



Australian Government

Clean Energy Regulator

2020–21 Annual Report

**Accelerating carbon abatement for
Australia**



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About this report

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This document must be attributed as the *Clean Energy Regulator Annual Report 2020–21*. The Clean Energy Regulator asserts the right to be recognised as the author of the original material, to be attributed as 'Source: Clean Energy Regulator'.

This report describes our performance from 1 July 2020 to 30 June 2021. We report on results achieved against our intended purpose, outcome, deliverables and performance criteria, which are detailed in our *Corporate Plan 2020–24* and *Portfolio Budget Statements 2020–21*. We also describe our management and accountability structures, our workforce, and financial performance, including audited financial statements, in accordance with *Resource Management Guide No. 135: Annual reports for non-corporate Commonwealth entities*.

Our annual reports are available on the Clean Energy Regulator [website](#) and the [Australian Government's Transparency Portal](#).

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Letter of transmittal

The Hon Angus Taylor MP
Minister for Industry, Energy and Emissions Reduction
Parliament House
Canberra ACT 2600

Dear Minister

I am pleased to submit the Clean Energy Regulator Annual Report 2020–21 in accordance with subsection 40(1) of the *Clean Energy Regulator Act 2011* for presentation to Parliament.

The report covers the operations of the Clean Energy Regulator for the financial year ended 30 June 2021. It was prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* in accordance with the Public Governance, Performance and Accountability Rule 2014.

The report includes the Clean Energy Regulator audited financial statements as required by section 43 of the *Public Governance, Performance and Accountability Act 2013*.

As the accountable authority of the Clean Energy Regulator, I can also advise that no significant issues have been identified or reported to the Minister under paragraph 19(1)(e) of the *Public Governance, Performance and Accountability Act 2013* in relation to non-compliance with the finance law in relation to the entity.

In addition, as required by section 10 of the Public Governance, Performance and Accountability Rule 2014, I certify that the Clean Energy Regulator has prepared fraud risk assessments and fraud control plans, has in place fraud prevention, detection, investigation and reporting mechanisms that meet the agency's specific needs, and has taken all reasonable measures to appropriately deal with fraud.

Yours sincerely



David Parker AM
Chair, Clean Energy Regulator
30 September 2021

Chair's review

This year, Australia's electricity sector has continued to see a very strong uptake in renewables and there is a large pipeline of investment in prospect. This has been driven by falling costs, particularly for solar, and government policies including the Renewable Energy Target (RET). Australia is now an established [world leader in the deployment of renewables](#) and is making progress in addressing consequent grid stability issues.

The role of the Clean Energy Regulator (the agency) in this process is in administering the RET, with an additional 2.2 gigawatts of large-scale renewable capacity and an additional 3 gigawatts of small-scale capacity, mainly from rooftop solar, accredited this year. Even though the target for large-scale renewables of 33,000 gigawatt hours of generation was met this year, the demand for large-scale generation certificates (LGC) continues to rise due to growing ambitions among private sector organisations to reduce their emissions footprints.

Similarly, the demand for and supply of Australian carbon credit units (ACCUs) is growing rapidly, with private sector demand being intermediated through increasingly active carbon markets and the voluntary surrender of ACCUs to the agency. The Climate Active program is a key part of this story, allowing companies to adopt and verify their own net-zero emissions targets.

A conservative estimate of the carbon abatement associated with the schemes we administer indicates a new record of 56.1 million tonnes of carbon dioxide equivalent (CO₂-e) in 2020–21.

We continue to mature our schemes by developing new IT systems, tools and interfaces that will help private participants to reduce costs and improve compliance. This includes the introduction of new geospatial and application programming interface technologies to streamline registration, crediting and assessment processes. We have also partnered with industry to co-design new methods and build participant capability. All of this is aimed at reducing regulatory burden and increasing ACCU supply.

Optional delivery contracts have now become the predominant contracts awarded through Emissions Reduction Fund auctions. This helps market participants to better manage risk compared with traditional



David Parker, Chair, Clean Energy Regulator

fixed delivery contracts. This trend is likely to continue and over time would see the agency step back from being the largest participant on the demand side of the ACCU market into a role more focused on supporting and assuring the market. At the same time, we expect an ongoing increase in the ambitions of private sector organisations to reduce their emissions. This trend could have the effect of reducing liabilities otherwise recognised by the agency. Because this trend has the potential to affect future applications of accounting policies, it has been raised with the ANAO who have undertaken to consider this matter in relation to the 2021-22 financial statements.

We've worked with government and industry to unlock transformative low-emissions energy technologies such as hydrogen.

The National Greenhouse and Energy Reporting (NGER) scheme, including the Safeguard Mechanism, continues to provide the infrastructure for emissions reporting and gathering essential data to inform progress against Australia's emissions reduction targets.

Several government policy decisions coming out of the [King Review](#) and Australia's National Hydrogen Strategy have already, and could significantly further expand the role of the agency into market support and assurance. The 2020–21 Mid-Year Economic and Fiscal Outlook and the 2021–22 Budget provided substantial resourcing for new functions and systems, primarily to deliver a range of projects that will help us accelerate carbon abatement for Australia by enabling and assuring the carbon market.

The projects include the development of new method proposals for the Emissions Reduction Fund (ERF), development of an exchange traded market for ACCUs, possible new crediting arrangements under the Safeguard Mechanism and Hydrogen Guarantee of Origin arrangements, a Corporate Emissions Reduction Transparency report (that among other things offers a net emissions reporting framework for NGER reporters) and an increasingly ambitious regulatory technology program. These initiatives are being co-designed with industry and a substantial body of work is being progressively implemented. This work is being governed as a change program within the agency.

The year ahead will present challenges and opportunities as we look to introduce these new initiatives. Our aim in this work and in all our regulatory decisions is to be practical, grounded, quick and commercially savvy.

We have also significantly improved our compliance and assurance tools and capabilities, and do not shrink from enforcement action that is warranted.

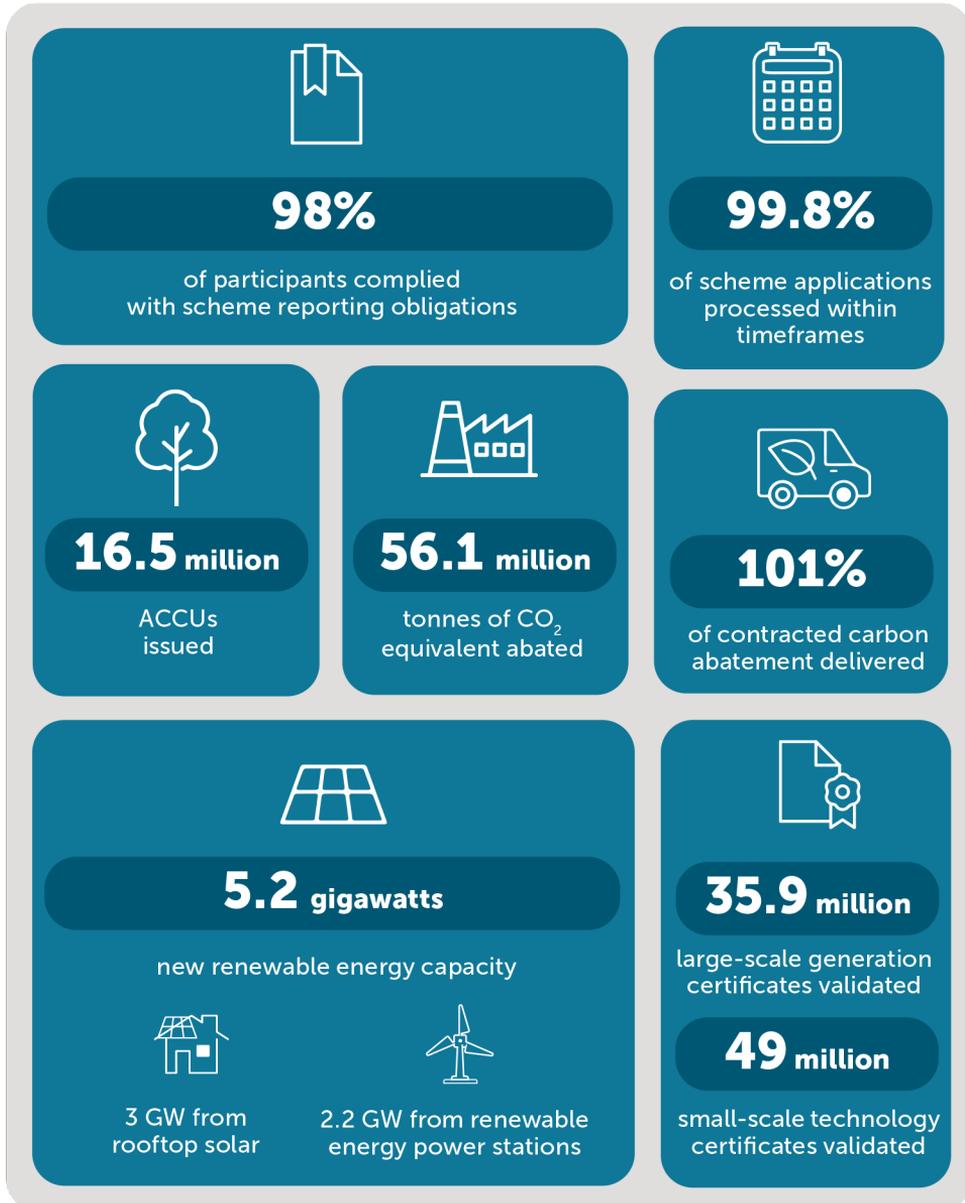
I am proud of the way we have adapted and shifted the agency's operations in the face of the COVID-19 pandemic, and I have every confidence we can fulfil these new responsibilities and continue to accelerate carbon abatement for Australia.



David Parker AM
Chair, Clean Energy Regulator

2020–21 highlights

FIGURE 1: 2020–21 HIGHLIGHTS



Scheme and carbon market data is regularly updated and included on the [Clean Energy Regulator website](#) and in the [Quarterly Carbon Market Report](#).

Agency overview

Our role and functions

Established on 2 April 2012 by the *Clean Energy Regulator Act 2011*, the Clean Energy Regulator is a non-corporate Commonwealth entity and statutory authority responsible for administering legislation that reduces greenhouse gas emissions and increases the use of renewable energy.

Our purpose is to accelerate carbon abatement for Australia. This purpose is distilled from the stated objectives of the legislation that we administer. We achieve our purpose by administering the following schemes, which measure, manage, reduce or offset Australia's carbon emissions and encourage investment in renewable energy:

- **Emissions Reduction Fund (ERF)** – Established under the *Carbon Credits (Carbon Farming Initiative) Act 2011*, the ERF provides incentives for organisations and individuals to adopt new practices and technologies, to reduce their emissions or store carbon. Since November 2020, we have taken on the additional responsibility of developing and drafting technical legislation – methodology determinations – to allow new activities to become eligible for the ERF.
- **National Greenhouse and Energy Reporting (NGER) scheme** – Established under the *National Greenhouse and Energy Reporting Act 2007*, NGER is a single national framework for reporting and disseminating company information about greenhouse gas emissions, energy production and energy consumption. It also establishes the Safeguard Mechanism to limit emissions growth by providing a framework for Australia's largest emitters to measure, report and manage their emissions.
- **Renewable Energy Target (RET)** – Established under the *Renewable Energy (Electricity) Act 2000*, the RET encourages additional electricity generation from renewable sources to reduce emissions in the electricity sector and ensure that renewable energy sources are ecologically sustainable.

We are also responsible for administering systems and registries to enable scheme and market participants to securely and conveniently register, report, receive carbon credits or renewable energy certificates, acquit liabilities and participate in the carbon market. These systems and registries include the:

- Australian National Registry of Emissions Units
- Emissions and Energy Reporting System
- Renewable Energy Certificate (REC) Registry.

Outcome and programs

We are responsible for delivering one outcome to the Australian Government. Table 1 describes the outcome and program structure as set out in the *Industry, Science, Energy and Resources Portfolio Budget Statements 2020–21*.

TABLE 1: OUTCOME AND PROGRAM STRUCTURE, 2020–21

Outcome	Program
Outcome 1: Contribute to a reduction in Australia’s net greenhouse gas emissions, including through the administration of market-based mechanisms that incentivise reduction in emissions and the promotion of additional renewable electricity generation.	Program 1.1: Effective and efficient regulation of greenhouse and energy reporting and market-based schemes that contribute to a reduction in Australia’s net greenhouse gas emissions and promote investment in renewable energy.

We deliver program 1.1 by:

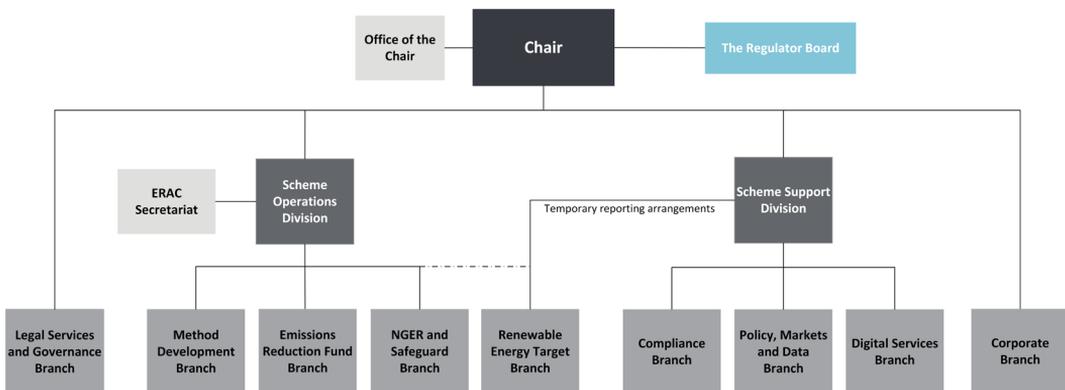
- collecting, analysing, assessing, providing and publishing emissions and energy data, to inform government policy and the Australian public, to meet international reporting obligations and to support Australia’s emissions and energy data needs
- operating the Australian National Registry of Emissions Units and the Renewable Energy Certificate Registry for market participants
- monitoring, facilitating and enforcing compliance by its clients for the schemes it administers
- issuing Australian carbon credit units to organisations and individuals for approved projects that reduce greenhouse gas emissions
- conducting auctions and managing contracts
- accrediting greenhouse and energy auditors to undertake audit activities under its schemes
- working with other Commonwealth, state and territory law enforcement and regulatory bodies
- providing education and information to current and potential scheme participants on the schemes it administers and how they work.

