

Australian Renewable Energy Agency (General Funding Strategy) Approval 2025

I, Chris Bowen, Minister for Climate Change and Energy, make the following approval.

Dated 28 September 2025

Chris Bowen

Minister for Climate Change and Energy

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1 Name

This instrument is the *Australian Renewable Energy Agency (General Funding Strategy) Approval 2025*.

2 Commencement

(1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

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| --- | --- | --- |
| **Commencement information** | | |
| **Column 1** | **Column 2** | **Column 3** |
| **Provisions** | **Commencement** | **Date/Details** |
| 1. The whole of this instrument | The day on which the instrument is made by the Minister in accordance with subsection 20(2) of the *Australian Renewable Energy Agency Act 2011* |  |

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument

Subsection 20(2) of the Act provides for an approved general funding strategy to be a legislative instrument on the day on which the strategy is approved. Subsection 21(1) of the Act has the effect that a general funding strategy approved after the commencement of a financial year commences from the time when the Minister approves the strategy

3 Authority

This instrument is made under subsection 20(2) of the *Australian Renewable Energy Agency Act 2011*.

4 Definitions

In this instrument:

***Act*** means the *Australian Renewable Energy Agency Act 2011*.

Note: A number of expressions used in this instrument are defined in the definitions section of the Act, including the following:

1. Australia’s greenhouse gas emissions reduction targets
2. Financial assistance
3. Paris Agreement
4. Renewable energy technologies

5 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

6 Approval of General Funding Strategy

For subsection 20(2) of the Act, the General Funding Strategy 2025/26 – 2027/28 at Schedule 1 is approved.

Schedule 1—General Funding Strategy 2025/26 – 2027/28

1 Introduction

The Australian Renewable Energy Agency (ARENA) was established on 1 July 2012 by the *Australian Renewable Energy Act 2011* (Cth) (ARENA Act). ARENA is a Commonwealth corporate entity under the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act).

The ARENA Act is supported by the *Australian Renewable Energy Agency Regulations 2025* (Regulations), which provides that ARENA has the additional function of assisting the Clean Energy Finance Corporation in the administration of its Clean Energy Innovation Fund and specifies additional amounts payable to ARENA under section 64(2) of the ARENA Act.

In the May 2024 Federal Budget, under the *Future Made in Australia* package, the Australian Government provided ARENA funding of $7.1 billion over 16 years to target priority sectors including renewable hydrogen, green metals, low-carbon liquid fuels, processing and refining of critical minerals and clean energy manufacturing.

Through our role in improving the competitiveness and increasing the supply of renewable energy in Australia, ARENA is helping to achieve the Government’s climate change and energy objectives, anchored by emissions reduction goals of 43 per cent by 2030 and net zero by 2050. Under the ARENA Act our functions extend to supporting electrification and energy efficiency, in addition to renewable energy technologies.

In carrying out our work, ARENA supports the Government’s commitment to meaningful engagement and reconciliation with First Nations people.

**General Funding Strategy**

The General Funding Strategy (GFS) guides how ARENA provides financial assistance in accordance with the ARENA Act, associated regulations and the PGPA Act.

ARENA is required to develop a GFS each financial year that sets out our principal objectives and priorities for the provision of financial assistance over the current and upcoming two financial years. The GFS is provided to the Minister for approval and ceases to be in force when the GFS for the next financial year comes into force. ARENA may not enter into an agreement to provide financial assistance unless the assistance is in accordance with the GFS in force at the relevant time. It is the ARENA Board’s responsibility to ensure the GFS is published on ARENA’s website.

**GFS relationship to the ARENA Corporate Plan and Investment Plan**

* The **Corporate Plan** is ARENA’s primary planning document and is required under the PGPA Act. It sets out ARENA’s overall strategy including ARENA’s vision and purpose, key activities and approach to delivery, including organisational capability and cooperation, performance reporting and risk management approach.
* The **General Funding Strategy** states the principal objectives and priorities for ARENA’s key activity of providing financial assistance.
* The **Investment Plan** details ARENA’s investment priorities and funding programs, as well as how to apply for ARENA funding.

2 ARENA’s Vision, Mission and Purpose

ARENA is Australia’s renewable energy innovation agency.

ARENA’s strategic priorities are guided by our vision, mission and purpose, as informed by the object of the ARENA Act, which is to:

* improve the competitiveness of renewable energy technologies
* increase the supply of renewable energy in Australia
* facilitate the achievement of Australia’s greenhouse gas emissions reduction targets
* contribute to the reduction of global greenhouse gas emissions in accordance with the Paris Agreement.

