement in healthy exercise. The CEFC's premises provide locker, shower and change facilities for employees wanting to exercise before or after work.

The premises also represent a secure building with swipe pass access only to the office, and to the building generally, on nights and weekends. Workstation design and facilities are all new and as such, exhibit modern safety features (rounded corners, safety switch on boiling water tap and ergonomic adjustable seats and computer monitor arms).

The CEFC has established a relationship with Drake WorkWise for the provision of an Employee Assistance Program (EAP) into the business. The Board, Executive and Staff are unified in their responsibility to provide a caring environment that reflects Corporation values, and the offering of a confidential EAP of this type helps us achieve this goal.

Health and Safety Outcomes

The CEFC is required to report on health and safety outcomes (including the impact on injury rates of workers) achieved as a result of initiatives mentioned above or previous initiatives:

- The CEFC has a zero rate of injuries for the reporting period amongst employees and contractors.
- There were no notifiable incidents (i.e. deaths, serious injury or illness and dangerous incidents) for the reporting period.

Investigations

The CEFC must report any investigations conducted during the year that relate to businesses or undertakings conducted by the entity, including details of all notices given to the entity during the year under Part 10 of the WHS Act. The CEFC has not received any notices, conducted any investigations, nor been investigated under the relevant provisions over the financial year and is a Nil report for all particulars.

Other matters under JCPAA guidelines

Under the WHS Act, the CEFC is required to report on other matters as required by guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit [Schedule 2, Part 4, section 4(2)(e)].

At the time of writing, the JCPAA had not as yet specified additional requirements for the CEFC under this provision.



APPENDIX D

SUMMARY OF OPERATING COSTS AND EXPENSES, AND BENCHMARK

Under the CEFC Act, the Corporation must include in its annual report:

- The Corporation's operating costs and expenses for the financial year;
- a benchmark of the Corporation's operating costs and expenses for the financial year against the operating costs and expenses of other comparable entities for that financial year.

The Corporation's operating costs and expenses for the financial year are reported in the [Financial Statements and Notes](#), but are also reproduced below for convenience.

ABOUT THE CEFC'S STRUCTURE

The CEFC is a *corporate Commonwealth entity* with an independent Board that makes investment decisions to invest in renewable and low carbon technology sector according to ministerial directions supplied by an Investment Mandate. The CEFC's investment focus is on debt and equity that is solely or mainly Australian based. It cannot invest in property and does not have a large cash investment function. It has a headcount of 60 employees (57 FTE) based in Sydney (HQ), Brisbane and Melbourne. The CEFC has drawing rights against the Clean Energy Finance Corporation Special Account held by the Department of the Treasury.

NOTE ON COMPARISONS

Direct comparisons of the CEFC with other entities is difficult because:

- a. there are very few government-owned public purpose entities that perform the type of function the CEFC does at a similar scale
- b. current financial year data on other entities may not necessarily be readily available; and
- c. data is not always reported using the same expense categories across the different entities.

ENTITIES CHOSEN FOR THE PURPOSES OF COMPARISON

In order to provide some comparison as required under Section 74 of the CEFC Act, the Corporation has compared its 2014–15 operating costs and expenses against the latest publicly available information for the Future Fund Board of Guardians as supported by the Future Fund Management Agency (Future Fund), the Export Finance & Insurance Corporation (EFIC) and the UK Green Investment Bank (GIB) (all government-owned entities formed for public purpose with a commercial mode of operation). More information about these entities is provided below.

Future Fund Management Agency (Future Fund) – Structure

The Future Fund was established under Division 2 of Part 5 of the *Future Fund Act 2006* and is governed by an independent Board, which makes investment decisions to invest according to ministerial directions supplied by an Investment Mandate. It is not sector-limited to renewable and low carbon technology in the same way the CEFC is, and pursues a broad sectoral spread in a range of investments – primarily equities (45 per cent,) property and infrastructure (13 per cent), alternative assets (13 per cent), debt (10 per cent) and cash (19 per cent) at 30 June 2015. It had circa AUD\$117 billion funds under management invested in Australia and overseas as of 30 June 2015.