Our structure

The term Clean Energy Regulator refers to:

- the government-appointed Regulator Board, which comprises the Chair and up to four Members. The Regulator Board sets the strategic direction for the agency and is accountable for regulatory decisions.
- the agency, which is a non-corporate Commonwealth entity for the purposes of the *Public Governance, Performance and Accountability Act 2013* that carries out day-to-day operations and supports the Regulator Board to perform its responsibilities. The agency is led by the Chair.

FIGURE 2: ORGANISATIONAL STRUCTURE AT 30 JUNE 2021



The Strategic Leadership Team

The Chair, David Parker was the agency's Accountable Authority for the 2020–21 reporting period. Our Strategic Leadership Team is led by the Chair. At 30 June 2021, the Strategic Leadership Team comprised of:

- David Parker, Chair
- Shayleen Thompson, Executive General Manager, Scheme Operations
- Mark Williamson, Executive General Manager, Scheme Support
- Geoff Purvis-Smith, General Counsel
- Karen Najjar, Chief Operations Officer.

Portfolio and minister

The Clean Energy Regulator operates within the Industry, Science, Energy and Resources Portfolio, reporting to the Hon Angus Taylor MP as Minister for Industry, Energy and Emissions Reduction.

Annual performance statement

Introductory statement

I, David Parker as the Accountable Authority of the Clean Energy Regulator, present the agency's 2020–21 annual performance statement, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

This statement reports our performance in 2020–21 including results against the performance measures in our Corporate Plan 2020–24 and *Industry, Science, Energy and Resources Portfolio Budget Statements 2020–21*, and analysis against our purpose.

In my opinion, this performance statement is based on properly maintained records, which accurately reflect the performance of the entity and comply with subsection 39(2) of the PGPA Act.

A handwritten signature in black ink, appearing to read 'D Parker', followed by a period.

David Parker AM
Chair, Clean Energy Regulator
30 September 2021

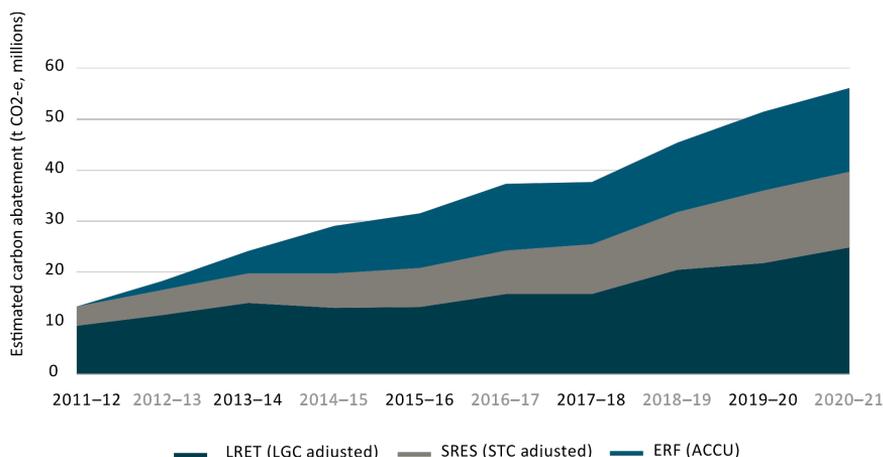
Analysis of our performance against our purpose

Our purpose is to accelerate carbon abatement for Australia. We have continued to deliver against our purpose through the administration of our schemes to measure, manage, reduce, or offset Australia’s carbon emissions.

Carbon abatement from the schemes we administer has continued to rise, reaching 56.1 million tonnes of carbon dioxide equivalent (CO₂-e) in 2020–21, up from 51.5 million tonnes in 2019–20.

- In the Emissions Reduction Fund (ERF), 16.5 million Australian carbon credit units (ACCUs) were issued in 2020–21, surpassing the 15.5 million ACCUs issued in 2019–20.
- For renewables, 24.8 million tonnes of abatement were delivered from the Large-scale Renewable Energy Target and 14.8 million tonnes from the Small-scale Renewable Energy Scheme in 2020–21, an increase of 14 per cent and 4 per cent respectively from 2019–20.

FIGURE 3: TOTAL CARBON ABATEMENT FROM SCHEMES WE ADMINISTER, 2020–21



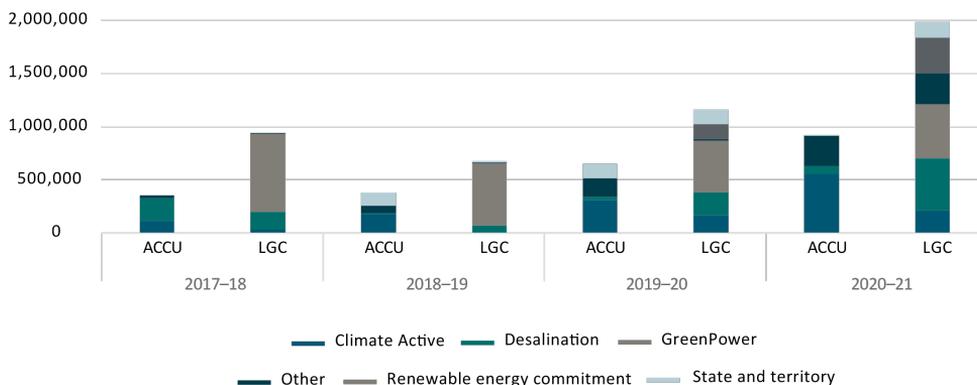
Note: Carbon abatement is estimated based on the time of issuance for ACCUs, LGCs and an estimate of generation from rooftop solar, regardless of the source of demand for the units and certificates. In order to convert the renewable generation into a carbon abatement equivalent value, each MWh is multiplied by the emissions intensity factor of the Australian electricity network. This is considered a conservative estimate. An alternative approach would use the weighted average emissions intensity of the coal and gas generation displaced by renewables, including self-generation of rooftop solar, which would be higher. Further details on the calculation methodology for abatement estimation are set out in the [Quarterly Carbon Market Report March Quarter 2021 workbook](#).

In 2020–21, the Large-scale Renewable Energy Target of 33,000 gigawatt hours (GWh) was met. The total eligible generation from renewable sources in 2020–21 was 35,040 GWh.

Demand for units and certificates for voluntary emission reduction commitments by state and territory governments and business reached record levels in 2020–21.

- 6.5 million large-scale generation certificates (LGCs) were voluntarily surrendered in 2020–21, more than 5 times the volume surrendered in 2019–20. Of these, 4.5 million were surrendered by the Australian Capital Territory Government towards its 100 per cent renewable energy commitment.
- An increase in LGC surrenders was driven by a 140 per cent increase in surrenders against corporate commitments to renewable energy targets. Other private demand, including surrenders from local councils offsetting energy use from public infrastructure, has also increased substantially albeit off a low base in 2019–20.
- 921,544 ACCUs were voluntarily cancelled, primarily for the Climate Active program. This is an increase of 42 per cent from the 647,675 ACCUs cancelled in 2019–20. Key industries included airlines, property development and telecommunications firms, which surrendered a combined 248,937 units in 2020–21.

FIGURE 4: VOLUNTARY PRIVATE AND STATE AND TERRITORY GOVERNMENT DEMAND FOR ACCUs AND LGCs, 2017–18 TO 2020–21



Note: The above graph does not include 4.5 million LGCs surrendered by the ACT Government during the 2020–21 financial year.

New renewable energy capacity delivered across Australia reached 5.2 gigawatts (GW) in 2020–21, a 19 per cent decrease from the 6.4 GW delivered in 2019–20. Although added rooftop solar capacity increased in 2020–21, an overall reduction in total delivered capacity was primarily due to the expected pull back in large-scale renewables investment after the boom to meet the 2020 target. The timing of power station accreditations, for entry to scheme entitlements, at the end of the financial year has also pulled accreditations forward into 2019–20.

For 2020–21, renewable energy capacity delivered included:

- 2.2 GW from new renewable energy power stations (1.2 GW from wind and 1 GW from solar)
- a record 3 GW of rooftop solar capacity – an increase of 19 per cent over 2019–20. This was driven by increases in both the average system size, from 7.8 kilowatts (kW) in 2019–20 to 8.1 kW in 2020–21, and the number of systems installed.

The Clean Energy Regulator’s pipeline of new large-scale renewable generation projects reached 7.1 GW (3.9 GW committed and 3.2 GW probable), which is the highest level on record.

Given the annual large-scale capacity reaching a final investment decision now averages around 2.5 GW, the new norm for annual delivered capacity is likely to be around this level. The pace of transmission upgrades will determine any upside opportunities, or downside risks to this level of capacity.

Summary of results

OBJECTIVE: A TRUSTED, RELEVANT AND EXPERT INSTITUTION

Planning priority 1: Pursue relevant initiatives in the government's response to the King Report and support other government priorities, including the Hydrogen Strategy and Technology Roadmap as required, building on the administration of our legislated schemes

Planning priority 2: Building our data quality and accessibility while adapting to changing policies, technologies, business models and market behaviours

Performance measures	Result
Level of participant satisfaction with the quality and timeliness of market information	Target met
No significant breaches of government, administrative, legal and policy requirements	Target met
Partnering to implement recommendations from the King Review, as appropriate	Target met
Continuous improvement approaches to compliance and outcomes	Target met

OBJECTIVE: EFFICIENT AND EFFECTIVE ADMINISTRATION

Planning priority 3: Ensuring that our business processes and systems are reducing participant burden and delivering operational efficiency and effectiveness

Performance measures	Result
Proportion of applications processed within statutory or agreed timeframes	Target met
Level of participant satisfaction with agency processes and systems	Target met
Strategies and investment in our people enables us to be efficient and effective	Target not met (refer to 'Efficient and effective administration')
Number of Australian carbon credit units issued	Estimate met
Proportion of contracted carbon abatement delivered ¹	Target met
Number of renewable energy certificates (LGCs and STCs) validated	Estimates met
	Large-scale generation certificates (LGCs)
	Small-scale technology certificates (STCs)
Positive assessment of the agency performance under the Regulator Performance Framework	Target met

¹This refers to fixed delivery contracts.

OBJECTIVE: ENGAGED, ACTIVE AND COMPLIANT PARTICIPANTS**Planning priority 4: Strengthening our capability to detect, communicate and respond to the activities of our regulated entities including non-compliance**

Performance measures	Result
Compliance levels by regulated and liable entities	Target met
Proportion of investigations completed within timeframes	Target met
Level of participant satisfaction with engagement and guidance provided	Target met
Proportion of participant contacts resolved at first interaction	Target met
Practical and timely guidance and outreach activities with our participants	Target met

OBJECTIVE: SECURE AND ENDURING REGULATORY INFRASTRUCTURE**Planning priority 5: Driving innovation and agility in our people, systems and processes**

Performance measures	Result
Flexibility and adaptability in our staff to meet current and future requirements	Target met
Development of new methods for the Emissions Reduction Fund	Not rated ²
Level of participant satisfaction with method development process	Not rated ²
Method tracker document on website and updated quarterly	Target met
Availability of online systems	Target met
Cyber awareness and training is delivered to staff (IT security induction; 'Phriendly phishing' training)	Target substantially met (refer to 'Secure and enduring regulatory infrastructure')
System and administration practices are compliant with the government's Essential 8 strategies	Target met
Azure Cloud services are protected and secure	Target substantially met (refer to 'Secure and enduring regulatory infrastructure')
Enhancements to agency systems and technology	Target met

² Given that the 12-month timeframe for finalising or co-designing methods had not elapsed at 30 June 2021, we have used qualitative analysis to demonstrate our performance against these measures (refer to 'Secure and enduring regulatory infrastructure') for the 2020–21 reporting year.

Performance results

Objective: A trusted, relevant and expert institution

Planning priority 1: Pursue relevant initiatives in the government's response to the King Report and support other government priorities, including the Hydrogen Strategy and Technology Roadmap as required, building on the administration of our legislated schemes

Planning priority 2: Building our data quality and accessibility while adapting to changing policies, technologies, business models and market behaviours

Source: Corporate Plan 2020–24

Overall, the agency has met all targets that support these two planning priorities, demonstrating our successful practices as a trusted, relevant and expert institution.

The performance measures supporting these planning priorities assess the quality and timeliness of our market information, compliance against Australian Government administrative, legal and policy boundaries; and activities related to the implementation of recommendations from the King Review, as well as improving our approach to compliance and outcomes.

Each year, we seek feedback from our participants about their satisfaction with our market information. Our 2020 Experience Survey reported 98 per cent scheme participant satisfaction with the quality and timeliness of market information we provide. This information supports the growing interest in and effective operation of Australia's carbon abatement schemes and markets.

In 2020–21, we continued to evolve our [Quarterly Carbon Market Reports](#) to make it easier to track and compare market outcomes against estimates made by the agency and scheme performance for the same period in the previous year. Enhanced time-series information helps businesses decide whether to participate in the voluntary carbon market.

Data and graphics from the Quarterly Carbon Market Reports are regularly presented to industry, government and overseas stakeholders to increase awareness of Australia's rapidly emerging carbon market and how it supports other government priorities such as the National Hydrogen Strategy and Technology Roadmap.

To help businesses show how they are reducing their net emissions, we engaged with them to develop the Corporate Emissions Reduction Transparency (CERT) report. The CERT report will enable eligible National Greenhouse and Energy Reporting scheme reporters to reference a trusted and independent source to support their claims about voluntary actions to reduce their emissions or source renewable electricity and offset units. The CERT report may be used by companies to support reporting requirements or simply to demonstrate how seriously they take the emissions reduction challenge. We anticipate that the CERT report pilot will be launched in 2021–22.

The implementation of relevant recommendations from the expert panel report: *Examining additional sources of low-cost abatement* (the King Review) that were agreed by the Australian Government, was an

area of focus for us in 2020–21. In particular, we accelerated ERF method development activities, launched an approach to market for an Australian Carbon Exchange, provided advance payments for soil projects, put in place legislative underpinnings for alternative assurance arrangements rather than traditional audits, and supported development of a Hydrogen Guarantee of Origin scheme.

We use an intelligence-led, risk-based approach to manage compliance across the schemes we administer. Our approach includes helping program participants to understand how to comply, educating those who want to do the right thing, and a commitment to deter, detect and respond to non-compliance and misconduct to ensure ongoing program integrity. We take a proportionate response to non-compliance in line with our published *Compliance policy for education, monitoring and enforcement activities*. Our performance against the qualitative measure can be demonstrated through the ‘Targeting non-compliant installers to strengthen the Small-scale Renewable Energy Scheme’ case study below.

