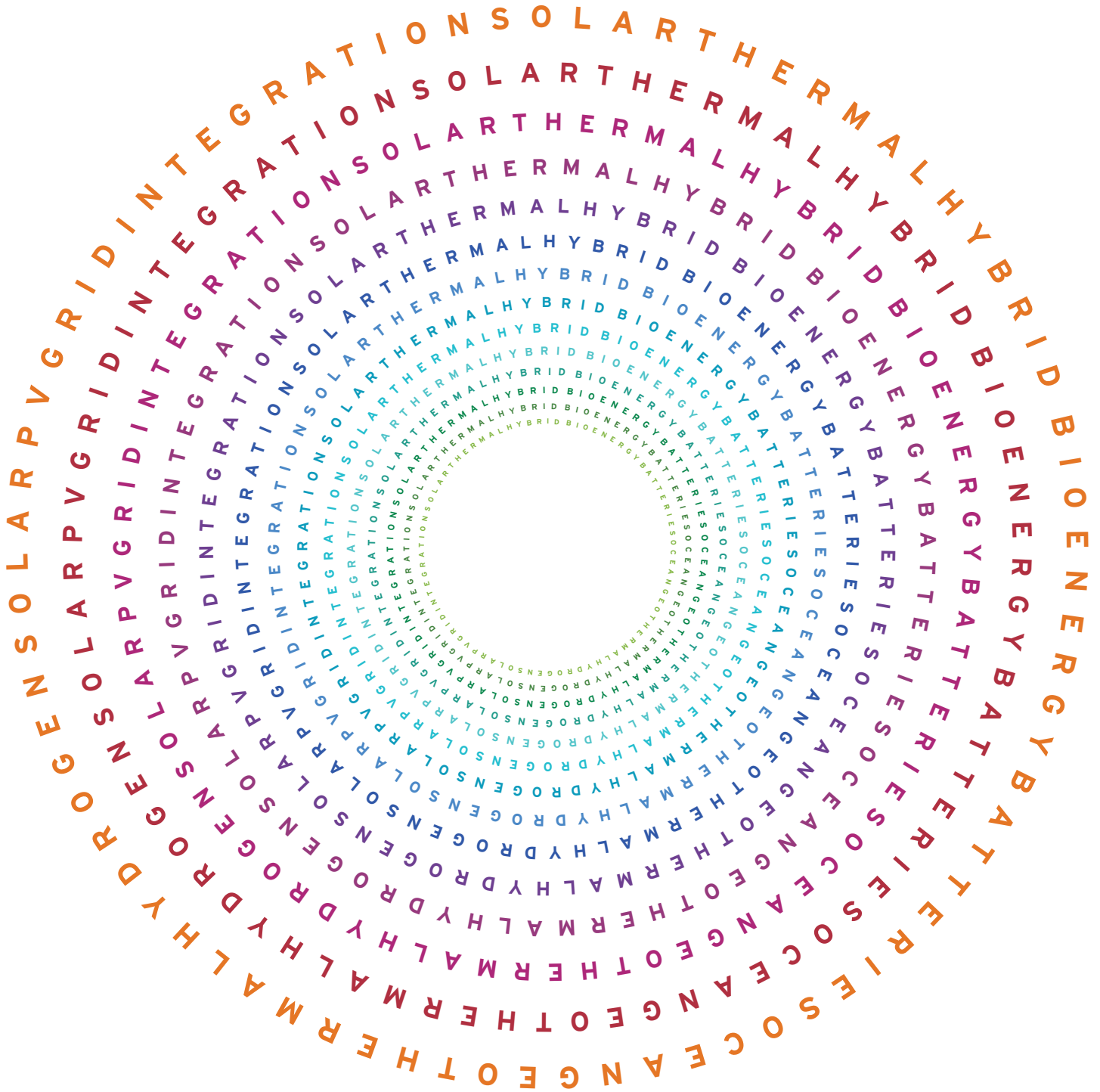


ARENA CORPORATE PLAN

2021/22 – 2024/25



ARENA



Australian Government
Australian Renewable
Energy Agency

UPDATED 8 SEPTEMBER 2021

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FROM THE CHAIR

The global energy transition continues to accelerate. Consumers, corporations and governments are stepping up their emissions reduction ambitions and the investment in renewable energy and low emission technologies and infrastructure needed to achieve them. The pace of change provides an increasing opportunity for Australia to be a significant exporter of renewable energy as the transition unfolds.

Australia's own transition is underway. We have made good progress incorporating renewables into our electricity system with world-leading adoption of rooftop solar and record rates of new large-scale wind and solar. In 2020, renewables accounted for approximately 28% of Australia's total electricity generation, almost double the level of seven years ago. Many important technologies are reaching, or within sight of, important cost thresholds with small and large-scale solar, lithium-ion batteries and electric vehicles being standout examples.

