



# ARENA GENERAL FUNDING STRATEGY

2022-23 – 2024-25

**ARENA**

 Australian Government  
Australian Renewable  
Energy Agency



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# INTRODUCTION

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

In September 2020 the Australian Government extended ARENA's funding, committing baseline funding of \$1.43 billion over the ten years to 2032. ARENA will also be provided with an additional \$538 million<sup>1</sup> to deliver targeted programs.

Through its role in improving the competitiveness and increasing the supply of renewable energy in Australia, ARENA works to support the Government's climate change and energy objectives, anchored by the Government's goals of net zero by 2050 and emissions reductions of 43 per cent by 2030. The Government's Powering Australia plan aims to increase the share of renewables in the National Electricity Market to 82 per cent by 2030. It also outlines

a range of programs which ARENA can support, either through contributing our lessons and knowledge, or as an implementing agency.

## THE GENERAL FUNDING STRATEGY (GFS)

The General Funding Strategy (GFS) guides how ARENA provides financial assistance under the ARENA Act and any Regulations.

ARENA is required to develop a GFS that sets out ARENA's principal objectives and priorities for the provision of financial assistance for the financial year for which the GFS relates and the following two financial years, a copy of which is to be given to the Minister for approval. This GFS remains in force until a subsequent version is approved by the Minister. ARENA may not enter into an agreement for the provision of financial assistance unless such assistance is in accordance with the GFS in force at the relevant time. The Board is to ensure that the GFS is published on ARENA's website.

## RELATIONSHIP TO THE ARENA CORPORATE PLAN AND INVESTMENT PLAN

The ARENA Corporate Plan, required under the PGPA Act, is ARENA's primary planning document and is prepared on an annual basis. The Corporate Plan describes 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** outlines ARENA's investment priorities and funding programs in more detail, and includes information on how to apply for ARENA funding.

# ARENA'S VISION AND PURPOSE

ARENA's strategic priorities are guided by our vision and purpose, as informed by the main objects of the ARENA Act, which are to:

- > improve the competitiveness of technologies
- > increase the supply of renewable energy in Australia.

ARENA's vision is to support the global transition to net zero emissions by accelerating the pace of pre-commercial innovation, to the benefit of Australian consumers, businesses and workers.

To achieve this vision, our work is focused on delivering ARENA's purpose: to support improvements

in the competitiveness and supply of renewable energy and other emissions-reducing technologies, to the extent our enabling Act and any Regulations permit. We achieve this through providing financial assistance and sharing knowledge, to accelerate innovation that benefits all Australians.

<sup>1</sup>The \$538 million to deliver the targeted programs includes \$486.3 million in grant funding. See [arena.gov.au](http://arena.gov.au) for more information.

# 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. ARENA's strategic priorities address the key problems ARENA aims to solve through the provision of financial assistance.

ARENA considers the following three principles when shaping our strategic priorities, to ensure that our resources are deployed to have the most impact.

We choose strategic priorities that have:

- 1. Long-term impact:** the potential to drive long-term impact versus short-term or interim solutions, unless these are on the direct path to long-term impact.
- 2. High incremental impact,** such that each priority individually contributes to a significant part of the overarching problem or solution space.
- 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.

ARENA aims to be **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.

Given the uncertainty and risk inherent in researching, developing and commercialising new energy solutions, in providing financial assistance, ARENA seeks **diversity** in its portfolio to ensure options are kept

open for the future and its portfolio has an impact in different policy and economic scenarios.

Accordingly, we look 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.

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

ARENA provides its 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 which sees some or all of its grant funding returned in the event that the upside scenario eventuates. 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 (2022-23 to 2024-25), ARENA's strategic priorities are to:

-  > Optimise the transition to renewable electricity
-  > Commercialise clean hydrogen
-  > Support the transition to low emissions metals
-  > Decarbonise land transport

These priorities reflect an overarching vision to reduce emissions by lowering the cost and increasing the availability of low emissions technologies including renewable energy, to:

- > grow the share of renewables in the electricity mix
- > support fuel-switching and electrification where possible
- > become more flexible in when we use electricity
- > support 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 eligible projects, ARENA will use its expertise in grant funding to administer targeted programs funded by the Australian Government where our mandate permits.

Through these priorities, ARENA supports the Australian Government in delivery of programs that are consistent with our objects and any relevant Regulations in effect.

## Australian Renewable Energy Agency

Postal Address  
GPO Box 643  
Canberra ACT 2601

Location  
2 Phillip Law Street  
New Acton ACT 2601

Further information is available  
at [arena.gov.au](http://arena.gov.au)

### Engage with us

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