Export Finance and Insurance Corporation (EFIC) – Structure

Like the CEFC, EFIC is a corporate Commonwealth entity governed by an independent Board. EFIC operates on a commercial basis and partners but does not compete with banks. EFIC has four key functions under its enabling legislation:

- to facilitate and encourage Australian export trade by providing insurance and financial services and products to persons involved directly or indirectly in such trade
- to encourage banks and other financial institutions in Australia to finance or assist in financing exports
- to manage the Australian Government's aid supported mixed credit program (a facility which has now been discontinued, although loans are still outstanding under it)
- to provide information and advice regarding insurance and financial arrangements to support Australian exports.

EFIC's investment function is primarily related to the issuing of insurance and security guarantees, working capital guarantees and longer-term finance guarantees within these functions. EFIC is headquartered in Sydney, provided facilities on the Commercial Account totalling \$577 million during 2013/14 and had some \$2.7 billion under management at 30 June 2014 (made up of circa \$1.87 billion on the Commercial Account and \$0.87 billion on the National Interest Account).

Green Investment Bank (GIB) (UK) – Structure

Formed as a public company owned by the UK Government in May 2012 and became fully operational in October 2012 when it was granted State Aid approval by the European Commission to make investments on commercial terms. The GIB has a mission similar to the CEFC – which the GIB states as 'to accelerate the UK's transition to a greener, stronger economy...'. However, the GIB has a broader 'Green Impact' mandate that goes beyond renewable and low carbon energy and emissions reduction into areas such as recycling and reduction of landfill.

The GIB backs infrastructure projects which are green and profitable and wants to become a long-term enduring institution. Like the CEFC, the GIB can invest in projects in the form of equity, debt and guarantees. Also like the CEFC, it is still a relatively young business and during the year ended 31 March 2015 committed circa £723 million (~\$1.5 billion) to 22 new projects bringing its cumulative investment commitment at the end of its financial year (March 2015) to circa £1.9 billion (~\$3.9 billion), with circa £0.6 billion (\$1.2 billion) of the investments funded at the end of its financial year (March 2015).



	CEFC 2014–15		Future Fund 2013–14 (c)		EFIC 2013–14 (c), (d)		GIB 2014–15 (e)	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Staff Employment Related Expenses								
Wages & Salaries	11,029		26,879		15,700		22,906	
Superannuation	757		1,441		1,600		1,967	
Leave & Other Entitlements	304		450		300			
Incentive Compensation	2,005						4,133	
Recruitment Costs	587							
Other Expenses	193						2,705	
Total Staff Employment Related Expenses	14,875	63%	28,770	5%	17,600	10%	31,711	55%
Board Expenses								
Wages & Salaries	411		788					
Superannuation	39		73					
Other Expenses	40							
Total Board Expenses	490	2%	861	0%	-	0%	667	1%
Other Costs								
Interest Expense	6				140,800	78%		
Provision for impairment and irrevocable loan commitments	2,537	11%			9,600	5%		
Concessional Loan Discount (b)	1,392	6%						
Consultants Fees and Expenses	822	3%						
Professional Fees	245	1%	469,499	86%	1,300	1%	5,007	9%
Other investment portfolio expenses	-	0%	31,920	6%	400	0%	8,581	15%
Travel & Incidentals	474	2%			1,200	1%		
Office Facility Costs	908	4%			1,400	1%	2,522	5%
Marketing & Communications	496	2%			1,600	1%		
Depreciation & Amortisation	455	2%	1,379	0%	3,400	2%	1,387	2%
Auditors' remuneration	145	1%	2,467	0%	240	0%	367	1%
Administrative & Other Expenses	777	3%	15,993	3%	2,360	1%	7,042	12%
Total Expenses	23,622	100%	550,889	100%	179,900	100%	57,284	100%