In 2020–21, we recorded no significant breaches of government, administrative, legal or policy requirements. This demonstrates our ongoing compliance with governance and control frameworks.

Performance measure	Level of participant satisfaction with the quality and timeliness of market information	
	<i>Source: Corporate Plan 2020–24</i>	
Rationale	Providing information increases transparency and confidence in the operation of markets and underpins our role as a trusted, relevant and expert institution.	
Target	Result: 2020–21	Result: 2019–20
80%	98%	93%

Performance measure	No significant breaches of government, administrative, legal and policy requirements	
	<i>Source: Corporate Plan 2020–24</i>	
Rationale	In operating for the public good, we must operate within Australian Government administrative, legal and policy boundaries.	
Target	Result: 2020–21	Result: 2019–20
0 breaches	0 breaches	0 breaches

Performance measure	Partnering to implement recommendations from the King Review, as appropriate <i>Source: Corporate Plan 2020–24</i>	
Rationale	We focus on implementing relevant recommendations from the King Review.	
Target	Result: 2020–21	Result: 2019–20
Qualitative	Activities undertaken to achieve this performance measure (refer to 'A trusted, relevant and expert institution')	Not reported

Performance measure	Continuous improvement approaches to compliance and outcomes <i>Source: Corporate Plan 2020–24</i>	
Rationale	We continually look for ways to improve our approach to compliance and outcomes, including our intelligence-led strategy to stop harm, improve participant behaviour and deter future non-compliance across the schemes we administer.	
Target	Result: 2020–21	Result: 2019–20
Qualitative	Activities undertaken to achieve this performance measure (refer to the case study below)	Not reported

Targeting non-compliant installers to strengthen the Small-scale Renewable Energy Scheme

We are continuing to improve our approach to compliance to ensure the ongoing integrity of the Small-scale Renewable Energy Scheme (SRES). In 2020–21, a significant focus for us was targeting those entities benefiting from the improper creation of small-scale technology certificates (STCs) for solar photovoltaic (PV) installations where the responsible Clean Energy Council (CEC) accredited installer has not met the CEC's on-site requirements.

Under the scheme, all solar PV systems installations must be done or supervised, by a CEC-accredited installer. An accredited installer is required to physically supervise the set-up, mid-installation check-up, testing and commissioning of the installation. Installed systems that do not meet this requirement are not eligible for STCs.

In early 2021, we established a taskforce to target non-compliant installers who are signing off on written statements of STC eligibility under the SRES when they haven't been on site during solar PV installations. In partnership with the CEC, the taskforce has refined its data analytics and data matching capabilities. We are also making improvements to the agency's solar panel validation application to make it easier for installers to provide evidence of on site supervision throughout the installation process.

By drawing on this data, the taskforce is looking to identify or confirm accredited installers' attendance at solar PV installations. Installers found to be making false statements regarding their attendance may face enforcement action including the suspension or cancellation of their accreditation with the CEC, revocation of their electrical licence, and civil proceedings or criminal prosecutions.

Through these improved compliance approaches, the taskforce aims to improve overall participant behaviour and deter non-compliance by enforcing against deliberate non-compliance.

Objective: Efficient and effective administration

Planning priority 3: Ensuring that our business processes and systems are reducing participant burden and delivering operational efficiency and effectiveness

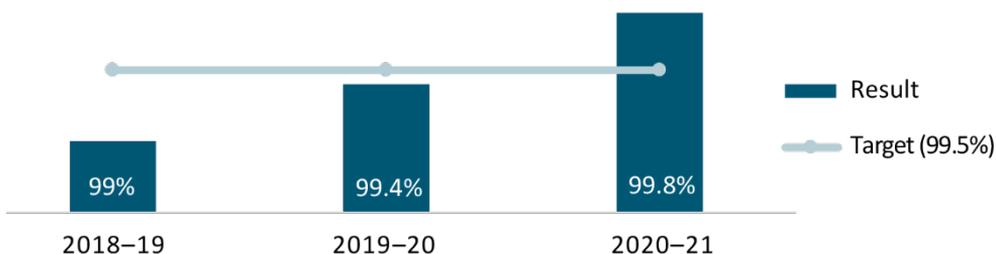
Source: Corporate Plan 2020–24

Overall, the agency has met all but one of the targets that support this planning priority, demonstrating our reputation as an efficient and effective administrator.

The performance measures supporting this planning priority assess the timely processing of applications, the volume of renewable energy certificates and ACCUs issued to compliant participants, management of ERF contracts, and our ongoing commitment to service delivery in administering other aspects of our schemes.

In 2020–21 we processed 99.8 per cent of scheme applications within statutory or administrative timeframes.

FIGURE 5: APPLICATIONS PROCESSED WITHIN TIMEFRAMES



There has been continued support and uptake in the use of the [Solar Panel Validation \(SPV\) initiative](#), which remains an important control for the SRES. Over 75 per cent of STC claims are now using SPV compared to 50 per cent at 30 June 2020. STC claims that use SPV are processed within 24 hours subject to all scheme requirements being met.

In 2020–21, we undertook a trial of solar irradiance methodology with eligible power stations under the Large-scale Renewable Energy Target. The methodology automates LGC processing with solar PV power

stations that have a capacity of less than one megawatt. The trial sees these claims fast-tracked through the LGC validation process, removing the need for nominated persons to compile and enter data manually and for us to validate claims before LGC creation. This delivers significant administrative efficiencies including reduced costs for the agency and eligible power stations and reducing LGC claim processing times. As a result of the successful trial, the solar irradiance methodology will be rolled out to all eligible power stations in 2021–22.

Under the National Greenhouse and Energy Reporting scheme, we have implemented targeted, risk-based assessments of facilities' emissions and energy reports. This approach has enabled timely rectification of significant reporting errors and the publication of accurate greenhouse gas emissions and energy summaries.

We issued 16,466,275 ACCUs in 2020–21 which is an increase of 6 per cent compared to the previous year and reflects a significant increase in project registrations.

We validated 35,945,844 million LGCs this year which is an increase of 18 per cent compared to the previous year. The increase in capacity delivered and the ramping to full generation of power stations accredited in previous years helped drive this result. We validated 49,044,180 STCs, which was a 22 per cent increase on 2019–20. This increase is a result of the record levels of rooftop solar capacity installed and increasing average system size.

The proportion of contracted carbon abatement delivered under ERF fixed delivery contracts was 101 per cent. Deliveries exceeded what was required under scheduled contract milestones as some deliveries were made to milestones occurring beyond the 2020–21 financial year (as allowed for under the contracts). The result of 101 per cent exceeds the target in the *Industry, Science, Energy and Resources Portfolio Budget Statements 2021–21* of 90 per cent.

Respondents to our 2020 Engagement Survey reported 89 per cent satisfaction with the agency's processes and 91 per cent satisfaction with our online systems. High ratings were reported for responsiveness to requests for information, timing of notifications and the process required to meet regulatory requirements.

Active Development Plans demonstrate our ongoing commitment to developing our people and we expect the target for this performance measure will be achieved across multiple years, having commenced last year. In 2020–21, 36 per cent of employees had an Active Development Plan captured in our agency's dedicated learning and development system, LearnHub. We decided not to prioritise a push for staff to document their Active Development Plans in LearnHub given the impacts of COVID-19 this year.

Over and above Active Development Plans, we continued to offer learning solutions to employees, through formal, informal and on-the-job training opportunities. These solutions target specific core capabilities to support the professional development and growth of our employees, while building our employees' collective capacity. Underpinned by the People Capability Framework, employees can identify capabilities for further development. Learning offerings are mapped to meet these capabilities, and will be further adapted over future years. The levels of staff attendance and engagement with these opportunities provide

evidence of broader engagement with active development, in addition to formal LearnHub records. We are therefore comfortable that we are appropriately investing in the development of our people.

Our sixth self-assessment against the Regulator Performance Framework KPIs was confirmed by our external validators, comprising peak body representatives from a cross-section of scheme participants. The assessment results demonstrated that we are maintaining our reputation as an efficient and effective regulator.

Performance measure	Proportion of applications processed within statutory or agreed timeframes <i>Source: Corporate Plan 2020–24</i>	
Rationale	Effective scheme administration is supported by the efficient processing of applications by the agency to meet statutory or administrative timeframes, streamline participant experience and achieve participant expectation.	
Target	Result: 2020–21	Result: 2019–20
99.5%	99.8%	99.4%

Performance measure	Level of participant satisfaction with agency processes and systems <i>Source: Corporate Plan 2020–24</i>	
Rationale	We provide efficient and effective processes and systems to enable our participants to interact with us more easily.	
Target	Result: 2020–21	Result: 2019–20
80%	Satisfaction with agency processes: 89% Satisfaction with agency systems: 91%	Not reported

Performance measure	Strategies and investment in our people enables us to be efficient and effective <i>Source: Corporate Plan 2020–24</i>	
Rationale	We design and implement strategies to enhance the capability of our staff, for the benefit of the agency and our participants.	
Target	Result: 2020–21	Result: 2019–20
Active Development Plan: 80% (multi-year target)	Active Development Plans submitted in LearnHub – 36% (refer to 'Efficient and effective administration')	Active Development Plans submitted in LearnHub – 32%

Performance measure		Number of Australian carbon credit units issued	
<i>Source: Corporate Plan 2020–24</i>			
Rationale	This is an indicator of carbon abatement in the form of Australian carbon credit units that were issued this financial year, showing growing supply of these units for the carbon market and to meet emissions reduction objectives.		
Estimate	Result: 2020–21	Result: 2019–20	
15,500,000	16,466,275	15,476,458	

Performance measure		Proportion of contracted carbon abatement delivered	
<i>Source: Corporate Plan 2020–24 and Industry, Science, Energy and Resources Portfolio Budget Statements 2020–21</i>			
Rationale	This is an indicator of the effectiveness of our administration of the Emissions Reduction Fund’s fixed delivery contract management function.		
Target	Result: 2020–21	Result: 2019–20	
90% ³	101%	91%	

³ This refers to fixed delivery contracts.

Performance measure		Number of renewable energy certificates (LGCs and STCs) validated	
<i>Source: Corporate Plan 2020–24</i>			
Rationale	This indicates the volume of electricity generated in the year from renewable energy sources (LGCs) and the deemed electricity generated to 2030 (STCs).		
Estimate	Result: 2020–21	Result: 2019–20	
LGCs: 31,000,000	LGCs: 35,945,844	LGCs: 30,496,990	
STCs: 32,000,00 ⁴	STCs: 49,044,180	STCs: 40,267,622	

⁴ Solar PV is a consumer product and installations can materially change over a year.

Performance measure	Positive assessment of the agency performance under the Regulator Performance Framework <i>Source: Corporate Plan 2020–24</i>	
Rationale	As a regulator, the agency works to uphold the government’s principles for regulatory practice to foster good relationships with our participants. A positive assessment against this Regulator Performance Framework helps to confirm the effectiveness of the agency’s processes and practices.	
Target	Result: 2020–21	Result: 2019–20
Positive	Positive (refer to 'Efficient and effective administration')	Positive

Objective: Engaged, active and compliant participants

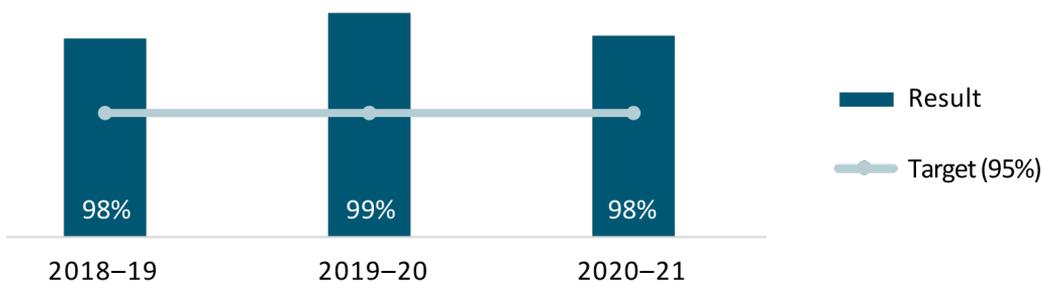
Planning priority 4: Strengthening our capability to detect, communicate and respond to the activities of our regulated entities including non-compliance

Source: Corporate Plan 2020–24

Overall, the agency has met all targets that support this planning priority, and has supported the participation of competent, capable and compliant participants.

The performance measures supporting this planning priority assess our activities related to monitoring and encouraging compliance with the schemes we administer along with engagement, guidance and outreach activities with our participants.

In 2020–21, 98 per cent of entities complied with their reporting obligations for the Renewable Energy Target (RET) and the National Greenhouse and Reporting schemes. Requirements to surrender certificates for the RET, or for Safeguard Mechanism reporters, to keep their emissions at or below pre-set baselines or emissions limits were also met. Consistently high reporting compliance can be attributed to thorough planning, proactive and strategic engagement and clear communication about reporting deadlines.

FIGURE 6: COMPLIANCE LEVELS BY REGULATED AND LIABLE ENTITIES

During 2020–21, we completed 100 per cent of investigations within required timeframes. This included the completion of complex investigations within 365 days and routine investigations within 180 days. Continued improvements to our procedures and refined governance arrangements have resulted in more effective and timely completion of investigations.

Our 2020 Engagement Survey recorded 90 per cent participant satisfaction with engagement and guidance provided. Survey results showed stakeholders and participants were highly satisfied with our efforts to provide the information they needed to participate in the agency's schemes.

In 2020–21, we continued to strengthen partnerships with industry to unlock new carbon abatement opportunities, innovation and increase participation in the ERF. We partnered with the Carbon Market Institute in leveraging industry expertise to tailor our education, training and guides to participants' needs. These industry partnerships provide practical and timely guidance and outreach activities for participants.

During 2020–21, our Contact Centre resolved 77 per cent of telephone enquiries which is above our target of 70 per cent and an improvement on 2019–20 results. By analysing enquiry data, we identified areas with consistently lower resolution rates. We proactively updated scripts and designed targeted training to build the capabilities of Contact Centre officers to resolve queries at the first interaction.