The Australian Government has emphasised the essential role of technology innovation in the transition to a low emissions future, and has shared its vision through the Technology Investment Roadmap and the first Low Emissions Technology Statement. State, territory and local governments are also playing an active role in this transition.

Innovation in renewable energy and low emission technologies will unlock new economic opportunities for Australia. Our investment and effort in research and development, early-stage demonstrations and large-scale deployments will create new jobs, support our regional economies and provide the opportunity to leverage our competitive advantages to deliver affordable and reliable renewable energy for Australia and build a renewable energy export industry.

ARENA supports innovation and commercialisation of renewable energy and low emission technologies. Our important role was acknowledged with the extension of our funding in September 2020, providing an additional \$1.62 billion including baseline funding of \$1.43 billion over the next 10 years and \$193 million to deliver targeted programs announced in the 2020-21 Federal Budget.

Our focus is now on the next phase of technology research, development, deployment and commercialisation:

- › We will help to optimise the transition to an electricity system powered by renewables through investment in technologies that enable ultra low-cost generation, support flexible demand, improve the economics of energy storage and optimise large-scale integration of renewable energy.
- › We will support research, development and deployment of technologies that drive the commercialisation of clean hydrogen for both domestic and export applications.
- › We will support the transition to low emissions metals focusing on the steel and aluminium value chains.
- › We will develop our approach to scaling up carbon capture and storage (CCS) and reducing the cost of soil carbon measurement, through consultation with industry, researchers and the Government.
- › We will use our expertise in grant funding to deliver the targeted programs announced in the 2020-21 Federal Budget.

Our role in the transition to a net zero economy is unique. We bridge the gap between innovators and investment to help push emerging and early-stage technologies towards commerciality. Our success goes beyond funding. We build the capacity of Australian industries, businesses, communities and individuals to invest in and use renewable energy and low emission technologies. We are also a knowledge hub, working at the cutting edge of innovation, learning rapidly and informing others about what does and doesn't work to help shape Australia's net zero future.

This Corporate Plan outlines ARENA's key activities and challenges for the next four years including the delivery of lasting benefits from our substantial portfolio of projects under management and exploration of new opportunity areas in renewable energy and low emission technologies.

Yours sincerely,



Justin Punch
Chair

Statement of preparation

I, as Chair of the Board of the Australian Renewable Energy Agency (the accountable authority) present our four-year Corporate Plan as required under paragraph 35(1)(a) of the Public Governance, Performance and Accountability Act 2013.