	CEFC 2014–15 (Actual)		Future Fund 2014–15 (Estimate) (f)	
	\$'000	%	\$'000	%
Employee benefits	14,544	61%	32,423	5%
Supplier Costs	4,694	20%	679,297	95%
Depreciation & Amortisation	455	2%	1,435	0%
Concessional Loan Discount (b)	1,392	6%		
Allowance for impairment of assets and irrevocable loan commitments	2,537	11%		
Total Expenses	23,622	100%	713,155	100%

Notes:

- (a) Like for like comparisons are not strictly possible since different entities group and report costs differently.
- (b) Non-cash charge that reverses over the life of the underlying loans
- (c) From 2013-14 Annual Report since 2014–15 Information is not available at the time of finalising this report for publication.
- (d) Costs are shown gross before National Interest Account allocation
- (e) Green Investment Bank Group for twelve months ended 31 March 2015. Amounts converted at 30-6-15 average exchange rate of 1 GBP = 2.0388 AUD
- (f) From 2015-16 Portfolio Budget Statements (Departmental + Administered)
- (g) EFIC does not appear in the 2015-16 Portfolio Budget Statements and its 2014–15 Corporate Plan does not provide this level of detail.



GLOSSARY AND ABBREVIATIONS

GLOSSARY

Term	Description
Australian Industry Participation Plans (AIPP)	Under the CEFC Investment Mandate, these are plans required of certain finance recipients that enable Australian and New Zealand industry to be informed of procurement plans by project proponents receiving more than \$20 million in CEFC funding. AusIndustry administers the AIPP.
Abatement	Refers to reductions in CO ₂ e emissions.
Aggregation finance	The means of using a co-finance partner as an intermediary to aggregate customer demand for finance that would otherwise be too expensive to be serviced directly by the CEFC.
Appropriations	The means by which money from the Treasury is made available to the Australian Government by the Parliament.
AusIndustry	A specialist business program delivery division within the Department of Industry, Innovation and Science.
Australian Government Bond Rate	The five-year Australian Government bond rate.
Australian Renewable Energy Agency (ARENA)	An Australian Government statutory authority with similar objectives to the CEFC, providing grant funding for earlier stage technology development. The CEFC shares information and works with ARENA to advance projects in the renewable sector.
Base building	With respect to NABERS ratings, a base building rating covers the performance of the building's central services and common areas, which are usually managed by the building owner (see further NABERS reference below).
Benchmark return	See Portfolio Benchmark Return below.
Black price	The wholesale electricity price received by an electricity generation facility, excluding the benefit of any renewable energy certificates.
<i>Clean Energy Finance Corporation Act 2012</i> (CEFC Act)	The enabling legislation that creates and empowers the CEFC.
Clean energy and clean energy technology	The types of technology the CEFC is permitted to invest in, which includes 'renewable energy technologies', 'energy efficiency technologies' and 'low emissions technologies'.
Climate Bonds	A specific type of green bond issued by the Climate Bond Standards and Certification initiative. See further information on green bonds below.
CO ₂ -e	Carbon dioxide equivalent is a standard measure that takes account of the different global warming potential of greenhouse gases and expresses the cumulative effect in a common unit (definition from the National Carbon Offset Standard).