TABLE 2: CONTACT CENTRE RESOLUTION

Reporting year	Resolved at first interaction	Transferred
2020–21	77%	23%
2019–20	68%	32%
2018–19	74%	26%

Performance measure	Compliance levels by regulated and liable entities <i>Source: Corporate Plan 2020–24 and Industry, Science, Energy and Resources Portfolio Budget Statements 2020–21</i>	
Rationale	Compliance levels are an indicator of participant behaviour and of the reputation of the agency as a regulator, to ensure we are seen as trusted, relevant and expert by government, participants and the community.	
Target	Result: 2020–21	Result: 2019–20
95%	98%	99%

Performance measure	Proportion of investigations completed within timeframes <i>Source: Corporate Plan 2020–24</i>	
Rationale	Timely completion of investigations helps resolve and correct non-compliance.	
Target	Result: 2020–21	Result: 2019–20
80%	100%	100%

Performance measure	Level of participant satisfaction with engagement and guidance provided <i>Source: Corporate Plan 2020–24</i>	
Rationale	Providing accurate, timely and relevant guidance and engagement informs and educates our participants to understand their obligations or entitlements to successfully participate in our schemes.	
Target	Result: 2020–21	Result: 2019–20
80%	90%	92%

Performance measure	Proportion of participant contacts resolved at first interaction <i>Source: Corporate Plan 2020–24</i>	
Rationale	The ability to efficiently resolve participants' queries through our Contact Centre enables existing and prospective participants to successfully participate in our schemes and meet their obligations.	
Target	Result: 2020–21	Result: 2019–20
70%	77%	68%

Performance measure	Practical and timely guidance and outreach activities with our participants <i>Source: Corporate Plan 2020–24</i>	
Rationale	Our provision of targeted and timely guidance and outreach activities enables our participants to successfully participate in the schemes we administer.	
Target	Result: 2020–21	Result: 2019–20
Qualitative	Activities undertaken to achieve this performance measure (refer to 'Engaged, active and compliant participants')	Not reported

Objective: Secure and enduring regulatory infrastructure

Planning priority 5: Driving innovation and agility in our people, systems and processes

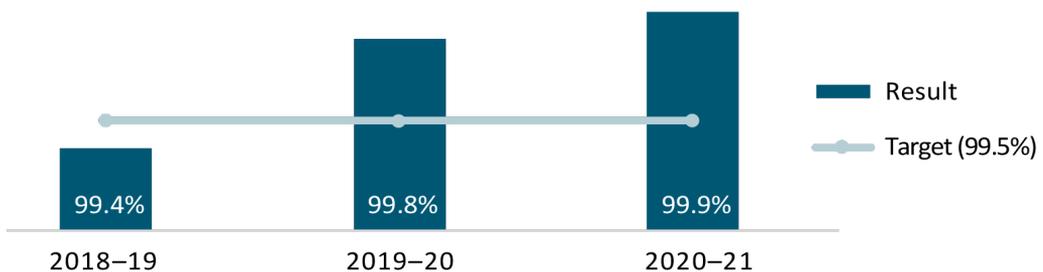
Source: Corporate Plan 2020–24

Overall, the agency has met or substantially met all targets that support this planning priority. This demonstrates that we continue to maintain resilient and adaptable people, systems and processes.

The performance measures supporting this planning priority assess the reliability of our online systems, the development of fit-for-purpose ERF methods and investments in our people, systems and technology.

We align our service design and delivery processes with best-practice principles and standards published by the Digital Transformation Agency, including the Digital Service Standard and the Service Design and Delivery Process. Our aim is to build and deliver digital services that are simple, clear and fast. In 2020–21, our online systems were available for 99.9 per cent of the time, excluding planned outages. The high availability result achieved reflects the reliability and resilience of our online systems.

FIGURE 7: AVAILABILITY OF ONLINE SYSTEMS



In 2020–21, we continued to build on our strong record of cyber resilience. We maintained our high degree of alignment with the Australian Government’s Essential 8 security strategies and enhanced our cyber monitoring and alert capability following our migration to Azure Cloud services. Our cyber capability

continues to evolve and mature as we embed cloud-based services. We use two maturity scores to assess the agency's maturity level: the Essential 8 score and the Azure benchmark against the Centre for Internet Security (CIS) score.

Our Essential 8 score is 23 out of a possible 24 (96 per cent). In 2020–21, we increased the agency's Essential 8 score by improving its multi-factor authentication.

Our Azure CIS score is a very strong 64 out of 75 (85 per cent). This score is based on our Azure monitoring tool, which continues to expand its CIS criteria to keep in step with the changing cyber threat landscape.

Along with our back-office improvement, 95 per cent of new employees completed IT security induction training and 79 per cent completed 'Phriendly phishing' training. During 2020–21, we also revised this training to ensure employees were kept abreast of the increasing sophistication of phishing techniques, which has vastly improved employees' ability to identify malicious emails. Our focus is to build on our communication and awareness programs to increase the number of new employees completing this training.

From November 2020, we assumed responsibility for the development of new technical legislation – methodology determinations or methods – to allow crediting for new activities or projects for the ERF. The Minister prioritised 5 new methods – carbon capture and storage, soil carbon, plantations, blue carbon and biomethane – for development by the end of the 2021 calendar year. To inform method development, we introduced an industry [co-design framework](#) that was created in consultation with more than 200 stakeholders. The framework outlines a collaborative process with industry, potential end-users, scientists and technical experts, and the Emissions Reduction Assurance Committee.

In 2020–21, we held 8 method co-design workshops, attended by more than 450 participants, to discuss draft methods and seek industry and stakeholder feedback. We have received positive feedback from stakeholders on the method development process. We have made good progress in developing the 5 priority methods, which are on track to be completed within 12 months of work commencing.

To facilitate transparency and accountability of our progress, we publish a [method development tracker](#) on our website, which charts progress for each priority method. The tracker identifies the current stage of development for each method and the expected timeframes for completion. The method tracker was first published in early 2021 and is updated quarterly. We also publish an issues register for each method, providing greater transparency on how we are responding to key issues raised by stakeholders or being considered by the agency.

We have continued to focus on developing our people, process and system capabilities to support the agency's secure and enduring regulatory infrastructure. Our performance against these qualitative measures can be demonstrated through the 'New ways of working' and 'Using technology to improve the project registration experience' case studies below.

Performance measure	Flexibility and adaptability in our staff to meet current and future requirements	
	<i>Source: Corporate Plan 2020–24</i>	
Rationale	We continue to invest in our people and develop our workforce to ensure we have the right mix of capabilities and behaviours to meet current and future requirements.	
Target	Result: 2020–21	Result: 2019–20
Qualitative	Activities undertaken to achieve this performance measure (refer to the case study below)	Not reported

New ways of working

This year we have focused on supporting our people to adapt and transition to new ways of working as part of our ongoing response to the COVID-19 pandemic.

We have provided holistic support for employees to safely work from and return to the office, work from home, or adopt a hybrid approach. This includes adapting our home-based work policies to delivering training programs to increase proficiency in using new technologies and build employee confidence in working in a virtual or hybrid work environment.

Our learning and development program also continued, ensuring the complete suite of training could be completed remotely. This included our induction program, regulatory practitioner training and mandatory training modules. We offered our employees training and tools to develop resilience to support them through change and assist them to adapt in challenging times. We also offered targeted sessions for managers to empower them with the tools needed to manage staff in new ways. A reinvigorated managers' network provided a space to share successful management approaches, which strengthened the network of support to managers by other managers.

The 2020 and 2021 Australian Public Service Census results demonstrated improved employee wellbeing while teams are maintaining a positive culture and connection. We are committed to ongoing investment in our people and to building our collective capacity to drive innovation and adapt to policy requirements now and into the future.

Performance measure	Development of new methods for the Emissions Reduction Fund <i>Source: Corporate Plan 2020–24 and Industry, Science, Energy and Resources Portfolio Budget Statements 2020–21</i>	
Rationale	The agency develops new methods within 12 months of work commencing on them so that industry, businesses and landholders can access a broader range of abatement opportunities as quickly as possible.	
Target	Result: 2020–21	Result: 2019–20
Methods are to be developed within 12 months	Not rated⁵	Not reported

⁵ Given that the 12-month timeframe for finalising or co-designing methods had not elapsed at 30 June 2021, and therefore for the 2020–21 reporting year, we have used qualitative analysis to demonstrate our performance against this measure. Refer to 'Securing and enduring regulatory infrastructure' narrative.

Performance measure	Method tracker document on website and updated quarterly <i>Source: Corporate Plan 2020–24</i>	
Rationale	The agency's method design process is transparent so that industry can track progress and there is accountability for the method development process.	
Target	Result: 2020–21	Result: 2019–20
100%	100%	Not reported

Performance measure	Level of participant satisfaction with method development process <i>Source: Corporate Plan 2020–24</i>	
Rationale	The agency co-designs priority methods with key stakeholders to ensure methods are fit-for-purpose.	
Target	Result: 2020–21	Result: 2019–20
80%	Not rated⁶	Not reported

⁶ Given that the 12-month timeframe for finalising or co-designing methods has not elapsed at 30 June 2021, and therefore for the 2020–21 reporting year, we have used qualitative analysis to demonstrate our performance against this measure. Refer to 'Securing and enduring regulatory infrastructure' narrative.

Performance measure	Availability of online systems <i>Source: Corporate Plan 2020–24</i>	
Rationale	We can assess our ability to create and foster participant confidence in the market through reliable operations of our online systems and registries.	
Target	Result: 2020–21	Result: 2019–20
99.5%	99.9%	99.8%

Performance measure	Cyber awareness and training is delivered to staff (IT security induction; 'Phriendly phishing' training) <i>Source: Corporate Plan 2020–24</i>	
Rationale	Agency staff must be provided with the necessary training to combat IT security risks.	
Target	Result: 2020–21	Result: 2019–20
100%	IT security induction training: 95% 'Phriendly phishing' training: 79% (refer to 'Secure and enduring regulatory infrastructure')	Not reported

Performance measure	System and administration practices are compliant with the government's Essential 8 strategies <i>Source: Corporate Plan 2020–24</i>	
Rationale	A measure of the agency's cyber security maturity is through the whole-of-government Essential 8 strategies.	
Target	Result: 2020–21	Result: 2019–20
Maturity score 23/24	Maturity score: 23/24⁷	Not reported

⁷The reporting framework for the Essential 8 has changed recently, however, because the original reporting approach was conducted through the majority of the financial year it has been reported here using the original approach.

Performance measure	Azure Cloud services are protected and secure <i>Source: Corporate Plan 2020–24</i>	
Rationale	A measure of the agency’s rating of the Azure Cloud in terms of security and health.	
Target	Result: 2020–21	Result: 2019–20
Maturity score: 24/24	Maturity score: 64/75⁸ (refer to 'Secure and enduring regulatory infrastructure')	Not reported

⁸ The Centre for Internet Security (CIS) publishes benchmarks for Microsoft products and services including the Microsoft Azure Microsoft 365. CIS benchmarks are internationally recognised as security standards for defending IT systems and data against cyberattacks and undergo continuous improvement to combat the changing threat landscape for IT systems. During the 2020–21 reporting period, the CIS benchmark increased the measured controls from 24 to 75.

Performance measure	Enhancements to agency systems and technology <i>Source: Corporate Plan 2020–24</i>	
Rationale	We enhance agency systems and technology to benefit us and our participants.	
Target	Result: 2020–21	Result: 2019–20
Qualitative	Activities undertaken to achieve this performance measure (refer to the case study below)	Not reported

Using technology to improve the project registration experience

This year, we continued to deliver significant system and technology enhancements to further strengthen our regulatory infrastructure and make it easier to participate in the schemes we administer.

Soil carbon is a growth area for carbon abatement projects under the ERF. To support increased soil carbon project participation, we streamlined the soil carbon project registration process through enhancements to our systems and technology.

In 2020–21, we expanded our application programming interface (API) capability to enable ERF participants to securely register soil carbon projects directly from their own systems and allow the submission of multiple soil carbon project applications at once. This capability was developed in response to feedback from ERF participants calling for the agency to support bulk project registrations and get data directly from their own systems.

We worked closely with ERF participants to design and test the new API to ensure it delivered a streamlined registration process aligned with participants' expectations while maintaining high data standards. We also improved the Client Portal to streamline registration, crediting and assessment processes under the ERF. These improvements have transformed the Client Portal, making it easier for participants to view and manage projects and meet their compliance obligations.

Together, these enhancements further reduce the administrative burden on scheme participants and our internal assessment processes, and increase flexibility and efficiency while contributing to the agency's secure and enduring regulatory infrastructure.

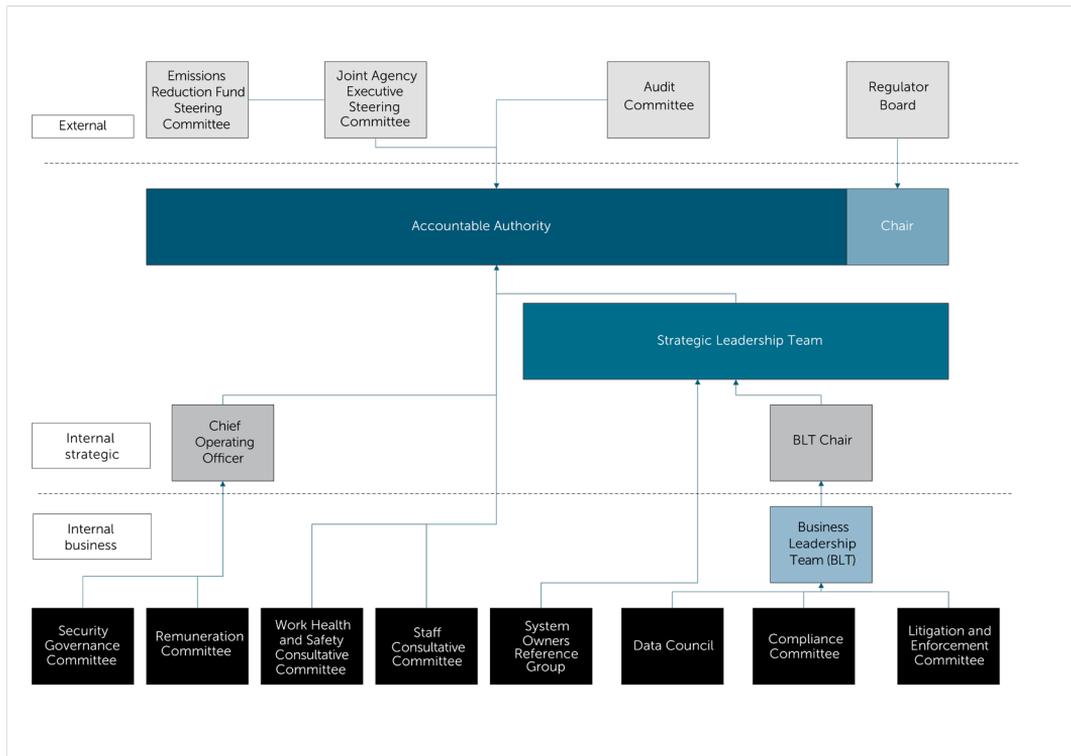
Management and accountability

Corporate governance

Our corporate governance framework puts in place effective planning, risk management and accountability mechanisms that enable us to deliver on relevant legislation aligned with the expectations of government and scheme participants. It articulates the lines of authority, accountability, direction and controls to ensure all employees understand corporate and personal accountabilities, while providing clear and transparent decision-making procedures and practices.

