

Department of the Treasury
Canberra ACT

24 January 2020

Dear Secretary

2020-21 Pre-Budget Submission: ARENA

The Australia Institute is writing in regard to the upcoming Budget to propose a two year extension of funding for the Australian Renewable Energy Agency (ARENA), at a cost of \$230 million per year for financial years 2022-23 and 2023-24. Without this funding ARENA will be unable to support new projects beyond this year.

From its inception in 2011 up to the end of financial year 2018-2019, ARENA has provided funding of \$1.44 billion to 478 projects with a total value of \$5.49 billion, at an investment leverage of \$2.83 per dollar granted.

ARENA has been very successful. For example, the \$654 million invested in solar photovoltaic (PV) technology development (46% of total grants) has reduced the cost of large-scale solar and developed new technologies. ARENA supported development of the 'PERC cell' at the University of New South Wales. This technology is now incorporated into more than 60% of commercial PV cells worldwide and could lead to energy cost savings of over \$37 billion.

In December 2019, Minister for Energy and Emissions Reduction Angus Taylor, represented Australia at the UN climate conference in Madrid, where he said, 'the world needs action to reduce emissions and Australia believes technology is central to achieving this.' Minister Taylor announced our membership of the technology-focused International Leadership Group for Industry Transition (ILGIT). Australia needs ARENA in order to make a meaningful contribution to the ILGIT.

ARENA plays a vital role in supporting technologies that will shape the future of the National Electricity Market and that deliver reliable and affordable electricity. It is important for other Government priorities such as 'green' hydrogen. To perform its role, however, ARENA needs a funding allocation in this budget.

Please see our supporting document for more detail. For further information about this submission please contact Dan Cass (danc@tai.org.au Tel 02 6130 0530).

Yours sincerely



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