Term	Description
Co-finance partner; co-financed products	<p>'Sell through' investment in clean energy technology projects indirectly via a financial product that is cofinanced with an intermediary third party (such as a bank, utility company or other financier).</p> <p>The CEFC's finance is 'sold' through the third party which may or may not use CEFC branding in its offer to the end user or project owner, as arranged with the CEFC). The CEFC develops these products with cofinanciers to leverage their capital and existing sales networks. These products can be distinguished from a direct loan where the finance moves directly from the CEFC to the project owner.</p>
Cogen/cogeneration	The combined generation of power and useful heat from the same process or source.
Committed investment	Where the CEFC has made a commitment to invest funds if all necessary pre-conditions are fulfilled by the counterparties.
<i>Commonwealth Authorities and Companies Act 1997</i> (CAC Act)	The legislation that governed Australian Government statutory authorities such as the CEFC during the 2013–14 financial year, now repealed and replaced with the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act). See further information on the PGPA below.
Concession/concessional	Concessional is defined by the Investment Mandate and reflects the mark-to-market valuation of loans committed that financial year. It should be measured as the difference between the net present value of each loan's future cash flows, discounted at market rates, and the net present value of each loan's future cash flows discounted at the given concessional rate.
Cornerstone investor	Cornerstone investors are usually large institutional investors, or reputable individuals of substance, whose early stage involvement in an investment signals to the market that an opportunity may be worthwhile for other investors to also consider.
Corporate facility or corporate loan	Typically, a loan to a company (rather than a specific project) for its smallscale projects, or a bundle of projects, often secured against the assets or operations of the corporate entity.
Decarbonisation	Action that reduces the emissions intensity of the economy.
Distributed generation	Distributed generation is essentially generation that occurs away from large power stations, and closer to where the power is consumed, typically on the lower voltage distribution network (that is, generation that is 'distributed' throughout the network rather than centralised at a power station). Examples are onsite cogeneration and rooftop solar panels. It can include cogeneration within a building or factory (embedded generation), or even a network of connected buildings (precinct generation).
Dollars (\$)	All references to dollars are Australian dollars unless otherwise specified.
Drivetrain	The components of a vehicle that deliver power from the engine to the wheels.
Ecologically Sustainable Development (ESD)	A set of principles that corporations and government entities must report against under the <i>Environment Protection and Biodiversity Conservation Act 1999</i> (EPBC Act). See further information below.
Embedded generation	Generation of energy on site (for example, solar panels on a roof or a biogas fired generator within the manufacturing process), as opposed to buying energy generated from afar and transmitted to the site (for example, electricity from a utility transmitted through the electricity network).
Emissions Reduction Fund (ERF)	An Australian Government initiative that purchases emissions abatement through a competitive process.
Energy productivity	Using less energy to produce the same per unit outcome.



Term	Description
Energy Efficiency Technology (EET)	Clean energy technologies that fit within the CEFC Act's definition of 'energy efficiency technologies'. Includes technologies that are enabling technologies and technologies that are related to energy conservation or demand management.
Environmental Upgrade Agreement	A type of finance created by statute, available in local government jurisdictions in NSW (City of Sydney, North Sydney, Parramatta, Lake Macquarie and Newcastle) and Victoria (City of Melbourne). Funding from a financier is repaid out of a council rate charge, increasing the security of the finance.
<i>Environment Protection and Biodiversity Conservation Act 1999</i> (EPBC Act)	The Australian Government's central piece of environmental legislation, which provides a legal framework to protect and manage nationally and internationally important flora, fauna, ecological communities and heritage places.
Equity	In finance terms, owned capital (such as shares) in a business or enterprise.
Export Finance and Insurance Corporation (EFIC)	An Australian Government statutory authority that provides finance and support to Australian exporters.
Forecast lifetime yield	The annualised weighted average of forecast income on outstanding principal balance over the life of the investment.
Fringe-of-grid	Areas at the edges of an electricity grid. These are typically the farthest points away from large-scale generation and transmission. Transmission over long distances tends to increase loss of energy. If energy demand is also increasing, fringeofgrid areas may lend themselves to localised energy solutions.
Fugitive methane emissions	CO ₂ -e emissions that leak from certain sites, such as mines and landfills.
Government Policy Order	An instrument to direct government entities made under the PGPA Act.
Green bonds	A generic term for bonds used to finance projects with an environmental outcome. See Climate Bonds above.
Green Investment Bank (GIB)	A public company owned by the UK Government and charged with accelerating the UK's transition to a greener, stronger economy. Operates with a mission similar to the CEFC.
Green price	The price for renewable energy certificates (RECs) that are created and sold by electricity generation facilities registered as accredited renewable energy facilities under the Renewable Energy (Electricity) Act 2000. Renewable energy facilities typically benefit from both the "black price" and the "green price" for each megawatt hour of electricity generated.
Greenhouse gases	The six Kyoto Protocol classes of greenhouse gases are carbon dioxide (CO ₂ -e), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF ₆).
Grid	An electricity grid. The main grids in Australia are the National Electricity Market (NEM), the SouthWest Interconnected System (SWIS) and the NorthWest Interconnected System (NWIS). There may also be localised grids (such as Darwin and Alice Springs).
Hedge	Refers to a way of protecting against financial loss or other adverse circumstances, typically through taking an offsetting position in a related security, such as a futures contract.
Heliostat	A mirror or polished surface used in concentrating and directing sunlight to optimise generation capacity.