Our governance structure supports us to deliver on the agency's purpose to accelerate carbon abatement for Australia. Our governance structure and processes comply with all statutory requirements and are regularly reviewed to ensure they remain effective. Our governance and committee structure is shown in Figure 8.

FIGURE 8: OUR GOVERNANCE STRUCTURE AT 30 JUNE 2021



The corporate plan sets out the agency's purpose, objectives, strategic priorities and the key activities we will pursue to achieve our purpose and objectives. Business plans provide a clear line of sight between the agency's purpose and objectives and the contribution of each individual, section, branch and division.

Our performance is monitored by the Strategic Leadership Team, Regulator Board and Audit Committee.

Regulator Board and executive committees

Regulator Board

The Regulator Board determines the agency's strategic direction, monitors our performance and is accountable for regulatory decisions made under the legislation we administer.

Members of the Regulator Board are appointed by the responsible minister under the *Clean Energy Regulator Act 2011* and are required to have substantial experience or knowledge and significant standing in relevant fields. The Chair holds office on a full-time basis. All other Members hold office on a part-time basis.

The Regulator Board Members for 2020–21 were:

- Mr David Parker AM, Chair
- Ms Anne T Brown, Member, who completed her 3-year term on 2 December 2020.
- Ms Virginia Malley, Member, who completed her 3-year term on 2 December 2020.
- Mr Michael D'Ascenzo
- Dr Peter Davis
- Ms Katherine Vidgen, who was appointed on 21 May 2021 for a 3-year term.

The Regulator Board met 10 times during 2020–21. The timing of Ms Vidgen's appointment did not enable her to attend any Regulator Board meetings during 2020–21.

Audit Committee

The Audit Committee provides independent advice and assurance to the Chair, as the Accountable Authority on the appropriateness of the agency's risk oversight and management systems, internal control systems and financial and performance reporting. The [Audit Committee Charter](#) is available on the Clean Energy Regulator website.

The Audit Committee met five times during 2020–21 and comprised 3 members: an independent Chair, one external Member and one internal Member. Members of the Board; the Strategic Leadership Team; the Risk, Audit and Fraud section; and the Australian National Audit Office also regularly attend. Appendix E provides details on the Audit Committee membership.

Strategic Leadership Team

The Strategic Leadership Team is responsible for strategic leadership and management (in relation to the role of the Accountable Authority under the *Public Governance, Performance and Accountability Act 2013* and Head of Agency under the *Public Service Act 1999*). Members comprise of the Chair, executive general managers, the Chief Operations Officer and the General Counsel. The Strategic Leadership Team is chaired by the Chair of the Regulator Board and meets weekly.

Emissions Reduction Fund Program Steering Committee

The Emissions Reduction Fund Program Steering Committee govern the management of scheme risks and benefits, and identifies and analyses issues that may have a material effect on the Emissions Reduction Fund. It comprises Senior Executive Service (SES) employees from the agency and the Department of Industry, Science, Energy and Resources.

Joint Agency Executive Steering Committee

The Joint Agency Executive Steering Committee provides an inter-agency forum for high level strategic oversight of the schemes we administer. The committee considers the implications of significant developments in policy and regulatory functions, and options for managing emerging trends, issues and risks within the policy and regulatory environment.

This committee comprises the Chair, a Regulator Board Member, and SES employees from the agency and the Department of Industry, Science, Energy and Resources.

Managing risk and fraud

Our risk management framework enables us to engage with risk in a positive and transparent way, consistent with the Commonwealth risk management policy. The framework aims to support risk-informed decision-making and apply a consistent and effective approach to risk management. The framework also encourages innovation and ultimately assists all employees to identify and manage risks that may undermine our ability to achieve the agency's objectives and meet statutory obligations.

During 2020–21, our risk management activities focused on streamlining our processes and systems for risk reporting, targeting resources towards areas of highest risk and undertaking regular reviews of our strategic and operational risks and controls. Our activities have broadened to support the delivery of the agency's change initiatives. Underpinning our activities is a risk report that is provided to the Regulator Board and Audit Committee each quarter. The agency recorded an overall risk maturity of 'advanced' in the 2021 Comcover Risk Management Benchmarking Program.

We also reviewed the agency's business continuity management framework to reflect revised risk assessment practices and the agency's matured capability to resume operations in the event of a significant business disruption.

Our fraud and corruption control plan provides assurance that we are managing identified fraud risks and complying with the agency's obligations under section 10 of the Public Governance, Performance and Accountability Rule 2014 and the Commonwealth fraud control framework. The plan details strategies to prevent, detect, respond to, monitor and report fraud.

Employees are informed of their obligations under the *Public Service Act 1999*, requiring them to avoid actual, perceived or potential conflicts of interests. All employees and Regulator Board Members are required to complete an annual declaration of interest form. This year we standardised the form, which improved record-keeping and simplified completion, resulting in improved employee completion rates. Compliance with this requirement is reported to the Audit Committee. It is also standard practice at all Regulator Board and governance committee meetings for Members to declare any conflicts of interest before committee proceedings commence.

Internal audit

The internal audit function provides independent and objective assurance that the agency is operating in an efficient, effective, economical and ethical manner. The internal auditor is responsible for the efficient and effective operation of our internal audit function, reporting to the Chair through the General Counsel (Chief Risk Advisor) and the Audit Committee. The agency's internal audit service provider is KPMG.

Compliance with finance law

In 2020–21, there were no significant issues of non-compliance with finance law reported to the Minister for Industry, Energy and Emissions Reduction.

External scrutiny

Our operations are subject to examination by tribunals or courts, parliamentary committees, the Commonwealth Ombudsman and the Australian National Audit Office.

In 2020–21, there were no judicial decisions, decisions of administrative tribunals or decisions by the Australian Information Commissioner that impacted the agency's operations.

Our operations were not the subject of any reports by the Auditor-General, a parliamentary committee or the Commonwealth Ombudsman, and no capability reviews of the agency were released.

We appeared before the Senate Environment and Communications Legislation Committee on 3 occasions during 2020–21.

Information Publication Scheme

The Information Publication Scheme (IPS) aims to transform the freedom of information framework from one that responds to individual requests for access to documents, to one that requires agencies to take a proactive approach to publishing information.

The scheme requires that we ensure certain information is easily found on our website. Each webpage provides a mechanism for visitors to provide feedback on the usefulness of the information on the page. We review feedback and regularly update our website to ensure that information is useful and easily found by users.

A [plan showing published information in accordance with the IPS](#) is available on our website.

Asset management

We manage assets in accordance with our asset management framework, Accountable Authority Instructions and relevant accounting standards. During 2020–21 we undertook:

- a stocktake of our asset base, and we engaged an independent expert to conduct a valuation of the agency's assets (excluding intangibles) in accordance with the requirements of the *Australian Accounting Standards Board (AASB) 13 Fair Value Measurement*
- asset impairment testing and a review of the useful life ('re-life' assessment) of our assets, including ICT and non-ICT property, plant and equipment, intangibles and software assets under construction, as required by *AASB 116 Property, Plant and Equipment*, *AASB 136 Impairment of Assets* and *AASB 138 Intangible Assets*.

Outcomes of these activities are reported in the financial statements.

Purchasing and procurement

Purchasing

Our approach to purchasing and procurement is consistent with the Commonwealth Procurement Rules and is designed to promote fairness, equity and value for money.

The rules are applied to our operations through the Accountable Authority Instructions, procurement policies, and operational guidance available to all employees via the agency's intranet and centralised procurement team.

Our Annual Procurement Plan provides information on planned procurement activities expected to be undertaken in 2021–22, providing prospective suppliers with an opportunity to prepare for potential work with the agency. This plan is available on the [AusTender website](#) and is updated as required.

Reportable contracts

The Clean Energy Regulator is a non-corporate Commonwealth entity. Our 2020-21 reportable contract data was as follows:

Consultancy contracts

- The Mullion Group Pty Ltd was engaged in 2020-21 to provide research and analysis expertise in methods development. This was reported as a consultancy contract in AusTender. We spent \$29,660 under the contract in 2020–21.
- Chartertech Pty Ltd was engaged in 2019–20 to provide financial expertise and advice. This was reported as a consultancy contract in AusTender. We spent \$25,080 under the contract in 2020–21.

Non-consultancy contracts

- Jones Lang LaSalle (ACT) Pty Ltd was engaged in 2018–19 to provide property management services. We spent \$4,416,118 under the contract in 2020–21.
- Fujitsu Australia Ltd was engaged in 2013–14 to provide ICT Platform Hosting Services. We spent \$3,533,155 under the contract in 2020–21.
- Data#3 Ltd was engaged in 2018–19 to provide ICT License Services. We spent \$1,948,204 under the contract in 2020–21.
- HAYS Specialist Recruitment (Australia) Pty Ltd was engaged in 2019–20 and 2020–21 to provide temporary personnel and management advisory services. We spent \$1,386,288 under the contract in 2020–21.
- SRA Information Technology Pty Ltd was engaged in 2016–17, 2019–20 and 2020–21 to provide ICT consultation services. We spent \$1,109,592 under the contract in 2020–21.

Expenditure on reportable consultancy contracts

TABLE 3: REPORTABLE CONSULTANCY CONTRACTS, 2020–21

Reportable consultancy contracts 2020–21	Number	Expenditure \$
New contracts entered into during the reporting period	1	29,660
Ongoing contracts entered into during a previous reporting period	1	25,080
Total	2	54,740

TABLE 4: ORGANISATIONS RECEIVING A SHARE OF REPORTABLE CONSULTANCY CONTRACT EXPENDITURE, 2020–21

Organisations receiving a share of reportable consultancy contract expenditure 2020–21	Expenditure \$
The Mullion Group Pty Ltd	29,660
Chartertech Pty Ltd	25,080

During 2020–21, one new reportable consultancy contract was entered into involving total actual expenditure of \$29,660. In addition, one ongoing reportable consultancy contract was active during the period, involving total actual expenditure of \$25,080.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.

Decisions to engage consultants during 2020–21 were made in accordance with the PGPA Act and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

We select consultants through the use of panel arrangements or by making an open approach to market.

We engage consultants when it requires specialist expertise on policy design, business intelligence, strategic planning and specialist recruitment.

Expenditure on reportable non-consultancy contracts

TABLE 5: REPORTABLE NON-CONSULTANCY CONTRACTS, 2020–21

Reportable non-consultancy contracts 2020–21	Number	Expenditure \$
New contracts entered into during the reporting period	233	13,189,080
Ongoing contracts entered into during a previous reporting period	99	15,831,533
Total	332	29,020,613

TABLE 6: ORGANISATIONS RECEIVING A SHARE OF REPORTABLE NON-CONSULTANCY CONTRACT EXPENDITURE, 2020–21

Organisations receiving a share of reportable non-consultancy contract expenditure 2020–21	Expenditure \$
Jones Lang LaSalle (ACT) Pty Ltd	4,416,118
Fujitsu Australia Ltd	3,533,155
Data#3 Ltd	1,948,204
HAYS Specialist Recruitment (Australia) Pty Ltd	1,386,288
SRA Information Technology Pty Ltd	1,109,592

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the reportable non-consultancy contracts' value is available on the AusTender website.

Exempt contracts

In 2020–21, the Chair did not exempt any standing offer or contract in excess of \$10,000 (inclusive of GST) from being published on AusTender. Emissions Reduction Fund carbon abatement contracts are exempt.

Australian National Audit Office access clauses

All contracts of \$100,000 (inclusive of GST) or more awarded during 2020–21 included a provision for the Auditor-General to have access to the contractor's premises.

Procurement initiatives to support small business

We support small business participation in the Commonwealth Government procurement market. Small and medium enterprises (SME) and small enterprise participation statistics are available on the [Department of Finance](#) website.

We adopted the following initiatives and practices to support SME and small enterprise:

- using the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000 (inclusive of GST)
- using credit cards for procurements valued under \$10,000
- using Australian Industry Participation Plans in whole-of-government procurement, where applicable
- adopting the Small Business Engagement Principles (outlined in the government’s Industry Innovation and Competitiveness Agenda), such as communicating in clear, simple language and presenting information in an accessible format
- using electronic systems or other processes to facilitate on-time payment performance.

Advertising and market research

We did not undertake any market research or advertising campaigns in 2020–21.

Regulator Performance Framework

The Australian Government’s Regulator Performance Framework aims to reduce unnecessary or inefficient regulation imposed on individuals, business and community organisations. We strive for continuous improvement of our practices and procedures to achieve an appropriate balance between compliance and regulatory burden.

In 2020–21, our Regulator Performance Framework self-assessment demonstrated that we are reducing the burden of our regulation activities by meeting 100 per cent of performance indicators, as defined under the framework. Our self-assessment was validated by the following peak bodies, representing a cross-section of our scheme participants:

- Susie Smith, Chief Executive Officer, Australian Industry Greenhouse Network
- John Connor, Chief Executive Officer, Carbon Market Institute
- Darren Gladman, Director Distributed Energy, Clean Energy Council.

A copy of our 2020–21 Regulator Performance Framework self-assessment is at Appendix F.

Environmental performance

Our sole tenancy at 5 Farrell Place, Canberra holds a National Australian Built Environment Rating System (NABERS) Energy Tenancy Rating of 6 stars, which measures the building's environmental performance across the areas of energy, water, waste and the indoor environment (tenancy).

In addition, we have the following initiatives in place to minimise our environmental impact:

- An environmental committee is in place, to develop measures to encourage sustainability and reduce waste, and energy and water use.
- Electricity is purchased from 100 per cent renewable sources.
- We use organic waste, paper and cardboard recycling services and have communal bins for these materials.
- We have installed energy-efficient lighting, technology and workplace equipment.

Compliance and enforcement

Our approach to regulation starts from the premise that responsibility for complying with scheme obligations rests with the individual or organisation to whom the relevant legislation, policy or contract applies. We adopt an intelligence-led, risk-based approach that considers the behaviour and motivation of scheme participants to help determine the appropriate response to non-compliance. We take a proportionate approach to non-compliance in line with our published [Compliance policy for education, monitoring and enforcement activities](#).