ARENA’s vision is a prosperous Australia that is a renewable energy superpower in a net zero world.

Our mission is to support the global transition to net zero emissions by accelerating the pace of pre-commercial innovation, to the benefit of Australia.

This mission is tied to ARENA’s purpose: ARENA’s purpose is to support improvements in the competitiveness and supply of renewable energy and the uptake of energy efficiency and electrification by providing financial assistance and sharing knowledge, to accelerate innovation that benefits all Australians, and facilitates the achievement of Australia’s greenhouse gas emissions targets.

3 Guiding Principles and Priorities for Arena Financial Assistance

ARENA provides financial assistance to Australian researchers, innovators and businesses for projects that align with our strategic priorities or the objectives of the budget programs that ARENA is responsible for delivering.

**Guiding principles**

Our strategic priorities address the key challenges we aim to solve through the provision of financial assistance and knowledge sharing. We use the following guiding principles to identify and review our strategic priorities each year.

***Maximum impact***

ARENA strives to achieve maximum **impact** and value from the projects we fund. We consider the following when identifying our strategic priorities and focus areas within those:

1. **Long-term impact:** the potential to drive long-term impact versus short-term or interim solutions, unless such solutions are on the direct path to long-term impact.
2. **High impact:** each priority individually contributes to a significant part of ARENA’s mission.
3. **Current relevance and additionality:** market pull or need for ARENA support, minimal overlap with other grant-funding efforts in the ecosystem, and potential for acceleration in Australia.

***Responsive***

ARENA is **responsive** to market conditions, technology developments and industry needs. We regularly review our strategic priorities to ensure we are providing financial assistance to have the highest impact. We aim to be agile, responding swiftly to take advantage of opportunities that could have a transformative impact.

***Diversity***

Given the uncertainty and risk inherent in researching, developing and commercialising new solutions, ARENA seeks **diversity** in its portfolio when providing financial assistance to ensure options are kept open for the future and its portfolio has an impact in different policy and economic scenarios.

Accordingly, we strive to ensure our overall portfolio includes activities at different stages of development on the commercialisation pathway including:

* research into, and development of, early-stage technologies that are world-leading or address specific Australian requirements
* demonstration of the feasibility of new technologies, or supporting business models, that are novel in application
* pre-commercial deployment of technologies where this is expected to improve the competitiveness of future projects.

***Commercial focus***

ARENA’s financial assistance is **commercially focussed** and provided to advance technologies or business models towards commercial readiness. We seek to provide the minimum financial assistance needed to achieve an outcome, and in the most appropriate form, maximising efficiency and value for public investment.

ARENA provides financial assistance in the form of grants. Where there is the possibility of upside from a project in the future, ARENA may negotiate a recoupment mechanism that sees some or all grant funding returned should the upside scenario eventuate. In so doing, ARENA ensures that funding continues to represent value for the Australian taxpayer.

**ARENA’s strategic priorities**

For the period of this GFS (2025–26 to 2027–28), ARENA’s strategic priorities are to:

* Unlock ultra low-cost solar (ULCS).
* Optimise the transition to renewable electricity.
* Commercialise renewable hydrogen.
* Support the transition to low emissions metals.
* Decarbonise transport.

These priorities reflect our mission – to support the global transition to net zero emissions – by lowering the cost and increasing the availability of renewable energy, growing the share of renewables in the electricity mix, supporting fuel switching, energy efficiency and electrification, becoming more flexible in when we use electricity, and supporting the development of technology solutions for hard-to-abate sectors where a pathway to lower emissions is expensive or currently not feasible.

In addition to committing baseline funding to high-merit projects, ARENA will use its expertise in grant funding to deliver targeted programs including:

* the Future Made in Australia Innovation Fund
* the Battery Breakthrough Initiative
* the Solar Sunshot program
* the Industrial Transformation Stream as part of the Powering the Regions Fund
* Hydrogen Headstart
* First Nations Community Microgrids stream as part of the Regional Microgrids Program.

Schedule 2—Repeals

Australian Renewable Energy Agency (General Funding Strategy) Approval 2024

1 The whole of the instrument

Repeal the instrument

Note: Subsection 21(2) of the Act has the effect that the general funding strategy in Schedule 1 to the *Australian Renewable Energy Agency (General Funding Strategy) Approval 2024* ceases to be in force when the strategy in Schedule 1 comes into effect.