Term	Description
Hybrid technology	As defined by the CEFC Board, a combination of technologies that integrate a renewable energy generation technology with other technologies into a combined system. See 'Renewable Energy Technologies' below.
Hybrid vehicle	A motor vehicle that uses both fuel and electric batteries as dual power sources.
Investment Mandate	<p>The Clean Energy Finance Corporation Investment Mandate Direction 2015 is a formal Ministerial Direction made under the CEFC Act which specifies conditions under which the CEFC may perform its investment function.</p> <p>More commonly, the term 'investment mandate' refers to the particular spectrum of opportunities that any given entity is permitted to invest in (also known as the 'investment universe'). In this report we use capitalisation to distinguish between the two. The CEFC Investment Mandate changed during the 2014-15 reporting year.</p>
Large-scale	In reference to renewables, a power station large enough to earn certificates under the LRET (i.e. above 100kW for Solar PV).
Large-scale Generation certificates (LGCs)	Tradable certificates created under Section 17 of the <i>Renewable Energy (Electricity) Act 2000</i> . One LGC is equivalent to 1MWh (megawatt hour) of eligible renewable electricity generated above the power station's baseline.
Large-scale Renewable Energy Target (LRET)	The LRET creates a financial incentive for the establishment or expansion of renewable energy power stations, such as wind, solar farms and hydro-electric power stations. It does this by legislating demand for Large-scale Generation Certificates (LGCs). One LGC can be created for each megawatt-hour of eligible renewable electricity produced by an accredited renewable power station.
Lifetime abatement	The estimated amount of abated emissions over a project's useful life.
Light Emitting Diode (LED)	A form of light bulb that emits less heat than incandescent bulbs and are therefore an energyefficient technology.
Limited recourse	Means that the recourse of the financier is limited to the assets, that are the subject of the finance.
Low Carbon Australia Limited (LCAL)	An Australian Government company that served as a small-scale pilot for the CEFC's work. The Australian Government determined that LCAL would be integrated into the CEFC, and this process was completed during the 2013-14 year. LCAL was deregistered as a company in the 2014-15 year and no longer exists.
Low Emissions Technology (LET)	<p>Low Emissions Technologies may be applied to a number of activities including but not limited to:</p> <ul style="list-style-type: none"> a) energy production b) electricity generation including the use of nonrenewable, fossil fuels c) fuels for and modes of transportation; and d) using, reducing, or eliminating existing fugitive greenhouse gas emissions. <p>In addition to meeting the above criteria, the Board requires that at the time of CEFC investment, the low emissions technology must result in emissions of CO₂e being substantially lower than the current average of the most relevant baseline for the activity being undertaken. The CEFC Board has provided further definition on what constitutes 'low emissions technologies' for its purposes on the CEFC website.</p>
Merchant basis	In respect of renewable energy generation, energy sold onto the spot market without the benefit of a fixed price power purchase agreement where the price received is the prevailing market price at the time of sale.
Mezzanine debt	A specific type of debt that stands between equity and senior debt and in subordination to the senior debt. May or may not be convertible to equity. See Figure 37 for an illustration of the capital structure.