To support scheme compliance, we take a comprehensive approach to assist scheme participants to understand how to comply, and deter, detect and respond to non-compliance and misconduct to ensure ongoing scheme integrity. In addition, our well-established monitoring, audit and assessment processes protect against fraud and non-compliance across all our schemes. This includes assessing submitted reports, using smart algorithms and undertaking large dataset analysis to identify trends, anomalies and behaviours, and conducting audits, site visits and inspections.

Where necessary we initiate investigations with a view to pursuing administrative sanctions, civil proceedings or, in more serious instances of deliberate non-compliance, criminal prosecutions.

Our compliance priorities and outcomes

Each year, we publish compliance and enforcement priorities on our website to increase transparency and accountability of our activities. Our compliance and enforcement priorities aim to increase our clients' awareness and willingness to comply voluntarily to meet the agency's objectives, and highlight particular areas that we will focus on for each of the schemes we administer. Our continuing expectations, and outcomes in relation to these compliance priorities, are summarised in Table 7.

We also publish information concerning our expectations and compliance outcomes in our [quarterly Compliance Update](#).

TABLE 7: COMPLIANCE AND ENFORCEMENT PRIORITIES AND OUTCOMES, 2020–21

Scheme	Focus areas	Activities and outcomes
Emissions Reduction Fund (ERF)	<p>Project proponents who submit inaccurate or late reports to support claims for Australian carbon credit units (ACCUs).</p> <p>Ensuring ACCUs are generated for genuine and additional abatement means the carbon industry is supported to grow and the ERF continues to contribute to Australia meeting its 2030 emissions reduction targets.</p>	<p>Continuous improvements to our compliance systems and processes mean applications for ACCUs can be processed more quickly while maintaining unit integrity.</p> <p>If inaccurate claims for ACCUs are submitted those claims and future claims will be subjected to a more detailed assessment, meaning the assessment process will take longer to complete.</p>
	<p>Project proponents who do not adhere to the guidelines for the human-induced regeneration of a permanent even-aged native forest and native forest from managed regrowth methods.</p> <p>Adherence to the guidelines ensures accurate claims for ACCUs.</p>	<p>To ensure adherence to the guidelines, we continue to use spatial analysis tools to assess applications for ACCUs for revegetation projects. This includes use of high-resolution geospatial imagery to check the capacity of projects to deliver carbon abatement with high integrity.</p>
	<p>Fraudulent claims for ACCUs.</p> <p>Take compliance action against participants who have made claims for ACCUs based on false or misleading information.</p>	<p>Where deliberate non-compliance has been identified compliance action will be taken. The outcomes of a recent fit and proper person assessment conducted by the agency are likely to result in projects being revoked, or project proponents exiting the ERF and new project proponents stepping in to replace them.</p>
National Greenhouse and Energy Reporting (NGER) scheme and Safeguard Mechanism	<p>Participants who have a history of submitting inaccurate, incomplete and/or late data particularly where data underpins Safeguard Mechanism obligations.</p> <p>Compliance with reporting obligations ensures the consistency and accuracy of emissions and energy data to inform policy-making, the public and to meet Australia's international obligations.</p>	<p>Our aim is to bring non-compliant NGER corporations back into voluntary scheme compliance, while taking stronger action to discourage non-compliance.</p> <p>In 2020–21, we continued to tighten our resubmission policy and strengthen our regulatory responses in relation to reporters who repeatedly submit inaccurate, incomplete or late data, particularly where the data underpins Safeguard Mechanism obligations.</p> <p>All entities met their Safeguard Mechanism obligations for 2018–19 by ensuring they did not have emissions that exceeded their baselines on or after 1 March 2020. Sixteen Safeguard Mechanism facilities were required to surrender a total of 58,731 ACCUs to reduce their emissions below their baselines. A further 131,650 ACCUs were surrendered under the deemed surrender provisions, before the statutory deadline.</p>

Reporters with a history of non-compliance.

Take compliance action against late reporters or those that have a history of submitting inaccurate data.

For the 2019–20 NGER reporting period, 5 per cent of reporters were required to resubmit their data to return to compliance; 2 per cent were issued with warning letters following observed repeated non-compliance; and one per cent were selected for reasonable assurance audit under section 74 of the NGER Act. Three reporters were issued warning letters for late reporting.

We opened investigations into a further 3 reporters suspected of repeated non-compliance.

Renewable Energy Target

Ineligible claims for small-scale technology certificates (STCs) with a focus on those in the supply chain who provide false information.

Ensuring that STC meet all Commonwealth eligibility requirements and represent additional renewable energy generation by focusing on Clean Energy Council (CEC) approved module importers and local manufacturers supplying solar panels to Australia, and Clean Energy Council accredited installers making a true declaration.

We maintained our fast-track processing of STC claims that use solar panel validation (SPV). At 30 June 2021, more than 75 per cent of STC claims were made using SPV, up from 50 per cent at 30 June 2020. We also started development of our new solar panel serial number ledger capability to strengthen the integrity of the Small-scale Renewable Energy Scheme (SRES). The ledger capability further enhances our regulatory framework by helping to prevent ineligible solar panels receiving Commonwealth incentives under the SRES while complementing SPV.

We also established a taskforce to target installers accredited by the CEC who make false statements in relation to STC eligibility. A new methodological approach was developed to identify installers unlikely to have been onsite in accordance with CEC requirements during solar system installation. Several SPV app providers have also developed tools to support industry in demonstrating installer onsite attendance according to requirements.

Emissions-intensive and trade-exposed entities who provide inaccurate or incomplete exemption applications.

Submission of complete and accurate applications in line with the Electricity use method will reduce regulatory burden and ensure that entities only receive the level of exemption that they are entitled to.

The 2020 assessment period required all emissions-intensive and trade-exposed entities to transition from the production calculation method to the electricity use method. To support this change, several online resources were updated, and a series of webinars were held to ensure all stakeholders were engaged and understood their obligations and the level of exemption they would be entitled to.

For the 2020 assessment period, 99 per cent of applications were approved, totalling more than 36 million megawatt hours of exemption issued. Two applications were refused due to administrative errors.

Fraudulent claims for renewable energy certificates.

Take compliance action against agents and nominated persons who make false or misleading claims for renewable energy certificates.

We have continued our campaign against businesses and individuals profiting from scheme fraud due to solar PV installations not being supervised by CEC-accredited installers. In collaboration with the CEC, we are using clear messaging to industry participants together with enhanced data analytics to proactively detect and target offending installers, retailers and agents.

We continue to implement an intelligence-led strategy that stops harm, improves participant behaviour and deters future non-compliance. This year we have permanently suspended the registrations of 4 agents found to have improperly created certificates, and accepted four enforceable undertakings from agents found to have benefited from the improper creation of certificates for solar PV installation not supervised by a CEC-accredited installer.

In response to non-compliance, we also continue to work closely with external agencies, including Commonwealth, state and territory regulators along with other authorities. For example, following referral, the CEC has cancelled the accreditation of 36 installers who were identified as having misused their accreditation.

Outstanding shortfall debts.

Monitor liable entity behaviours and actively pursue outstanding shortfall debts.

For the 2020 assessment period, 100 per cent of liable entities submitted their energy acquisitions statements on time.

Certificate surrender compliance rates were 79.75 per cent for large-scale generation certificates and 99.99 per cent for small-scale technology certificates resulting in a total of approximately \$417 million in shortfall charges.

Repayment plans were approved for 6 entities with 92 per cent of outstanding shortfall charges recovered at 30 June 2021.

Auditors

Seriously non-compliant auditors.

Deregister auditors who are non-compliant or poor-performing.

One category 2 greenhouse and energy auditor was deregistered in 2020–21 for poor performance.

Compliance action

We monitor the activity of scheme participants to identify possible fraud and non-compliance through data analytics, enhanced data matching capabilities, audits and investigations, as required. Where substantive non-compliance is identified, our investigators collect evidence and recommend a compliance and enforcement response. These responses are outlined in our [Compliance policy for education, monitoring and enforcement activities](#) and can include, but are not limited to, the suspension of a person’s registration, the acceptance of enforceable undertakings, the commencement of civil proceedings or the referral of a matter to the Commonwealth Director of Public Prosecutions for criminal prosecution. All investigations are conducted in accordance with the Australian Government Investigation Standards.

In 2020–21, we assessed 73 compliance allegations – a three-fold increase from 2019–20. We have extensively publicised our focus on individuals and businesses profiting from solar PV installations that are not supervised by a CEC-accredited installer. This, combined with stronger relationships with other regulators and the release of a new online reporting tool, Whispli, resulted in an increase in allegations of scheme fraud or non-compliance.

This year we commenced 20 new investigations and closed 7 investigations. Thirty investigations remained open at 30 June 2021. All investigations were finalised within our required timeframe. Compliance actions and outcomes undertaken in 2020–21 are summarised in Table 8.

TABLE 8: COMPLIANCE ACTION, 2020–21

Compliance action	2020–21	2019–20
Allegations assessed	73	24
Investigations opened	20	18
Investigations closed	7	23
Disclosures to partner agencies	184	204
Notices to produce issued to third parties	54	51
Permanent suspensions of registered persons	4	6
Enforceable undertakings executed	4	7
Enforceable undertakings finalised	3	4
Inspector appointments revoked	0	2
Search warrants executed	0	0

Audit framework

The National Greenhouse and Energy Reporting Audit Framework helps ensure the integrity of reported data and assists us to prioritise compliance, education and intelligence actions. Audits also provide assurance for NGER data, the issuance of ACCUs issued under the ERF and issuance of exemption certificates under the Renewable Energy Target for emissions-intensive trade-exposed facilities.

In 2020–21, 238 audits were completed under the framework, including 18 audits initiated at our cost under our risk-based approach. Of those audits:

- 93 per cent returned a clean opinion, indicating the participant was compliant with scheme requirements audited
- 5 per cent returned a qualified opinion, indicating the participant was largely compliant
- 1 per cent returned an adverse finding, where at least one material issue of significant non-compliance was identified.

At 30 June 2021, the agency had 83 registered greenhouse and energy auditors. We conducted 5 inspections during 2020–21 to monitor auditor performance and compliance. A decision was made to deregister one category 2 greenhouse and energy auditor for performance issues.

Managing our people

At 30 June 2021, we had 333 employees, of which 315 were ongoing and 18 were non-ongoing. All employees were based in the Australian Capital Territory during 2020–21 and 2019–20. Appendix C provides details of our workforce profile.

FIGURE 9: OUR WORKFORCE, 2020-21



Building capability

We continue to invest in our people and build our collective capacity to drive innovation and adapt to policy and workforce requirements now and into the future.

Underpinned by our People Capability Framework, all employees had access to a range of formal and informal professional development opportunities during 2020–21. Under the framework, employees are encouraged to complete an active development plan and to identify their own professional development needs and target solutions.

During 2020–21, we also offered learning programs across a range of topics and formats, in online self-paced, virtual and face to face formats.

- The induction program was delivered to 55 new employees including the 2-day graduate development program induction for 4 graduates and their managers.
- Regulatory practitioner training was delivered to 36 employees, strengthening our regulatory capability.
- Foundational management training was delivered to emerging leaders across the agency.
- Financial support and study leave were provided to 15 employees to undertake further studies aligned with each employee's development, but also to contribute to building the capability of the agency and the Australian Public Service (APS) more broadly.
- Eight virtual events were hosted as part of our environmental, people, insights and capability (EPIC) speaker series, which invites influential speakers to share industry insights and discuss challenges and opportunities relating to government policy, carbon markets and energy sectors. The EPIC speaker series is open to all employees to attend.

We recognise the outstanding efforts made by our employees through our annual Awards of Excellence program. Through this program, teams and individuals are recognised for delivering quality outcomes while embodying the agency's culture and APS values. In December 2020, 4 awards were presented to recognise excellence in leadership, innovation, diversity and collaboration, in addition to the presentation of the Regulator Board Outstanding Achievement Award.

Work health and safety

We are committed to providing a safe work environment for all employees. We acknowledge that both office-based and off-site (home-based) health and safety hazards may be physical or psychological and that we have a duty of care to ensure the health and safety of all employees, by meeting our legal obligations under the *Work Health and Safety Act 2011*.

In 2020–21, our continued commitment to employee health and safety was demonstrated through the following initiatives:

- We undertook 96 workstation assessments to ensure the correct set-up and safe use of equipment.

- The Work Health and Safety Consultative Committee provided a means of consultation and cooperation between employees and the agency.
- The Health and Wellbeing Committee continued to help build a workplace culture that supports healthy lifestyles and encourages participation in health and wellbeing initiatives that have assisted employees in managing the impacts of COVID-19 and foster personal resilience.
- We introduced a self-paced online resilience program to strengthen resilience and performance.
- We provided all employees with access to flu vaccinations.
- All employees and their families had access to free and confidential counselling services through the agency's employee assistance program.
- Our network of trained mental health first-aid officers, first-aid officers, health and safety representatives and workplace harassment contact officers, represented the work health and safety interests of all employees.
- We provided employees with regular information, training and supervision to help them understand and fulfil their responsibilities under the *Work Health and Safety Act 2011* and support safe work practices.

During 2020–21, we introduced new policies and procedures, following the COVID-19 response, to ensure employees had access to safe work environments in the office and at home. This included the introduction of a new home-based work policy, which enabled home-based work agreements to become part of our regular work arrangements. We also provided employees and managers with a suite of mental health and wellbeing resources to support employee wellbeing.

We continue to provide complex case management support in partnership with third-party providers, employees and managers for non-compensation cases, and continue to review work, health and safety policies and guidelines with our consultative committee.

During 2020–21, there were no notifiable incidents reported to Comcare under section 38 of the *Work Health and Safety Act 2011* and no notices issued under part 10 of the Act.

Diversity and inclusion

We value diversity and are committed to fostering a diverse and inclusive workplace, free of discrimination. We aim to create an environment that values and utilises the contributions of people from different backgrounds, experiences and perspectives.

Our policies and practices reflect the principles of the [Australian Public Service Disability Employment Strategy 2020–25](#) and the [Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–24](#).

Our policies are supported by our diversity and inclusion community groups – the Disability Ability Wellbeing network, the Indigenous network, the Pride network, the Gender Equity network and our Cultural and Linguistic Diversity network.

These networks:

- provide advocacy support for employees
- raise awareness of diversity and inclusion through initiatives including International Day Against Homophobia, Biphobia, Intersexism and Transphobia; National Reconciliation Week; National Autism Awareness; and Harmony Week
- provide support for managers and reasonable adjustments for employees
- work closely with other government agencies and stakeholder groups to improve diversity and inclusion outcomes
- build social connections and community
- support the agency to implement culturally appropriate strategies.