Mr Justin Punch
Chair, August 2021

Period of coverage

The Corporate Plan is prepared for the reporting period 2021-22 to 2024-25

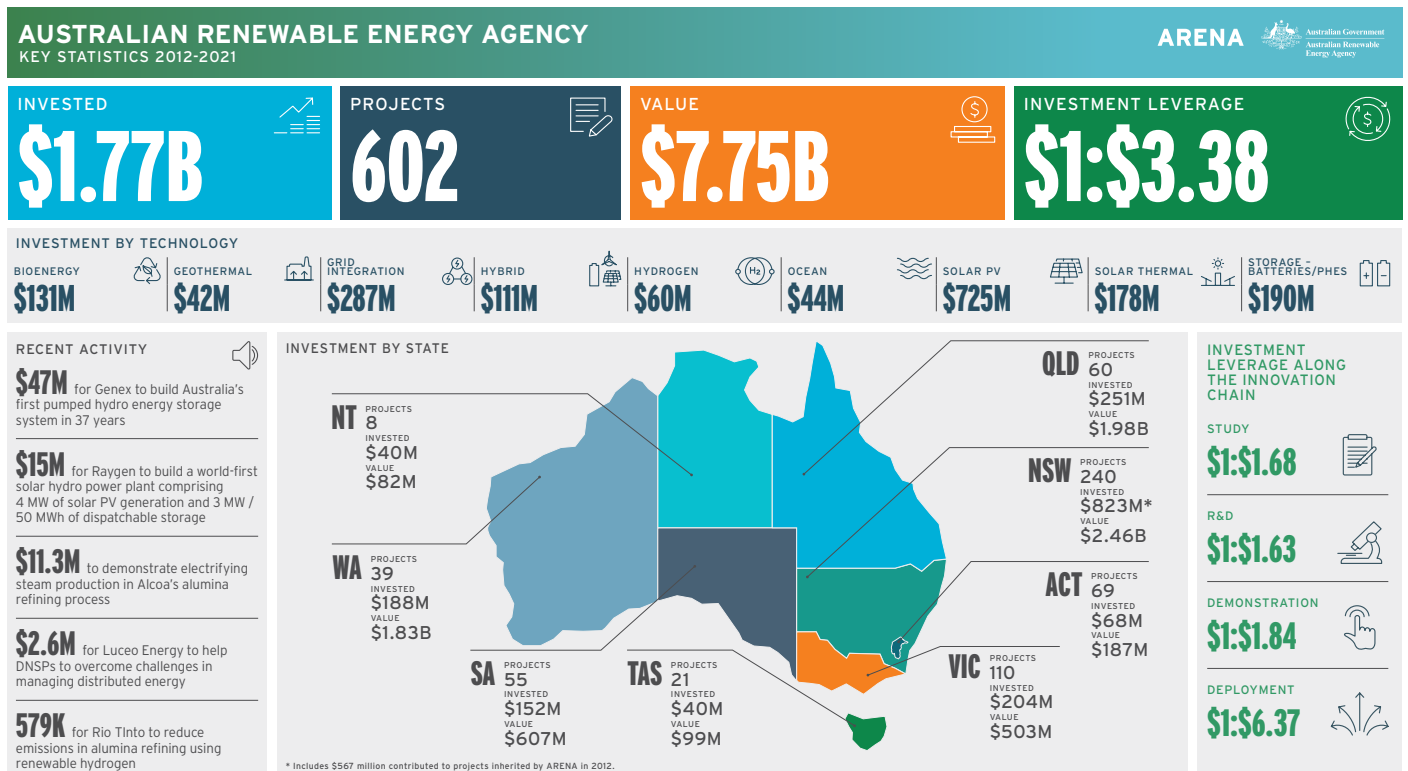
OUR PURPOSE AND STRATEGY

ABOUT ARENA

The Australian Renewable Energy Agency (ARENA) was established by the Australian Government in July 2012 under the Australian Renewable Energy Act 2011. ARENA, as established by the ARENA Act 2011, has the main object of improving the competitiveness of renewable energy technologies and increasing the supply of renewable energy in Australia.

The impact of our work is significant. Since 2012, we have been instrumental in building the foundation of the renewable energy ecosystem in Australia. ARENA has invested over \$1.77 billion in 602 renewable energy projects to date, with a total project value of \$7.75 billion, meaning that for every dollar of Commonwealth funding third-parties have invested \$3.38.

FIGURE 1
ARENA AT A GLANCE - FUNDING COMMITMENTS TO PROJECTS 2012-21



In September 2020, ARENA received additional funding of \$1.62 billion, made up of baseline funding of \$1.43 billion over the next 10 years and \$193 million to deliver targeted programs announced in the 2020-21 Federal Budget.

As expressed in the first Low Emissions Technology Statement (LETS), released in September 2020, the Australian Government planned to introduce a legislative and regulatory reform package to expand ARENA's functions. The ARENA (Implementing the Technology Roadmap) Regulations 2021 came into effect on 30 July 2021. These regulations expand ARENA's functions to include investment in projects that will support the achievement of the stretch goals for the priority low emission technologies set out in the first LETS (including low emissions aluminium and steel, carbon capture and storage (CCS), clean hydrogen, energy storage and soil carbon technologies) and provide the statutory power to deliver the programs announced in the 2020-21 Federal Budget.

ARENA will continue to support innovation and commercialisation of renewable energy technologies in Australia. We will also play a broader role in Australia's emissions reduction journey, using our expertise in grant funding to support low emission technologies that align with our strategic priorities and deliver the targeted programs announced in the 2020-21 Federal Budget.¹

Our purpose 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. We achieve our purpose by providing financial support to innovative projects and companies, and by sharing knowledge with the industry and the public.

This Corporate Plan outlines our key activities, operating context and measurement of performance for the next four years.

You can also read about ARENA's:

- › principal objectives and priorities for the provision of financial assistance, including our strategic priorities, in our **General Funding Strategy**
- › strategic priorities and how to apply for funding in our **Investment Plan 2021**
- › achievements and outcomes to date in our latest **Annual Report**.

To stay up to date on ARENA, visit arena.gov.au.

¹ The expansion of ARENA's functions to permit investment in priority low emissions technologies and deliver the Budget programs is conditional on the ARENA (Implementing the Technology Roadmap) Regulations 2021. Please visit arena.gov.au to stay informed of all announcements.

OUR OPERATING ENVIRONMENT

The global energy transition continues to accelerate. Global demand for renewable energy and low emission technologies is expected to grow significantly to enable countries to meet their long-term emissions reduction ambitions. Australia is well positioned to play an important role in this transition, given our abundance of natural resources, land availability, proven export capabilities and infrastructure, and strong trading relationships.

Australia's own transition is underway, with governments, industry and consumers increasingly recognising the value of renewable energy and low emission technologies.