Term	Description
National Australian Built Environment Rating System (NABERS)	A national ratings system that measures energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment.
National Electricity Market (NEM)	A regulated electricity trading market that interconnects the electricity grids of the states and territories of New South Wales, Victoria, Queensland, South Australia, Tasmania and the ACT.
Off-grid	Not connected to the electricity grid, such as in remote areas.
Offtake agreement	An agreement between a producer (of energy or crops) and a purchaser to purchase production output for a defined period at a defined price.
pari passu debt	A Latin term used in the legal and finance industry that means 'on an equal footing' or 'on an equal basis', for example, a loan in which two lenders agree to share any losses that arise on an equal basis. As distinct from 'subordinated debt'.
Partner	A services company that the CEFC partners with to identify, channel and further develop project opportunities.
Photovoltaic (PV)	A type of solar cell generation, as in 'solar PV'.
Pipeline	The forward view of potential CEFC investment opportunities.
Portfolio Benchmark Return (PBR)	A longterm target rate of return established by the CEFC Investment Mandate, against which the performance of the portfolio invested by the Corporation is measured.
Portfolio return	Weighted average return forecast to be made by the CEFC on its portfolio of investments.
Positive externalities	Benefits which are not exclusive to parties to a contract, such as an investment contract. May include reduced carbon emissions which benefit society as a whole. It is a requirement of the CEFC Investment Mandate that positive externalities be considered when the CEFC makes investment decisions.
Power Purchase Agreement (PPA)	A type of offtake agreement where a purchaser agrees to purchase and a supplier agrees to supply future generated electricity, usually at a specified price for a defined period.
Project finance	Longterm financing of infrastructure and industrial projects (such as a utility-scale generator or an onsite generation facility) which will be repaid from the projected cash flows of the project without recourse to the balance sheets of the sponsors.
Project proponents	The 'proposers' or owners of a given project, as distinct from the project financiers.
<i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act)	An Act about the governance, performance and accountability of, and the use and management of public resources by, the Commonwealth, Commonwealth entities and Commonwealth companies, and for related purposes.
Refinancing	Repayment of an existing loan with a new loan.
Renewable Energy Certificates (RECs)	A generic term for tradeable certificates under the <i>Renewable Energy (Electricity) Act 2000</i> .
Renewable Energy Target (RET)	A target for the production of electricity from renewable energy sources under the <i>Renewable Energy (Electricity) Act 2000</i> . Made up of the small-scale renewables scheme (SRES) and the large-scale target (LRET).

Term	Description
Renewable Energy technologies (RNET)	Clean energy technologies that fit within the definition of 'renewable energy technologies' under the CEFC Act, and can include hybrids that integrate renewable energy technologies, and technologies that are related to renewable technologies, including enabling technologies.
Requirements for annual reports	Short for the Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies, approved by the Joint Committee of Public Accounts and Audit, July 2012.
Roll off	Investment amounts that exit the portfolio (e.g. by sale, repayment, cancellation of all or part of the facility, reduction in quantum borrowed etc.).
Sell-through	Investments that are on-sold by the counterparty in order to finance small-scale projects or equipment upgrades (for example to a small business or a consumer).
Senior debt	Debt that takes priority in repayment over other unsecured or more junior debt. See Figure 37.
Single-axis tracking	A type of PV array that rotates a panel around a single axis to track the sun's movement across the horizon, optimising generation capacity.
Small-scale Renewable Energy Scheme (SRES)	A scheme to increase uptake of small-scale renewables, implemented through the <i>Renewable Energy (Electricity) Act 2000</i> and the accompanying Renewable Energy (Electricity) Regulations 2001, by issuing small-scale technology certificates (STC). One STC is equivalent to 1MWh (megawatt hour) of: a) renewable electricity generated by the solar panel, small-scale wind or hydro system (unless the Solar Credits multiplier applies); or b) electricity displaced by the installation of a solar water heater or heat pump.
Special Account	A type of Australian Government account in which funds are held for a specified purpose.
Split incentive	In energy efficiency this references a misalignment of interests between those who pay energy bills and those who control the amount used. A typical example is where a building owner may avoid capital expenditure on energy saving equipment since the benefit flows to the tenant rather than the building owner.
Subordinated debt	Where two or more financiers are involved in offering finance, one may take a 'subordinated' or 'junior debt' position relevant to the other ('senior debt') in the event of a loss (i.e. one financier may rank after the other financier in priority for recovery in the event the finance recipient becomes insolvent and cannot repay the loan). As distinct from 'pari passu debt' — see Figure 37.
tCO ₂ -e	Tonnes of carbon dioxide equivalent greenhouse gas.
Tenor	Length or term of the loan.
Total Annual Remuneration Packages (TARPs)	Total remunerative benefits for staff including salary, superannuation and any other benefits.
Tri-generation	A system of generating power, heating and cooling from the same process or source. A trigeneration system is identical to a cogeneration system with the addition of the cooling element.
Utility-scale	Large centralised generation e.g. a power plant.