Disability reporting mechanisms

The National Disability Strategy is Australia’s overarching framework for disability reform. It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia’s policies and programs that affect people with disability, their families and their carers.

All levels of government will continue to be held accountable for the implementation of the strategy through biennial progress reporting to the Council of Australian Governments. Progress reports can be found on the [Department of Social Services website](#). Disability reporting is included in the Australian Public Service Commission’s State of the Service reports and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au.

Employment conditions

The *Clean Energy Regulator Enterprise Agreement 2019–2022* sets out the terms and conditions of employment for all non-Senior Executive Service (SES) employees.

As at 30 June 2021, 323 employees were covered by the Enterprise Agreement. Of these, 10 non-SES employees had an individual flexibility agreement in place.

Employment conditions for 10 SES officers are outlined by individual determinations made under section 24(1) of the *Public Service Act 1999*. The position of Chair is a statutory appointment with conditions of employment determined by the Remuneration Tribunal.

In accordance with the terms of the *Clean Energy Regulator Enterprise Agreement 2019–2022*, salaries for non-SES employees range from \$49,136 (APS1.1) to \$151,077 (EL2.3) (see Table 9). Details of non-salary benefits available to our employees are included in the Enterprise Agreement.

In 2020–21, no performance payments in the form of one-off bonuses were awarded to SES officers. Non-SES officers who achieve a performance outcome of ‘meets’ or ‘exceeds’ expectation are recognised by incremental advancement consistent with conditions outlined in the Enterprise Agreement.

TABLE 9: SALARY RANGES APS1 TO EL2 AT 30 JUNE 2021

	Minimum salary	Maximum salary
APS1	\$49,136	\$55,731
APS2	\$58,521	\$62,445
APS3	\$65,130	\$70,503
APS4	\$73,189	\$77,217
APS5	\$79,904	\$83,933
APS6	\$87,291	\$99,376
EL1	\$107,433	\$122,205
EL2	\$128,249	\$151,077

Finances

Financial overview

The agency continued the successful delivery of its schemes including undertaking the 11th and 12th auctions under the Emissions Reduction Fund (ERF) and the collection of \$463.5 million in the administration of the Renewable Energy Target.

To ensure scheme delivery and to maximise performance the agency continued its strong focus on budget management and resource allocation. We manage our finances and resources to remain financially sustainable into the forward estimates and continue to implement operational efficiencies.

We have raised a potential matter of accounting policy with the Australian National Audit Office (ANAO) in the context of an emerging trend of increasing private demand for ACCUs for surrender, rather than for contract delivery. This trend could have the effect of reducing administered liabilities otherwise recognised by the agency. The ANAO has undertaken to consider this matter in 2021–22.

Summary of financial performance

Departmental finances

Operating Result

Expenses

Operating expenditure for 2020–21 was \$68.7 million excluding depreciation and amortisation.

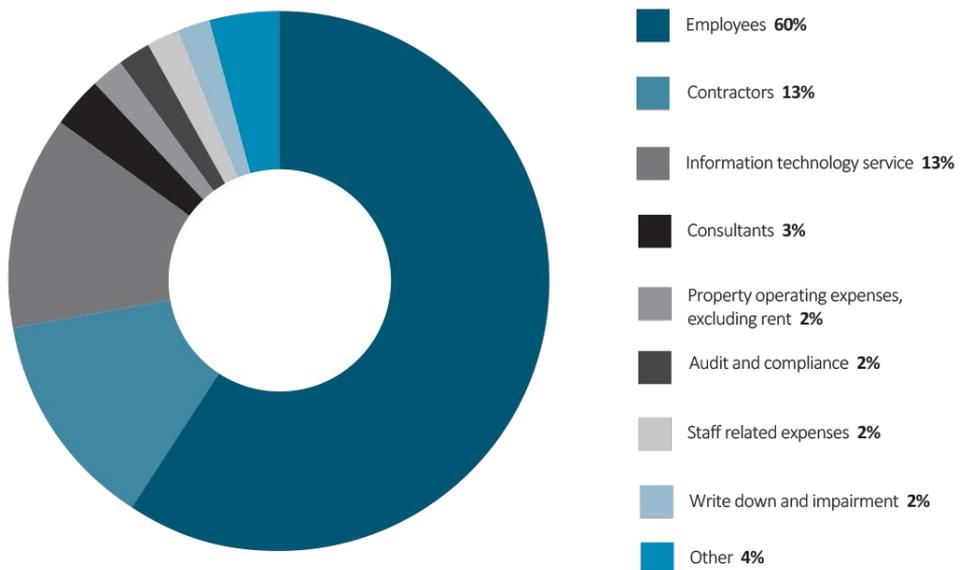


FIGURE 10: OPERATING EXPENDITURE 2020–21

Refer to the Statement of Comprehensive Income and note 1.1 of the financial statements.

Our agency incurred total employee expenses of \$41.2 million in 2020–21 compared to \$39.8 million in 2019–20. The slight increase in expenditure between the years is a result of staff levels increasing to 318 ASL (313 ASL in 2020), still within the agency's ASL cap of 326.

Supplier expenses in 2020–21 of \$26.2 million were slightly lower than the previous year (\$26.8 million). Depreciation and amortisation expense also decreased in 2020–21 from \$7.6 million to \$6.2 million, predominantly due to the ongoing depreciation and amortisation of existing assets at a lower value.

Refer to note 3.2 of the financial statements.

Revenue

The work of our agency is mainly funded by Government appropriation. Government revenue from departmental appropriations increased to \$76.5 million from \$69.7 million with additional funding provided to the agency for ERF methods development and streamlining initiatives under the deregulation agenda.

Own-source revenue in 2020-21 was \$0.7 million, an increase from 2019–20 due to contributions received for ERF method development.

Financial position and future financial viability

The agency remains in a sound financial position, with sufficient cash reserves to fund our debts as and when they fall due. As at 30 June 2021, the agency had total equity of \$20.1 million, represented by \$40.6 million assets offset by \$20.5 million of liabilities.

The majority of assets relate to appropriation and other receivables (\$30.1 million), leasehold improvements (\$4.2 million) and intangibles (\$4.6 million). The majority of liabilities relate to employee provisions (\$13.4 million).

As highlighted in the overview note to the financial statements, the agency has assessed the impact of the pandemic on the financial statements including the potential for movements in the fair value of non-current assets. We concluded that there was no significant impact on transactions and balances recorded in the 2020–21 financial statements.

Based on the key assumptions of continued appropriation funding from Government as the primary funding source of the agency, we expect to continue operations as a going concern for the foreseeable future.

Capital investment

Our capital investment for 2020–21 was \$2.1 million.

We continue to invest in the development of our client systems to further improve the client experience, reducing client burden and improving efficiency for the agency.

Administered finances

Our agency administered the Emissions Reduction Fund, Renewable Energy Target and residual items relating to the carbon pricing mechanism on behalf of the Government in 2020–21.

Administered Income

Administered income was \$463.5 million and came entirely from the administration of the Renewable Energy Target.

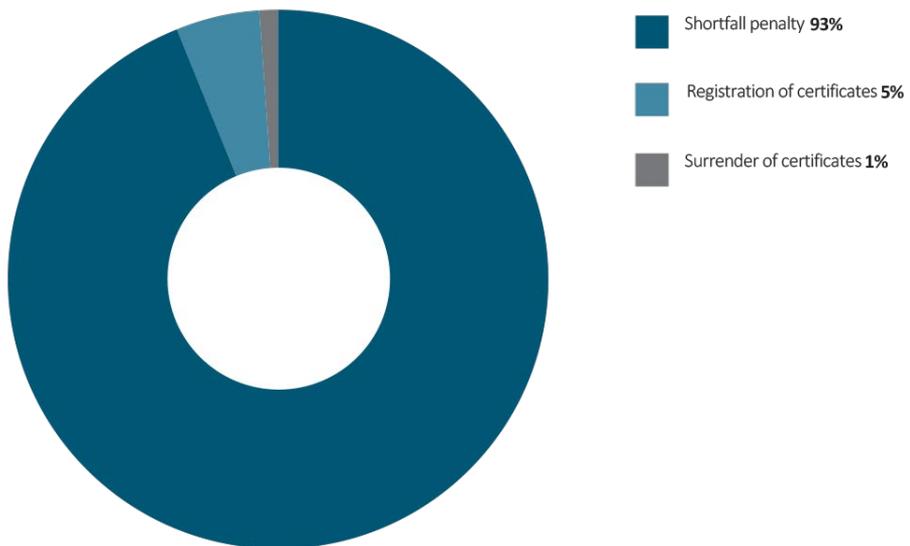


FIGURE 11: ADMINISTERED INCOME, 2020–21

Refer to the Administered Schedule of Comprehensive Income and Note 2.2 of the financial statements.

Administered expenses

Administered expenses were \$613.3 million predominantly due to the continuing recognition of a provision for refund – large-scale shortfall and the payment for contracts under the Emissions Reduction Fund.

In 2020–21, the Finance Minister also approved the waiver of \$20.2 million of shortfall penalties for entities that had, as a result of COVID-19 related administration challenges, been unable to surrender available certificates by the required deadline. In all instances, the certificates were surrendered and the penalty waived.

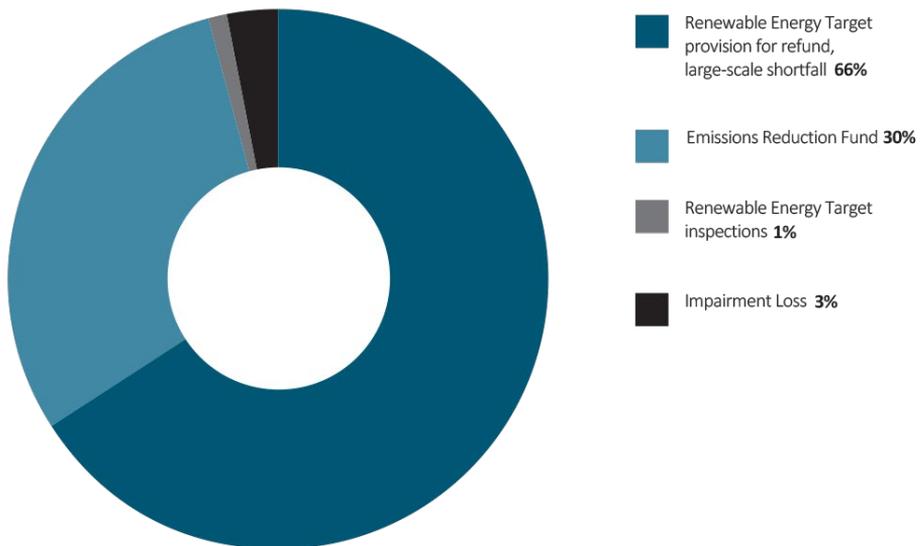


FIGURE 12: ADMINISTERED EXPENSES, 2020–21

Refer to the Administered Schedule of Comprehensive Income and Notes 2.1 and 7.3 of the financial statements.

Entity resource statement

The entity resource statement provides additional information about the various funding sources that we may draw upon during the year. Appendix B details the resources available to us during 2020–21 and sets out the agency’s summary of total expenses for Outcome 1.

Financial statements

We received an unqualified audit report from the Australian National Audit Office for its 2020–21 financial statements.

Our 2020–21 financial statements start on page 66 following the independent auditor’s report and statement by the Accountable Authority and Chief Financial Officer.



INDEPENDENT AUDITOR'S REPORT

To the Minister for Energy and Emissions Reduction

Opinion

In my opinion, the financial statements of the Clean Energy Regulator (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chair is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Chair is also responsible for such internal control as the Chair determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chair is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chair is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Sally Bond

Executive Director

Delegate of the Auditor-General

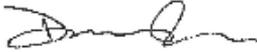
Canberra

30 September 2021

**CLEAN ENERGY REGULATOR
STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Clean Energy Regulator will be able to pay its debts as and when they fall due.



David Parker
Accountable Authority

30 September 2021



Sue Knox
Chief Financial Officer

30 September 2021

CLEAN ENERGY REGULATOR
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	41,171	39,835	40,315
Suppliers	1.1B	26,168	26,780	33,060
Depreciation and Amortisation	3.2A	6,243	7,631	5,867
Finance Costs		45	78	45
Write-Down and Impairment of Other Assets	1.1C	1,174	195	-
Losses from Asset Sales		103	-	-
Total expenses		74,904	74,519	79,287
Own-Source Income				
Own-source revenue				
Other Revenue	1.2A	680	466	-
Total own-source revenue		680	466	-
Gains				
Other Gains		-	7	425
Total gains		-	7	425
Total own-source income		680	473	425
Net cost of services		(74,224)	(74,046)	(78,862)
Revenue from Government	1.2B	76,511	69,737	76,511
Surplus (deficit) on continuing operations		2,287	(4,309)	(2,351)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to netcost of services				
Changes in Asset Revaluation Reserve		-	(25)	-
Total other comprehensive income (loss)		-	(25)	-
Total comprehensive income (loss)		2,287	(4,334)	(2,351)

The above statement should be read in conjunction with the accompanying notes.

CLEAN ENERGY REGULATOR STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and Cash Equivalents	3.1A	335	391	391
Trade and Other Receivables	3.1B	30,095	19,600	19,220
Total financial assets		30,430	19,991	19,611
Non-financial assets¹				
Leasehold Improvements	3.2A	4,237	8,856	4,237
Plant and Equipment	3.2A	748	929	848
Intangibles	3.2A	4,572	5,052	8,363
Prepayments		568	642	642
Total non-financial assets		10,125	15,479	14,090
Assets Held for Sale		-	140	140
Total Assets		40,555	35,610	33,841
LIABILITIES				
Payables				
Suppliers	3.3A	3,223	2,366	2,366
Other Payables	3.3B	813	653	653
Total payables		4,036	3,019	3,019
Interest bearing liabilities				
Leases	3.4A	3,041	6,556	3,040
Total interest bearing liabilities		3,041	6,556	3,040
Provisions				
Employee Provisions	6.1A	13,426	12,368	12,368
Total provisions		13,426	12,368	12,368
Total liabilities		20,503	21,943	18,427
Net assets		20,052	13,667	15,414
EQUITY				
Contributed Equity		88,514	84,416	88,514
Reserves		9,598	9,598	9,598
Retained Accumulated Deficit		(78,060)	(80,347)	(82,698)
Total equity		20,052	13,667	15,414

The above statement should be read in conjunction with the accompanying notes.