Reflecting this momentum, several steps were taken by the Australian Government during 2020 and 2021. The Government:

- › released its first Low Emissions Technology Statement (LETS), which aims to guide the public and private sectors on the Government's priorities for future energy and emissions reduction technologies
- › extended ARENA's funding by \$1.62 billion over the next ten years in the 2020-21 Federal Budget
- › committed investment in the 2021-22 Federal Budget to clean hydrogen export hubs, carbon capture technologies and hubs, the National Soil Carbon Innovation Challenge, and international technology partnerships and initiatives
- › expanded ARENA's function to enable investment in priority low emission technologies, including low emissions aluminium and steel, carbon capture and storage (CCS), clean hydrogen, energy storage and soil carbon technologies

- › provided ARENA with the statutory authority to fully deliver the programs announced in the 2020-21 Federal Budget, including the:
 - › Future Fuels Fund
 - › Industrial Energy Transformation Studies Program
 - › Regional Australia Microgrid Pilots Program
 - › Freight Efficiency Assistance Grants²
 - › Freight Energy Productivity Trial Program.²

Australia's electricity system is rapidly evolving. Solar and wind are now the cheapest sources of new bulk electricity supply, and Australian consumers and businesses are installing distributed energy technologies in record numbers. Approximately 2.7 million households have installed rooftop solar to reduce their electricity costs and emissions. Australian industry continues to pioneer new technologies, with significant large-scale projects planned or underway. A lower-cost, renewable energy dominated electricity grid also enables emissions reduction through higher electrification of other sectors such as transport, buildings and industry. As the adoption of renewables increases, challenges include ensuring grid stability and reliability, and shaping demand to better match variable generation. There are also further gains to be made in driving down the cost of generation, which would put downward pressure on electricity prices and unlock further emissions reduction opportunities in heavy industry and renewable energy exports.

On the demand-side, fuel switching in industry and transport has lagged supply-side progress in shifting to renewables, with these sectors accounting for approximately 80% of final energy use in Australia. While a portion of these sectors' fossil fuel-based emissions could be abated through electrification, a sizable portion will require alternative clean fuels to decarbonise. A key challenge is the need for high-temperature heat, with the required technologies still some way from commercialisation.

Clean hydrogen is emerging as a decarbonisation solution for energy uses that are not well suited to electrification. We are at the start of what will be a multi-year journey to clean hydrogen becoming commercially viable. While there are deployments of hydrogen produced from renewable energy in Australia, support is needed to realise the vision outlined in the National Hydrogen Strategy announced in November 2019.

Technologies that capture and sequester carbon dioxide (CO₂) could play a critical role in global efforts to achieve net zero, addressing hard-to-abate emissions where other decarbonisation levers are prohibitively expensive or technically impractical. Potential solutions include capturing emissions at the source in industry, power generation or fuel production through CCS or atmospheric carbon removal methods such as soil carbon sequestration.

ARENA's strategic priorities are foremost guided by our purpose: 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 are also guided by the priorities of the Government as outlined in the LETS, the 2020-21 Federal Budget, as well as the economic opportunities presented by renewable energy and low emission technologies for Australia.

² The Freight Energy Productivity Program announced in 2020-21 has now been split into two programs; the Freight Efficiency Assistance Grants and Freight Energy Productivity Trial Program.

OUR STRATEGIC PLAN

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

DRIVE IMPACT WITHIN OUR STRATEGIC PRIORITIES

OPTIMISE THE TRANSITION TO RENEWABLE ELECTRICITY



- › Enable ultra low-cost renewable generation
- › Improve the economics of energy storage
- › Optimise large-scale integration
- › Support flexible demand

COMMERCIALISE CLEAN HYDROGEN



- › Support a viable clean hydrogen industry across the full value chain

SUPPORT THE TRANSITION TO LOW EMISSIONS METALS



- › Accelerate the transition to low emissions steel value chain
- › Accelerate the transition to a low emissions aluminium value chain

- › Scale up carbon capture and storage (CCS)
- › Reduce the cost of soil carbon measurement

DELIVER THE BUDGET PROGRAMS

Future Fuels Fund | Industry Energy Transformation Studies Program | Regional Australia Microgrid Pilots Program
Freight Efficiency Assistance Grants | Freight Energy Productivity Trial Program

Maximise the value of ongoing projects through effective project delivery and knowledge sharing

Deliver on our purpose through our capabilities, cooperation, performance and risk management

OUR KEY ACTIVITIES

DRIVE IMPACT WITHIN OUR STRATEGIC PRIORITIES

We support renewable energy and low emission technologies to become commercially viable by investing in innovation and knowledge. We provide support along the innovation chain, balancing investment in emerging commercial technologies with earlier-stage research, development and demonstrations to address long-term needs.

After establishing a strong foundation in renewable energy, our focus is now on the next phase of technology research, development, deployment and commercialisation. Our priorities reflect an overarching vision to reduce emissions by growing the share of renewables in the electricity mix, electrifying where possible, becoming more flexible about when we use electricity, and developing solutions for hard-to-abate sectors where electrification is expensive or currently not feasible.

Through these priorities, ARENA also supports the Technology Investment Roadmap and the targeted programs from the 2020-21 Federal Budget, and will play an important role in the delivery of priority technologies set as part of the first LETS.

