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The Hon Chris Bowen MP
Minister for Climate Change and Energy
Parliament House
Canberra ACT 2600

Dear Minister Bowen

Re: Australian Renewable Energy Agency Statement of Intent

Thank you for your recent letter setting out your expectations for the Australian Renewable Energy Agency (ARENA). Our Statement of Intent below outlines our response to your Statement of Expectations, and emphasises the strong alignment between the Government's ambitions and ARENA's mission.

The Board and I agree that ARENA will continue to play a critical role in achieving Australia's emissions reductions targets, renewable energy ambitions, and in the implementation of the *Powering Australia* plan. The recent legislative amendments to embed Australia's greenhouse gas emissions reductions targets into the *ARENA Act 2011* strengthen our mission and connect it directly with both national and global emissions reduction goals and complement our existing object to increase the competitiveness and supply of renewable energy. This aligns strongly with our vision 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.

We also welcome the *Australian Renewable Energy Agency Amendment (Powering Australia) Regulations 2022* which allows ARENA to expand its technology scope to support energy efficiency and electrification technologies.

As the accountable authority, and consistent with our legislation, the Board looks forward to supporting the Government's emissions reduction goals and the *Powering Australia* plan, including as outlined in this Statement of Intent.

Delivering on our 2030 target and net zero by 2050 commitments through Powering Australia

ARENA is well positioned to contribute to the delivery of the *Powering Australia* plan by utilising our ten years' experience in supporting early-stage renewable energy technologies. We are supporting the Department of Climate Change, Energy, the Environment and Water (the Department) on how it can best implement *Powering Australia*, including through advisory committees and advice to identify opportunities for ARENA to lead on program delivery in areas of strong strategic alignment, and in a manner that best utilises our skills and expertise.

Meeting the Government's goals will require a coordinated effort between federal and state governments, industry and the non-government sector. ARENA has built strong relationships across key Commonwealth Government agencies, as well as with State and Territory Governments, and will continue to strengthen and leverage those relationships in the work we do.

ARENA's work in helping Australia reach the 2030 and 2050 targets is well under way, and the strategic priorities identified by the Board and embedded in our General Funding Strategy align closely with the Government's *Powering Australia* plan and the priorities identified in your Statement of Expectations.

Our investments in these priority areas will support long-term emissions reductions, and assist to decarbonise the electricity, industry and transport sectors, develop new clean energy industries, and boost regional economic growth. For over four years, ARENA has been the primary agency funding the development of Australia's nascent green hydrogen industry. We are proud of our work in supporting the industry in this early stage and are enthusiastic about the potential for green hydrogen to support the transition of Australian heavy industry and metals production, with significant benefits to regional economies.

ARENA is building significant expertise in green hydrogen, including supporting one of the world's largest renewable hydrogen plants near Karratha in Western Australia, and expects to support feasibility studies for the next generation of utility scale green hydrogen projects, many of which can be expected to have export capabilities.

More broadly, more than one-third of ARENA's current projects are based in regional Australia. These programs and projects will help promote regional economic growth, from the deployment of large-scale renewables, to regional microgrids, to ensure energy resilience, independence and reliability.

ARENA is keenly aware of the importance of supporting industries and facilities to meet their decarbonisation goals and obligations, including under the Safeguard Mechanism. We have strong existing relationships with numerous entities whose facilities will be subject to the Safeguard Mechanism, and will continue to work closely with them and other Safeguard-liable entities to identify projects that can assist and accelerate their decarbonisation.

Collaborating with other government agencies on broader policies and priorities

At ARENA, we pride ourselves on our collaborative approach, which is critical to the success of our knowledge sharing function, as well as the development of our project portfolio. Maintaining a close working relationship with the Department is critical, as it ensures that the knowledge we have accumulated can help the Government's policy and program development in support of the *Powering Australia* plan.

We enjoy close working relationships with the CSIRO, the Clean Energy Finance Corporation, the Clean Energy Regulator, the Australian Energy Market Operator, the Australian Energy Market Commission and co-operative research centres, including the Heavy Industry Low Carbon Transition (HILT) and Future Fuels Cooperative Research Centres. We will continue to liaise and collaborate with these agencies, and are ready to participate in relevant advisory committees in support of the *Powering Australia* plan. We also pride ourselves on building and maintaining strong relationships with the research sector and industry, as well as the supporting consulting engineering, finance and legal sectors.

