

Q1 FY 2021-22 Clean Energy Investment Confidence Survey

10 November 2021



**Clean Energy
Investor Group**

Q1 FY 2021-22 Summary

Investor Confidence 
Down

'Australia's net zero 2050 commitment at COP26 failed to secure widespread investor support because of the lack of detail in the plan and no short-term target.'

The NEM remains an unacceptably risky market.'

Cost of equity risk premium 
Worse

Clean energy investors report that the cost of equity risk premium has become worse.

CEIG's August 2021 *Investor Principles* report found the risk premium for clean energy investment in the NEM was 100-250 basis points.

Simon Corbell
Chief Executive Officer CEIG

Q1 FY 2021-22 Reform headlines

Headline issues

- ✓ ✗ NEM reforms
- ✓ ✗ Federal Government's Long-Term Emissions Reduction Plan announcement
- ✓ NSW and QLD Hydrogen announcements
- ✓ Matt Kean remaining as energy minister while becoming Treasurer

The most important energy headline is the NEM reforms agreed by energy ministers requesting proposals for a congestion management model, capacity market and working towards adding an environmental objective in the National Electricity Objective.

Direction of reform



Deteriorated

Most investors surveyed report that the direction of reform in the NEM has deteriorated or failed to improve over the quarter.

This is despite the 2050 net zero announcement and the Post-2025 NEM reform package approved by National Cabinet in October 2021.

Q1 FY 2021-22 Risks stall projects

Key risks

Emissions policy uncertainty



Unrealistic NEM scenario planning and timetable for coal closure



Complex and lengthy transmission planning, investment and connections processes



Introduction of locational marginal pricing



Lack of marginal loss factor reform



No key risks improved over the quarter and most deteriorated.

Project pipeline

	Projects
Wind	2 (553 MW total)
Solar	0
Battery	0
Pumped Hydro	0
Green Hydrogen	0

The rate of projects reaching financial close is insufficient to meet Australia's emissions reduction obligations.

About the Survey

The Clean Energy Investment Confidence Survey was launched in November 2021. It is a regular survey of CEIG members that provides an indicator of investor sentiment and analysis of key issues that affect it. Members completed an online survey between 28 October – 3 November.

About CEIG

The Clean Energy Investor Group was formed in 2019 to respond to the increasing market volatility and risks faced by investors in utility-scale renewable energy projects in Australia. CEIG advocates on behalf of investors on the policy and market design needed to help unlock low-cost capital for Australia’s clean energy transformation. We use our unique “voice of capital” for coordinated and targeted advocacy and market engagement in the best interests of institutional investors.

ceig.org.au

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