We will also engage with the Government on the delivery of its International Partnerships Program, as well as the delivery of other Government programs that are consistent with our objectives and strategic priorities.

A summary of ARENA's strategic priorities is provided below. More details on how we plan to invest to drive impact can be found in our Investment Plan. See arena.gov.au/about/publications/funding-investment-plan/.

OUR STRATEGIC PRIORITIES:

OPTIMISE THE TRANSITION TO RENEWABLE ELECTRICITY



We will help to optimise the transition to an electricity system powered by renewables, while remaining affordable, secure and reliable. The development of new, renewable energy or low emission industries - such as clean hydrogen production and low emissions metals - requires further reductions in the cost of renewable electricity generation and the integration of large-scale renewable energy. In addition, the transition to higher adoption of renewables coupled with increasing electrification, including for electric vehicles and industrial use, requires a system-wide focus on energy storage and demand flexibility. Cost effective energy storage is critical and we aim to support technologies and projects that have the potential to reduce the mean cost of stored electricity used for purposes of firming in Australia to below \$100 per MWh.

SCALE UP CCS AND REDUCE THE COST OF SOIL CARBON MEASUREMENT

We will consult with industry, researchers and the Government to build our understanding of these technologies and develop our approach for supporting research, development and demonstration projects that have the potential to:

- › reduce the mean cost of carbon dioxide compression, hub transport and storage in Australia to below \$20 per CO₂e tonne.
- › reduce the mean cost of measuring soil carbon in Australia to below \$3 per hectare per year.

COMMERCIALISE CLEAN HYDROGEN



We will support industry to find innovative solutions that could help Australia establish a commercially viable hydrogen industry and through this become a significant clean energy exporter. This will require innovation across the full hydrogen value chain; including investigating new forms of low-cost production, scaling up the supply side of the industry, and demonstrating a variety of end uses in the domestic and export sectors. In particular, we are looking for projects that help pave the way to producing clean hydrogen in Australia at a mean cost below \$2 per kg. We will liaise with other agencies³ and organisations looking to provide funding to clean hydrogen projects to enable co-ordinated Government support for this emerging industry.

DELIVER THE TARGETED PROGRAMS FROM THE 2020-21 FEDERAL BUDGET

Consistent with our investment priorities, we will also deliver the targeted programs announced in the 2020-21 Federal Budget.

- › Future Fuels Fund
- › Industrial Energy Transformation Studies Program
- › Regional Australia Microgrid Pilots Program
- › Freight Efficiency Assistance Grants
- › Freight Energy Productivity Trial Program.

SUPPORT THE TRANSITION TO LOW EMISSIONS METALS



We will support industry to reduce emissions by investing in solutions in the metals sector that have the potential to use renewable energy and clean hydrogen to lower emissions. These solutions might include electrification, integrating renewables or fuel switching to clean hydrogen. In this priority we will focus on accelerating the transition to a low emissions:

- › steel value chain with the goal of reducing the mean cost of manufacturing low emissions steel in Australia to below \$900 per tonne.
- › aluminium value chain with the goal of reducing the mean cost of manufacturing low emissions aluminium in Australia to below \$2700 per tonne.

³ The Department of Industry, Science, Energy and Resources (DISER) is administering the \$275.5 million Hydrogen Hubs Program and the \$565.8 million International Partnerships Program, both of which are looking to support clean hydrogen projects in Australia.

MAXIMISE THE VALUE OF ONGOING PROJECTS THROUGH EFFECTIVE PROJECT DELIVERY AND KNOWLEDGE SHARING

We share what we learn. Each project we invest in obliges the funding recipient to share knowledge throughout the life of the project. We build on these project lessons by identifying and communicating portfolio-level trends and insights that, in turn, help to accelerate the pace of pre-commercial innovation in renewable energy and low emission technologies in Australia.

ARENA's approach to maximising the value of ongoing projects is already making a positive impact in industry:

- › 83% of our funding recipients agree that ARENA's knowledge sharing has influenced the decisions they make to effectively deliver their projects⁴
- › 57% of our funding recipients say they have made new connections as a result of ARENA's knowledge sharing activities and events, with 6% saying they have strengthened existing relationships.⁴

We will continue to provide quality portfolio insights to industry through data analysis, targeted studies and reports.

Our access to a range of cutting-edge projects puts ARENA in a unique position to bring valuable insights to industry. For example:

- › Our **electric vehicle portfolio** includes a number of projects examining how smart charging could provide grid benefits and avoid costs to consumers. Data from these projects will be analysed to give insights on charging behaviour and the limitations, costs and benefits of various charging technologies, and inform the standards, regulations or policies needed to ensure Australia is ready for this growing demand category.

We will continue to bring together industry stakeholders, researchers and policy-makers through targeted events and collaboration networks.

