

Q4 FY 2021-22 Clean Energy Investment Confidence Survey

4 August 2022



**Clean Energy
Investor Group**

Q4 FY 2021-22 Summary

Investor Confidence
Unchanged



Cost of equity risk premium
Stayed the same



Confidence generated by the new government and parliament was neutralised by the international energy crisis and NEM suspension.

Simon Corbell

Chief Executive Officer CEIG

Most clean energy investors report that the risk premium on the cost of equity has stayed the same or increased.

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

Q4 FY 2021-22 Reform headlines

Headline issues

- ✗ International energy supply crisis, suspension of NEM wholesale market
- ✓ New federal government with stronger climate target, independents with climate platforms elected
- ✗ ESB capacity market proposal includes existing coal and gas
- ✓ New ISP 2022 adopts Step Change: faster coal retirements, 5 transmission projects 'urgent'

The two most important issues were the energy crisis which was negative and the election of a new government and parliament which was a positive development.

Direction of reform



Stayed the same

The new federal government has not yet set the direction after deteriorating investor confidence in reform under the past government.

Q4 FY 2021-22 Risks stall projects

Key risks

Emissions policy uncertainty



Unrealistic NEM scenario planning & coal closure timetable



Complex & lengthy transmission development processes



Potential introduction of locational marginal pricing



Lack of marginal loss factor reform



Legacy risks are not improving.

Project pipeline

	Projects
Wind	1 (~ \$1 billion)
Solar	0
Battery	0
Pumped Hydro	0
Green Hydrogen	0

The volume of projects reaching financial close is insufficient to deliver Step Change.

About the Survey

The Clean Energy Investment Confidence Survey was launched at the start of the 2021-22 financial year. 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 20 July and 27 July 2022.

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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