



Powering the Regions Fund Consultation Overview

Program Overview

The Australian Government will support the decarbonisation of existing industries and creation of new clean energy industries through the \$1.9 billion Powering the Regions Fund (PRF). The PRF forms part of Powering Australia, the Government's plan for Australia to become a renewable energy superpower and meet our emission reduction targets of 43 per cent below 2005 levels by 2030, and net zero emissions by 2050.

The PRF will provide funding to help in the transition towards net zero emissions by focusing on four key areas:

1. Decarbonising Existing Industries

The first objective of the PRF is to unlock decarbonisation opportunities in existing industries. Many industries are already reducing their emissions, however hard-to-abate processes remain – such as in metal refining and chemical manufacturing where clean technology is not yet commercially available or yet to be demonstrated at scale. Unlocking these opportunities will reduce emissions and help unlock emerging global markets for green products.

2. Developing New Clean Energy Industries

The second objective of the PRF is to support the development of new clean energy industries. This will help the regions contribute to delivery of the Government's emission reduction targets while also growing industries, jobs and export markets of the future that will make Australia a renewable energy superpower.

3. Assisting Regional Workforces

The third objective of the PRF is to support workforce development so that the skills necessary to support decarbonisation and new clean energy industries are available in the regions.

4. Purchasing Carbon Credits

The final objective of the PRF is to continue Government purchase of carbon credits. This includes the next auction to purchase Australian Carbon Credit Units (ACCUs), which will be run by the Clean Energy Regulator in March 2023. The Department of Climate Change, Energy, the Environment and (DCCEE) will consult on ACCU purchases in 2023, in light of the outcomes of the Independent Review of ACCUs led by Professor Ian Chubb AC.

Introduction

DCCEEW is committed to working with a wide range of stakeholders, including industry, investors, state, territory and local governments, unions, First Nations, and regional communities to understand how the PRF can be designed to support existing efforts to decarbonise, develop new clean energy businesses and support workforces in Regional Australia.

DCCEEW is seeking stakeholder views on what projects, funding, regions and technologies the PRF should focus on and whether any particular co-benefits such as sovereign capacity, indigenous engagement or job creation should be prioritised. DCCEEW has engaged KPMG to support this consultation and they will be conducting outreach and consultation sessions over December 2022 and January 2023.

The PRF is intended to complement existing initiatives including:

- **Safeguard Mechanism:** the Safeguard Mechanism Reforms [Consultation Paper](#) indicated that the PRF would help covered facilities meet their new baselines.
- **National Reconstruction Fund (NRF):** The NRF will provide investment of up to \$3 billion for renewables and low emissions technologies. The Department of Industry, Science and Resources has released a [Consultation Paper](#) and is consulting until 3 February 2023.
- **Clean Energy Finance Corporation (CEFC):** [The CEFC](#) has \$4.5 billion currently available to invest in renewable electricity, low emissions infrastructure, sustainable economy and innovation.
- **Australian Renewable Energy Agency (ARENA):** [ARENA](#) provides funding for research and deployment of low emissions technologies across its four priorities of renewable energy, clean hydrogen, low emissions metals and transport to accelerate the affordability of new technologies and build investor confidence. ARENA has already invested over \$1.85 billion.
- **Export Finance Australia:** [Export Finance Australia](#) provides finance solutions for Australian exporters and overseas infrastructure development that delivers benefits to Australia. They work together with banks, other government agencies and partners to drive international success.
- **Northern Australia Infrastructure Facility (NAIF):** [NAIF](#) is a development financier to infrastructure projects in the Northern Territory, Queensland and Western Australia.
- **Hydrogen Hubs:** These are regions where various producers, users and potential exporters of hydrogen across industrial, transport, export and energy markets are co-located. They will give our green hydrogen industry an early-stage springboard to scale, which will help support other industrial sectors in the regions.
- **Rewiring the Nation:** \$20 billion in low-cost finance for the upgrade and expansion of Australia's electricity grid. This includes more than \$6 billion to help build Marinus Link and VNI-West, which will unlock Tasmania's Battery of the Nation and Victoria's offshore wind and renewables industries.
- **New Energy Apprenticeships Program:** [This program](#) will deliver 10,000 new energy apprentices. Eligible apprentices can claim a support payment of up to \$10,000 over the duration of their apprenticeship.

DCCEEW welcome feedback on how the PRF can be designed to complement these initiatives and others in the Powering Australia plan to unlock opportunities to support decarbonisation, workforce development and the creation of new clean energy industries in the regions.

Starting Questions for Discussion:

The first objective of the PRF is to support decarbonisation. DCCEEW is interested in hearing from stakeholders what types of projects could be supported by the PRF. For example, should energy efficiency upgrades; projects to reduce or capture fugitive emissions; fuel switching (e.g. electrification, hydrogen and biofuels); and carbon capture, use and storage be included.

- 1) What decarbonisation activities should be supported and prioritised?

The second objective of the PRF is to develop new clean energy industries. We are keen to hear from stakeholders what projects, regions and sectors should be focused on to support Australia's transformation into a clean energy superpower.

- 2) What do you consider to be a new clean energy industry? Does it include industries that lower emissions in other sectors (e.g. biofuels), industries that support clean energy (e.g. battery manufacture), industries that are low or zero emissions (e.g. green steel), and industries that support the transition to net zero (e.g. critical minerals)?
- 3) Should support for the development of new clean energy industries be targeted towards any specific sectors, regions or stages of industry development?

Considering the extensive support available under existing government initiatives, DCCEEW is interested in stakeholders' views as to what financial incentives would be most effective at accelerating decarbonisation and new clean energy industries and workforces.

- 4) What type of financial incentive or support would be most effective at supporting decarbonisation and new clean energy industries? Do different activities and sectors require different types of support (e.g. grants, concessional loans, subsidies, etc.)?

To ensure the PRF delivers value for money and funding is allocated in accordance with best practice, DCCEEW will need to develop eligibility and assessment criteria to identify which projects should be prioritised for funding. DCCEEW welcomes stakeholders' thoughts on how the PRF can balance competing goals such as emissions reduction, workforce development, regional economic development and transformation.

- 5) Is a competitive assessment process the best way to select projects? What eligibility and assessment criteria should apply? For example, should projects be evaluated on their potential emissions reduction; demonstration value; difficulty of abatement; impact on jobs, supply chain and sovereign capacity; regional development?

The third objective of the PRF is to support workforce development. We are interested in thoughts as to how this should be delivered. For example, should assistance for developing regional workforces be directly linked to funding provided for other projects?

- 6) Should funding for workforce development be tied to delivery of projects under objective 1 (decarbonisation) or objective 2 (new clean energy industries)?

Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

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