Such events and networks allow us to share the outcomes, insights and trends from our projects. They also enable us to work with industry to identify and address barriers to commercially competitive renewable energy and low emission technologies, and to contribute to the development of future standards and regulatory frameworks that support the advancement of these technologies in Australia. For example:

- › Our **system strength and security portfolio** is exploring ways to address decreasing physical inertia and the reduction of system strength in certain areas of the grid. ARENA is convening a panel of experts in the field of advanced inverters to discuss the use of this technology in different applications to address system security issues. This event will provide an opportunity to bring a broad variety of industry stakeholders together.
- › Our **hydrogen portfolio** includes demonstration projects involving both the production and blending of hydrogen into natural gas infrastructure, which is currently challenging due to a number of technical, social and regulatory barriers. ARENA will bring together industry stakeholders to share learnings from these projects and tease out the barriers and potential solutions.

⁴ May 2021 survey of 77 ARENA funded projects

DELIVERING ON OUR PURPOSE

CAPABILITIES AND COOPERATION

To deliver on our purpose, ARENA identifies the innovation needs of system operators, regulators, consumers and industry, and continuously builds and maintains the right organisational capabilities to address these. Our capabilities include:

- › **Rigorous project assessment and selection.** We apply a rigorous approach when assessing the merit of projects for funding, taking into account risk and value for money. Our assessment and selection processes aim to ensure that we do not fund projects that would proceed without ARENA support. Our assessment and selection processes aim to ensure that we do not fund projects that might otherwise proceed without ARENA support.
- › **Risk-based and portfolio approach to project management.** Our team of experienced client managers are focused on managing projects to success. Our people are strongly customer and outcome focused. We work closely with funding recipients to ensure that each project delivers value for money. Our project portfolio is risk rated and managed accordingly. This enables us to balance rigour and efficiency, maximise the chance of success and quickly vary or terminate non-performing projects. Portfolio management of funding agreements also allows us to monitor technology areas to appropriately identify broader risks and issues and to inform new program design.

- › **Increasing impact through knowledge sharing.** With extensive networks, established forums and award winning media and social media channels, we share knowledge broadly with the Australian community and energy industry stakeholders to help them navigate the energy transition. These activities are made possible by our strong analytical, engagement and communication capabilities.

We will continue to build ARENA's 'Insights' brand, focusing on targeted knowledge sharing to promote informed industry audiences. We aim to connect and inform industry, researchers, scientists and businesses through reports and newsletters, events, webinars and other online forums.

Our communications mix - involving podcasts, the ARENAWire Blog, website and social media channels - aims to present content in an engaging and accessible way. This allows us to reach a broader public audience and amplify our work.

- › **Continuous improvement.** We continuously refine our performance framework and grant management processes. We also undertake evaluations that demonstrate the extent to which our programs are delivering on our purpose.

Recognising the ever growing importance of high quality data, we have established a new data function within the organisation. The team is responsible for both data management and performance reporting. This data will improve how we measure, monitor and improve our performance.

- › **Bringing together people and ideas.** Bringing together the right innovators, regulators, policy makers, researchers, industry participants and consumer bodies can drive change in the energy sector.

Collaboration networks such as the Distributed Energy Integration Program (DEIP) create a space for strategic discussion and coordination of complex, multi-stakeholder challenges related to distributed energy resources. Building on the success of this program will ensure behind-the-meter devices like rooftop solar, home batteries, electric vehicles and smart appliances benefit all users of the energy system and are integrated efficiently into networks and markets.

Through A-Lab, ARENA's innovation program, we have created cross-sector partnerships and world-first projects that draw on a network of people with the expertise and passion to drive systemic change in the energy sector. Due to the face-to-face nature of A-Lab events, all activities were paused during 2020. There is now a strong appetite to re-establish the A-Lab program once COVID-19 restrictions ease. A-Lab can continue to enable breakthrough creative thinking on some of the most exciting and complex challenges facing the energy sector.

ARENA will also continue to bring promising startups and entrepreneurs in renewable energy and low emission technologies together with investors as part of the third year of our partnership with Innovation Bay.

- › **The right teams to deliver on evolving priorities.** Given the expansion of ARENA's functions, we will identify the additional capabilities, skills and expertise we need to effectively deliver across new technology areas.

COLLABORATION ACROSS THE INNOVATION CHAIN

We will continue to work with the Australian Government and collaborate with other organisations across the innovation chain to share critical knowledge and invest in Australia's net zero future.

