



Office of
Environment
& Heritage

Our reference: DOC11/53436
Contact: Ben Pearson, 9995 6371

Ms Jillian Broadbent
Chair
Expert Review Panel
Clean Energy Finance Corporation

- 7 DEC 2011


Dear Ms Broadbent

I am writing in response to the Expert Review Panel's request for submissions on the key themes for the design of the Clean Energy Finance Corporation (CEFC).

The Office of Environment and Heritage (OEH) wishes to make two points about the design of the CEFC, relating to renewable energy projects. OEH would like to be involved in ongoing deliberations and stakeholder consultation, based on our experience in providing support and funding for renewable energy.

Our first point relates to the scope of the CEFC and the theme of "*The market gap and overcoming it*". In our experience, the major barrier for new renewable energy projects in Australia is securing an offtake agreement for the electricity produced by the project. For the CEFC to facilitate investment in renewable energy projects, it must identify ways in which this barrier can be overcome. While mechanisms such as loan guarantees will assist in driving down project costs, and thus revenues required from offtake agreements, there is still no guarantee that an offtake agreement will be secured, even with this support in place.

Our second point relates to the theme of how the CEFC fits in with other government initiatives on clean energy. In particular, we would urge the Panel to be mindful of the need to ensure that projects that may be financed through the CEFC are additional to those made possible through the national Renewable Energy Target (RET). Displacing projects that would have proceeded through the RET would not support the overall objective of increasing renewable energy generated in Australia.

If you have any queries about the issues raised in this letter, please do not hesitate to contact Acting Director Climate Change, Air and Noise, Jennifer Stace, on 02 9995 6202 or at jennifer.stace@environment.nsw.gov.au.

Yours sincerely



LISA CORBYN
Chief Executive