

ARENA

GENERAL FUNDING STRATEGY
2023-24 – 2025-26



Australian Government
Australian Renewable
Energy Agency

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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 Regulation 2016 (Regulation), which extends ARENA's functions with respect to renewable energy technologies to include electrification and energy efficiency technologies.

In September 2020 the Australian Government extended ARENA's funding, committing baseline funding of \$1.43 billion to 2032. Since then, ARENA has also received upwards of \$990 million additional funding to deliver targeted programs and initiatives, such as the Driving the Nation Program, the Regional Microgrids Program and the Industrial Transformation Stream of the Powering the Regions Fund.

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.

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

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 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 remains in force until a subsequent version is approved by the Minister. 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.

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
- to increase the supply of renewable energy in Australia
- to facilitate the achievement of Australia's greenhouse gas emissions reduction targets.

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: to support improvements in the competitiveness of renewable energy and enabling technologies, increase the supply of renewable energy in Australia, and to facilitate the achievement of Australia's greenhouse gas emissions targets by providing financial assistance and sharing knowledge to accelerate innovation that benefits all Australians.



GUIDING PRINCIPLES & 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 measures 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:

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:** each priority individually contributes to a significant part of the overarching problem or solution.
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 energy 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 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 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 (2023-24 to 2025-26), ARENA's strategic priorities are to:



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 where possible, 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 eligible projects, ARENA will use its expertise in grant funding to deliver targeted programs funded by the Australian Government including the recently announced Industrial Transformation Stream as part of the Powering the Regions Fund and supporting the design of the Hydrogen Headstart program with the Department of Climate Change, Energy, the Environment and Water (DCCEEW).

Australian Renewable Energy Agency

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ARENAWIRE



Images

Front cover: EDL's Agnew Hybrid Renewable Power Station including solar, battery and wind to power Gold Fields' Agnew Gold Mine in Western Australia. Credit: EDL

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