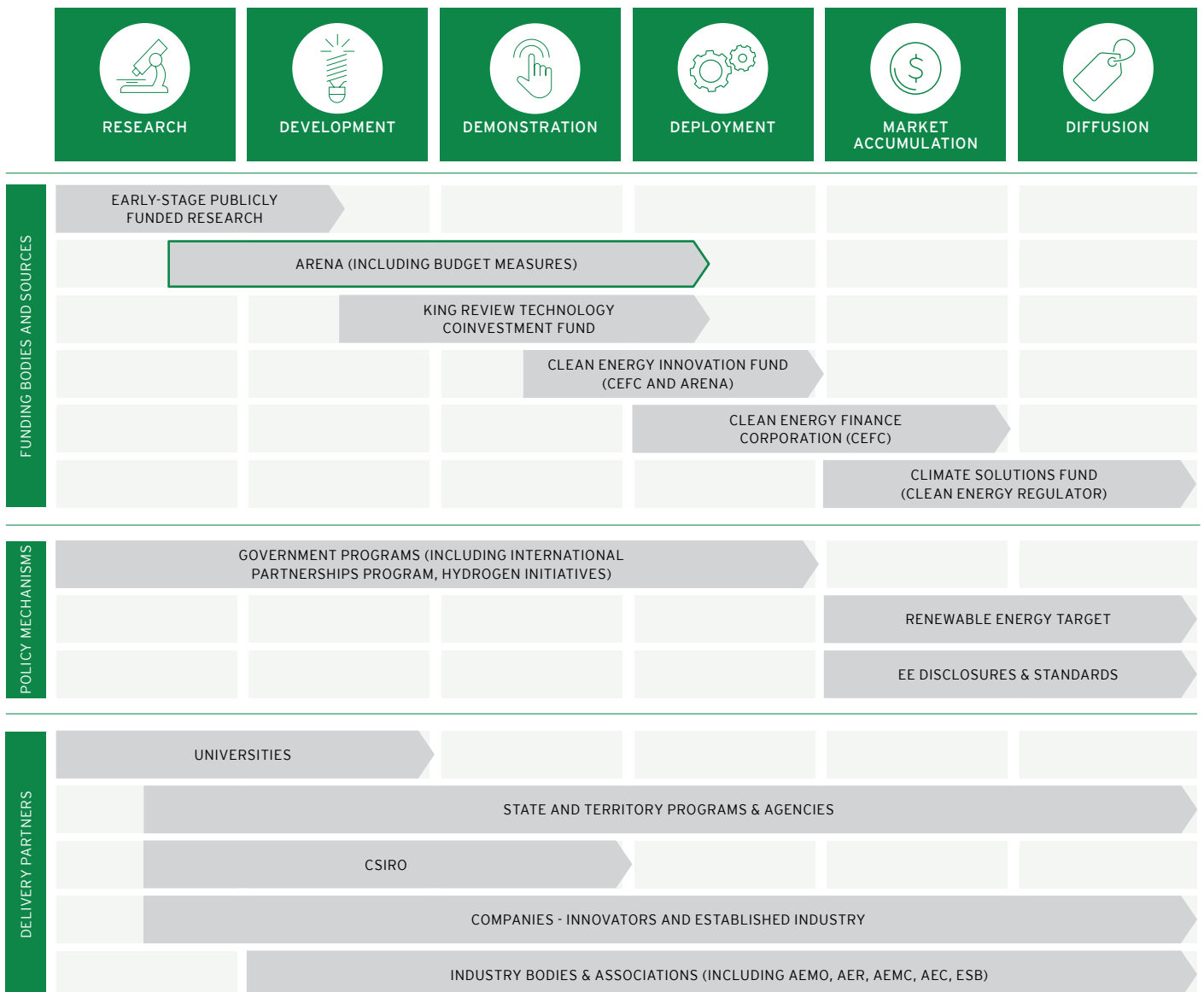
ARENA complements the Australian Government's support for innovation and energy sector reform by collaborating with organisations such as the Clean Energy Finance Corporation (CEFC), CSIRO, Australian Energy Market Operator (AEMO), Australian Energy Market Commission (AEMC), Australian Energy Regulator (AER), Energy Security Board (ESB) and innovators in industry (see Figure 2).

In particular, we work with the CEFC to administer the Clean Energy Innovation Fund (Innovation Fund). ARENA has two representatives on the investment committee of the Innovation Fund and we provide technical and commercial advice as required. More information on the Innovation Fund is available at cefc.com.au/innovationfund.

We also liaise and collaborate with other government agencies on initiatives such as the Regional and Remote Communities Reliability Fund, Climate Solutions Fund and the Renewable Energy Target.

We stay connected with all state and territory governments, and continuously look for opportunities to collaborate, share knowledge and co-invest in innovation.

FIGURE 2
COLLABORATION ACROSS THE INNOVATION CHAIN



PERFORMANCE

ARENA's performance framework outlines all of our activities and the results they aim to achieve. We have worked with other key organisations to put in place performance measures that support a coordinated approach to providing input to the annual LETS.