ARENA is engaging closely with the Department on opportunities to support the Government's ambitions for international leadership in clean energy and climate action. We actively supported Australia's presence at the Glasgow Conference of the Parties (COP) in 2021, and look forward to supporting the Government's presence at COP27 in Egypt, as well as Australia's bid to host COP29 in Australia with Pacific partner countries.

We look forward to working with the Department and others to identify ways that ARENA's knowledge and analysis can support accelerating decarbonisation efforts in partner countries, particularly in the Pacific.

Finally, ARENA's Knowledge Sharing program will continue to share important data, learnings and insights from ARENA-funded projects and initiatives. In this way, ARENA's work can catalyse the take-up of innovation in renewable energy technologies across industry sectors, while informing policy and program development in Australia and elsewhere. The agency will continue to connect with government agencies bilaterally and through our knowledge sharing events and networks.

Ensuring effective and inclusive engagement and governance

Thank you for providing your expectations in terms of ARENA incorporating key Government commitments into our operations, engagement and decision-making.

I am pleased to report that ARENA is actively working toward net zero operations. Our three offices all have a NABERS rating of 5 stars or more and are all located within easy access to public transport services. Since 2019, we've used CarbonNeutral to offset our air travel-related emissions, and utilise green electricity or electricity that is 100% carbon neutral. We will continue on our journey to net zero operations, and look forward to any forthcoming Government guidance.

In terms of considering physical climate risks, these are actively considered as part of ARENA's funding decision process. Climate risks are highlighted to the Board in its consideration of award of funding. The Board takes seriously its responsibility in assessing future climate risks associated with any of the projects it supports, and is working towards consistency with the Task Force on Climate-related Financial Disclosures principles.

The Board and I fully support the importance of engaging meaningfully with First Australians through the clean energy transition. I have a strong personal and practical commitment to Reconciliation, including through the Karrkad Kanjdji Trust which I chair. The Trust supports the work of Indigenous ranger groups in Arnhem Land on projects including landscape-scale carbon abatement programs, conserving endangered landscapes and species, conserving Indigenous knowledge and cultural heritage, and improving education outcomes.

I have encouraged ARENA to explore the role it can play in addressing energy poverty for remote First Nations communities, and in supporting best practice engagement with First Nations people in the deployment of large-scale renewable energy projects – many of which will occur on land in which First Nations' people have a legal or cultural interest.

ARENA has recently commenced work on our first Reconciliation Action Plan. We have also reviewed our template funding agreement to include clauses encouraging best practice engagement with First Nations people and knowledge sharing about First Nations engagement, consultation, outcomes and impact throughout the project.

ARENA continues engaging with the First Nations Clean Energy Network, Clean Energy Council and industry to explore opportunities to address energy poverty and improve engagement with First Nations organisations and communities on clean energy projects.

We will continue to work closely with the Department in the development and implementation of the First Nations Clean Energy Strategy.

I share your appreciation for the importance of managing total agency operating costs. We will ensure that we report to you regularly on this matter. I also commit to ARENA continuing to seek your prior approval for any official ARENA overseas travel undertaken by the CEO, CFO or Board Members.

Communicating across the portfolio

Thank you for your assurance that the Department will continue to consult with ARENA in a timely manner. We value our close working relationship with the Department, and look forward to continuing to work closely with it, including to ensure quality briefing and support to you and your office. We also look forward to working collaboratively with your office to determine how best we can assist with engaging with the 47th Parliament.

Incineration of non-putrescible waste for energy

I can confirm that your understanding is correct that ARENA's investment priorities do not align with investing in further projects incinerating waste for energy, and we do not intend to support any new project applications in this sector.

On behalf of the ARENA Board, I thank you for this opportunity to deliver the agency's Statement of Intent, and look forward to working closely with you to accelerate Australia's transition towards a clean energy future.

Yours sincerely



Justin Punch
Chair
Australian Renewable Energy Agency