TABLE OF ABBREVIATIONS

Abbreviation	Full Name
AAO	Administrative Arrangements Orders
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AFS	Available for sale financial assets
AIPP	Australian Industry Participation Plans
AML/CTF Act	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i>
ANAO	Australian National Audit Office
APSC	Australian Public Service Commission
ARENA	Australian Renewable Energy Agency
ASX	Australian Securities Exchange
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CCS	Carbon capture and storage
CEFC	Clean Energy Finance Corporation
CEFC Act	<i>Clean Energy Finance Corporation Act 2012</i>
CEO	Chief Executive Officer
CFS	Colonial First State
CFSGAM	Colonial First State Global Asset Management
COSBOA	Council of Small Business Australia
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CSP	Concentrated Solar Power
EAP	Employee Assistance Program
EEO Act	<i>Equal Employment Opportunity (Commonwealth Authorities) Act 1987</i>
EET	Energy Efficiency Technology
EFIC	Export Finance and Insurance Corporation
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ERF	Emissions Reduction Fund
ESD	Ecologically Sustainable Development
ESG	Environmental, Social and Governance
EUA	Environmental Upgrade Agreement
FBT	Fringe Benefits Tax
FOI Act	<i>Freedom of Information Act 1982</i>

Abbreviation	Full Name
FRR	<i>Public Governance, Performance and Accountability (Financial Reporting) Rule 2015</i>
FRV	Fotowotio Renewables Ventures
FTE	Full Time Equivalent
FVPL	Financial assets at fair value through profit and loss
GGS	General Government Sector
GHG	Greenhouse gases
GIB	Green Investment Bank
GPO	Government Policy Order
GST	Goods and Services Tax
GW	Gigawatt
GWh	Gigawatt hour
HISOT	High Income Sustainable Office Trust
HR	Human Resources
HTM	Held to maturity
HVAC	Heating, ventilation, air-conditioning and cooling
ILC	Indigenous Land Corporation
IPS	Information Publication Scheme
IT	Information Technology
JCPAA	Joint Committee of Public Accounts and Audit
KKR	Kohlberg Kravis Roberts
KPI	Key Performance Indicators
kW	Kilowatt
LCAL	Low Carbon Australia Limited
LED	Light Emitting Diode
LET	Low Emissions Technology
LRET	Large-Scale Renewable Energy Target
MP	Member of Parliament
MW	Megawatt
MWh	Megawatt hour
NA	Not applicable
NAB	National Australia Bank
NABERS	National Australian Built Environment Rating System



Abbreviation	Full Name
NEM	National Electricity Market
PBO	Parliamentary Budget Office
PBR	Portfolio Benchmark Return
PBS	Portfolio Budget Statement
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PID Act	Public Interest Disclosure Act 2013
PPA	Power Purchase Agreement
PV	Photovoltaic
RECs	Renewable Energy Certificates
RET	Renewable Energy Target
RNET	Renewable Energy Technologies
SCR	Shadow Credit Rating
SMEs	Small to Medium Enterprises
SRES	Small-scale Renewable Energy Scheme
TARP	Total Annual Remuneration Package
UK	United Kingdom
WHS Act	<i>Work, Health and Safety Act 2011</i>

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