FIGURE 4
ARENA'S PERFORMANCE FRAMEWORK

KEY ACTIVITY	PERFORMANCE MEASURE	TARGET	
DRIVE IMPACT WITHIN OUR STRATEGIC PRIORITIES	ARENA has committed and approved funding that supports renewable energy, enabling technologies and ARENA strategic priorities ⁵	<ul style="list-style-type: none"> › Funds approved in 2021-22: \$245 million › Funds committed in 2021-22: \$264.5 million 	
	ARENA funding to private sector funding leverage ratio	Leverage falls between 1:2 and 1:3 across the portfolio	
	MAXIMISE THE VALUE OF ONGOING PROJECTS THROUGH EFFECTIVE PROJECT DELIVERY AND KNOWLEDGE SHARING	ARENA-funded projects advance renewable energy and ARENA strategic priorities ⁵	80% of completed projects achieve advance in TRL or CRI indicators over the life of the project
		ARENA-funded projects increase supply of renewable energy	Each year ARENA contractually commits to at least 5 deployment and demonstration projects that increase the supply of renewable energy or renewable energy storage
		ARENA produces and shares new knowledge	<ul style="list-style-type: none"> › ARENA publishes at least 8 Insights newsletters and delivers at least 4 knowledge sharing events › At least 75% of stakeholders surveyed report that knowledge shared by ARENA has informed part of their decision making processes › 4% increase in visitor traffic (unique page views) to ARENA website
		ARENA's performance, as judged by its stakeholders	85% of survey respondents rate ARENA's performance as "good" or better

⁵ ARENA's strategic priorities are defined on page 9

RISK OVERSIGHT AND MANAGEMENT

ARENA has embedded risk management into our culture to support well-informed investment decision making and project management. As a taxpayer-funded entity, we seek to maximise the value of the financial assistance that we provide. Value is maximised when our activities strike the optimal balance between risks and opportunities, and when we can effectively and efficiently deploy resources towards achieving our purpose.

Our Risk Management Framework is based on the International Standard for Risk Management (ISO 31000:2018). We have adopted five principles for managing risks, which apply to all risk management decisions made at ARENA. According to those principles, ARENA's risk management activities must be proportionate, aligned, embedded, dynamic and comprehensive.

Risks are identified and assessed through a consistently applied and replicable methodology. This follows a structured approach which encompasses the context, identification, assessment, analysis and treatment of risks. The framework also features effective communication and monitoring of the portfolio risk profile and risk management activities.

Our strategic risk reporting addresses the highest level of risk that would impact us achieving our purpose. In line with risk management practices, these risks are monitored throughout the year by the ARENA Board and its Risk and Audit Committee. ARENA's risk appetite (the total impact of risk an organisation is prepared to accept in the pursuit of its strategic priorities) is reviewed annually. ARENA currently has three identified strategic risks.

1. THAT ARENA DOES NOT MAXIMISE ITS IMPACT

ARENA complements other funding bodies and provides financial assistance to research, development, demonstration and deployment projects. This necessarily requires us to have a positive risk appetite. We do not seek to manage all risks in the Australian energy sector or impose overly burdensome conditions on funding recipients that would stifle creativity, innovation or research.

We take a proportionate approach and acknowledge that some of the projects we invest in may not fully achieve their original outcomes, which is why knowledge sharing outcomes form an important part of what we do. Technology and commercialisation failures will occur and we accept this as a risk; we are nonetheless willing to invest in innovative ideas in the pursuit of emission reductions. We do not compromise on our robust project management processes and the due diligence conducted on every project, which helps to mitigate the levels of project risk that are inherently high.

To maximise the impact of financial assistance provided, our Board and management continually monitor causes that may lead to a reduction in impact and implement controls to mitigate this risk. Possible causes include:

- › less favourable market conditions
- › projects failing to achieve outcomes
- › failure to share knowledge in a timely and efficient manner.

2. THAT ARENA EXPERIENCES A LOSS OF EFFECTIVENESS OR EFFICIENCY

We are a small government entity with a highly specialised workforce that provides funding to a rapidly growing and innovative sector. We continually monitor causes that may lead to a reduction in our effectiveness or efficiency. This involves strategic workforce planning and pursuing organisational improvements to business processes and investment in systems. Possible causes include:

- › inability to attract or retain organisational capacity and/or capability leading to shortages or increasing costs
- › failure to optimise technology and/or not achieving continuous organisational improvements.

3. THAT ARENA IS NOT ALIGNED WITH STAKEHOLDERS

Value from the financial assistance that we provide to market participants is maximised when there is strong alignment between ARENA and its stakeholders. We consult widely and continually review and adjust our strategy, including our investment priorities, to maintain close alignment with the needs of the sector. Potential causes of misalignment include:

- › strategies are not adaptive to changes in the market
- › failure to maintain effective communication
- › significant change in ARENA's external environment.

Australian Renewable Energy Agency

Postal Address *Location*
GPO Box 643 2 Phillip Law Street
Canberra ACT 2601 New Acton ACT 2601

Engage with us

ARENAWIRE



arena.gov.au

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arena.gov.au

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