

1 April 2020

The Hon Angus Taylor MP
Minister for Energy and Emissions Reduction

Senator the Hon Mathias Cormann
Minister for Finance

Parliament House
Canberra
ACT 2600
Australia

Dear Ministers,

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

I write with reference to your correspondence that the Clean Energy Finance Corporation (CEFC) received on 27 March 2020 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 notes that Minister Taylor's office has requested a response by April 6, 2020 and not 27 March 2020 as outlined in the letter.

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*.

The CEFC Board accepts the new direction set out in the Investment Mandate for the CEFC to establish an Advancing Hydrogen Fund that would make available up to \$300 million in concessional finance to support the growth of a clean, innovative, safe and competitive Australian hydrogen industry. The Board notes that, in relation to investments made for the purposes of the Advancing Hydrogen Fund, it is to target an average return of at least the five-year Australian Government bond rate +1 per cent per annum over the medium to long term as the benchmark return. The Board also notes that the level of risk deemed acceptable may be higher than for the core CEFC portfolio. The Board will periodically review its investment practices for the purposes of managing the risk of the Advancing Hydrogen Fund and will advise the responsible Ministers of specific measures taken in this regard.

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

Yours sincerely,

[SIGNED]

Steven Skala AO
Chair