¹ Right-of-use assets are included in Leasehold Improvements.

**CLEAN ENERGY REGULATOR
STATEMENT OF CHANGES IN EQUITY**

for the period ended 30 June 2021

	Retained Deficit		Asset Revaluation Reserve			Contributed Equity			Total Equity		
	2021	2020	Original Budget	2021	2020	Original Budget	2021	2020	Original Budget	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	(80,347)	(78,099)	(80,347)	9,598	9,623	9,598	84,416	82,288	84,416	13,667	13,812
Adjustment on initial application of AASB16	-	2,061	-	-	-	-	-	-	-	-	2,061
Adjusted opening balance	(80,347)	(76,038)	(80,347)	9,598	9,623	9,598	84,416	82,288	84,416	13,667	15,873
Comprehensive income											
Surplus (deficit) for the period	2,287	(4,309)	(2,351)	-	-	-	-	-	-	2,287	(4,309)
Other comprehensive loss	-	-	-	-	(25)	-	-	-	-	-	(25)
Total comprehensive income (loss)	2,287	(4,309)	(2,351)		(25)					2,287	(4,334)
Transactions with owners											
Contributions by owners											
Equity injection - Appropriations	-	-	-	-	-	-	2,950	1,000	2,950	2,950	1,000
Departmental capital budget	-	-	-	-	-	-	1,148	1,155	1,148	1,148	1,155
Lapsing appropriations ¹	-	-	-	-	-	-	-	(27)	-	-	(27)
Total transactions with owners	-	-	-	-	-	-	4,098	2,128	4,098	4,098	2,128
Closing balance as at 30 June	(78,060)	(80,347)	(82,698)	9,598	9,598	9,598	88,514	84,416	88,514	20,052	13,667

The above statement should be read in conjunction with the accompanying notes.

¹Appropriation Act (No. 2) 2016-17 appropriation of \$0.027m lapsed in 2019-20. The CER has no legal control of this appropriation and removed it from the available appropriations in 2019-20.

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets are recognised directly in contributed equity in that year.

**CLEAN ENERGY REGULATOR
CASH FLOW STATEMENT**
for the period ended 30 June 2021

	2021	2020	Original Budget
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	69,361	71,231	76,891
Other revenue	232	37	-
Net GST received	2,691	3,295	2,778
Total cash received	72,284	74,563	79,669
Cash used			
Employees	39,777	37,777	40,315
Suppliers	27,560	30,394	35,413
Interest payments on lease liabilities	45	78	45
GST paid	214	290	-
Section 74 receipts transferred to OPA	1,264	1,702	-
Total cash used	68,860	70,241	75,773
Net cash from operating activities	3,424	4,322	3,896
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	35	-	-
Total cash received	35	-	-
Cash used			
Purchase of property, plant and equipment and intangibles	2,137	2,898	4,478
Total cash used	2,137	2,898	4,478
Net cash used by investing activities	(2,102)	(2,898)	(4,478)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	2,137	1,775	4,098
Total cash received	2,137	1,775	4,098
Cash used			
Principal payments of lease liabilities	3,515	3,366	3,516
Total cash used	3,515	3,366	3,516
Net cash used by financing activities	(1,378)	(1,591)	582
Net decrease in cash held	(56)	(167)	-
Cash and cash equivalents at the beginning of the reporting period	391	558	391
Cash and cash equivalents at the end of the reporting period¹	335	391	391

¹As shown in the Statement of Financial Position.

The above statement should be read in conjunction with the accompanying notes.

CLEAN ENERGY REGULATOR

for the period ended 30 June 2021

BUDGET VARIANCES COMMENTARY

The Clean Energy Regulator (CER) has disclosed major departmental variances against budget where the variance is greater than 10 per cent and \$0.250 million of an individual line item.

Statement of Comprehensive Income

Expenses: Suppliers expense

Contractor expenses, in particular relating to ICT and the CER audit and compliance inspection program were significantly impacted by Covid-19 resulting in reduced activity. Staff training costs were also significantly impacted by Covid-19.

Expenses: Write-down and Impairment of Other Assets expense

A number of existing internally developed software assets were impaired as a result of redundancy from the CER's investment in new technology. The budget was prepared on the basis that there would be no impairment expenses incurred during the year.

Revenue: Own-Source Income

The CER receives resources free of charge from the Australian National Audit Office. This item was budgeted against other gains however the actual amount is disclosed in the financial statements as own-source revenue – other revenue.

Statement of Financial Position

Assets: Trade and other receivables

Trade and other receivables are over budget as a result of an increased appropriation receivable relating to the current year surplus and unspent equity injection funding.

Assets: Intangibles

The CER received equity injections to invest in new technology under the Climate Solutions Fund and Jobmaker Plan – Deregulation package budget initiatives. The planning and implementation of the technology solution is progressing at a slower pace than anticipated due to difficulties in sourcing ICT contractors.

Liabilities: Suppliers payable

The CER recognises payables and accrued expenditure at the end of the year for work performed but not yet paid (including salaries). The value of these liabilities change from time to time in the normal course of business, dependent on the timing of payments.

CLEAN ENERGY REGULATOR
for the period ended 30 June 2021

BUDGET VARIANCES COMMENTARY (continued)**Cash Flow Statement***Operating activities: cash used - Suppliers*

Refer *Statement of Comprehensive Income – Suppliers expense*.

Operating activities: cash used – Section 74 receipts transferred to Official Public Account

The budget was prepared net of section 74 receipts as these are highly unpredictable and relate to leave liability transfers and other minor revenues.

Investing activities: cash used - purchase of property, plant and equipment and intangibles and Financing activities: cash received – Contributed equity

Refer *Statement of Financial Position – Assets: Intangibles*

Statement of Changes in Equity*Surplus for the Period*

Refer *Statement of Comprehensive Income – Suppliers expense*. Actual supplier expenses were lower than budgeted, resulting in the CER reporting a surplus.

CLEAN ENERGY REGULATOR
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Suppliers		3,721	3,077	4,259
Purchase of Australian Carbon Credit Units	2.1A	183,757	183,653	242,123
RET Refunds	2.1B	405,559	396,328	-
Impairment on taxation receivables	7.3B	20,244	-	-
Total expenses		613,281	583,058	246,382
Income				
Revenue				
Taxation revenue				
Other taxes (RET Shortfall Charges and Interest)	2.2A	432,881	411,891	989
Total taxation revenue		432,881	411,891	989
Non-taxation revenue				
Fees and Fines	2.2B	30,648	25,747	22,380
Total non-taxation revenue		30,648	25,747	22,380
Total revenue		463,529	437,638	23,369
Gains				
Other Gains		47	95	-
Total gains		47	95	-
Total income		463,576	437,733	23,369
Net cost of services and comprehensive loss		(149,705)	(145,325)	(223,013)

The above schedule should be read in conjunction with the accompanying notes.

**CLEAN ENERGY REGULATOR
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES**
as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and Cash Equivalents	4.1A	68	167	167
Taxation Receivables	4.1B	1,042	394	394
Trade and Other Receivables	4.1C	103	114	114
Total financial assets		1,213	675	675
Non-financial assets				
Prepayments		69	-	-
Total non-financial assets		69	-	-
Total assets administered on behalf of Government		1,282	675	675
LIABILITIES				
Payables				
Suppliers	4.2A	111	781	781
Other Payables	4.2B	114,116	91,553	91,553
Total payables		114,227	92,334	92,334
Provisions				
Other Provisions	4.3A	979,817	699,969	699,969
Total provisions		979,817	699,969	699,969
Total liabilities administered on behalf of Government		1,094,044	792,303	792,303
Net liabilities		(1,092,762)	(791,628)	(791,628)

The above schedule should be read in conjunction with the accompanying notes.

CLEAN ENERGY REGULATOR ADMINISTERED RECONCILIATION SCHEDULE		
	2021	2020
	\$'000	\$'000
Opening assets less liabilities as at 1 July	(791,628)	(499,908)
Net cost of services		
Income	463,576	437,733
Expenses		
Payments to entities other than corporate Commonwealth entities	(613,281)	(583,058)
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	166,007	172,999
Special appropriations (unlimited)		
<i>Renewable Energy (Electricity) Act 2000</i> , section 157 refunds	126,455	119,027
Refund of administered receipts - section 77 <i>PGPA Act</i>	336	237
Appropriation transfers to OPA		
Transfers to OPA	(444,227)	(438,658)
Closing assets less liabilities as at 30 June	(1,092,762)	(791,628)

The above schedule should be read in conjunction with the accompanying notes.

Accounting Policy

Administered cash transfers to and from the Official Public Account

Revenue collected by the CER for use by the Government rather than the CER is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the CER on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

**CLEAN ENERGY REGULATOR
ADMINISTERED CASH FLOW STATEMENT**

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
OPERATING ACTIVITIES			
Cash received			
Taxes (RET shortfall Charges)		412,780	412,500
Fees and Fines		30,513	25,803
Net GST received		517	159
Total cash received		443,810	438,462
Cash used			
Suppliers		4,834	2,708
Purchase of Australian Carbon Credit Units		161,191	170,309
RET Refunds		126,455	119,027
Total cash used		292,480	292,044
Net cash from operating activities		151,330	146,418
Cash and cash equivalents at the beginning of the reporting period		167	144
Cash from Official Public Account			
Appropriations		292,798	292,263
Total cash from official public account		292,798	292,263
Cash to Official Public Account			
Appropriations		(444,227)	(438,658)
Total cash to official public account		(444,227)	(438,658)
Cash and cash equivalents at the end of the reporting period¹	4.1A	68	167

¹ As shown in the Administered Schedule of Assets and Liabilities.

This schedule should be read in conjunction with the accompanying notes.

CLEAN ENERGY REGULATOR*for the period ended 30 June 2021***BUDGET VARIANCES COMMENTARY - ADMINISTERED**

The CER has disclosed major administered variances against budget where the variance is greater than 10 per cent and \$0.500 million of an individual line item.

Emissions Reduction Fund

The CER continued the delivery of the Emissions Reduction Fund (ERF) in 2020-21, including the completion of the eleventh and twelfth auctions. The budget profile was updated during 2020-21 to better reflect the outcome of the auction results, with the purchase of Australian Carbon Credit Units (ACCUs) largely consistent with revised budget estimates.

Renewable Energy Target (RET)

During 2020-21 a number of entities paid a large-scale generation shortfall charge to meet their large-scale renewable energy target obligations rather than to surrender Renewable Energy Certificates. Entities can receive a refund of their shortfall payments if they meet certain requirements under the legislation within the 'allowable refund period'. The CER has raised a provision for entities that may become entitled to a refund of their shortfall payments net of an administration fee, subject to satisfying legislative requirements. The budget assumes a low level of non-compliance with obligations to surrender Renewable Energy Certificates. As such, shortfall revenue and corresponding recognition of expense and provision for refund of shortfall payments are not reflected in the 2020-21 budget position.

Administered Schedule of Comprehensive IncomeExpenses: Suppliers

RET inspections were significantly impacted by Covid-19 resulting in reduced activity and supplier expense.

Expenses: Purchase of Australian Carbon Credit Units

The budget allocation reflects the best estimate for ACCU purchases at the time of preparation. This estimate is then subject to auction results and movement between years of existing contract deliverables (as allowed for in ERF contracts). The estimate has since been updated in line with the known pattern of commitments.

Expenses: RET Refunds

The CER has raised a provision and corresponding expense for entities that may become entitled to a refund of their shortfall payments, subject to satisfying legislative requirements. As noted in the commentary above, the 2020-21 budget did not reflect this provision and corresponding expense.

Expenses: Impairment Loss on Financial Instruments

A number of debts were waived during the financial year under s63 of the *Public Governance, Performance and Accountability Act 2013*.

Revenue: Other taxes (RET Shortfall Charges and Interest)

The budget assumes a low level of non-compliance with obligations to surrender Renewable Energy Certificates.

In 2020-21 a large number of entities elected to pay a shortfall charge rather than surrender Renewable Energy Certificates.

CLEAN ENERGY REGULATOR*for the period ended 30 June 2021***BUDGET VARIANCES COMMENTARY – ADMINISTERED (continued)**Revenue: Fees and Fines

Renewable energy revenue is generated through the creation and surrender of renewable energy certificates when the underlying transaction occurs. The number of certificates created and surrendered exceeded the amount used in determining the budget.

Administered Schedule of Assets and LiabilitiesAssets: Taxation receivables

The budget variance is due to timing differences between the actual and budgeted collection of outstanding debts.

Liabilities: Supplier payables

The CER recognises payables at the end of the year for work performed but not yet paid. The value of these liabilities change from time to time in the normal course of business, dependent on the timing of payments.

Liabilities: Other payables

The CER recognises ACCUs issued but not yet delivered and also those delivered but not yet settled as a liability at year end. In contrast, the budget estimate assumed settlement of all deliveries at year end.

Provisions: Other provisions

Refer *Expenses: RET Refunds* for explanation.

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

Objectives of the CER

The CER is an Australian Government controlled non-corporate entity established under the *Clean Energy Regulator Act 2011*. It is a not-for-profit entity. The Clean Energy Regulator is responsible for the following Outcome:

- Contribute to a reduction in Australia's net greenhouse gas emissions, including through the administration of market-based mechanisms that incentivise reduction in emissions and the promotion of additional renewable electricity generation.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

New Accounting Standards

All new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the CER's financial statements.

Taxation

The CER is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Significant Accounting Judgements and Estimates

The CER has made assumptions or estimates in the following areas that have the most significant impact on the amounts recorded in the financial statements:

- Employee leave provisions involve assumptions based on the expected tenure of existing staff, pattern of leave claims and payouts, future salary movements and future discount rates; and
- The fair value of plant and equipment is assessed at market value or depreciated replacement cost as determined by an independent valuer and is subject to management assessment in between formal valuations.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview (continued)

Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Administered significant accounting judgements and estimates

The CER has made assumptions or estimates in the following areas that have the most significant impact on the amounts recorded in the financial statements:

Emissions Reduction Fund (ERF)

The CER implemented the ERF in 2014-15 and has an accounting policy for ERF transactions with the following key elements:

- the CER will recognise a liability under the ERF where it has a present obligation arising from a past event; and
- the obligating event is on Australian Carbon Credit Unit (ACCU) issuance. A liability and expense is recognised on the issuance of all ACCUs less the ACCUs surrendered under the safeguard and voluntary surrenders.

Following the introduction of the safeguard mechanism on 1 July 2016 the CER has continued to account for the ERF in line with this policy.

Provision for Renewable Energy Target Shortfall refunds

Under the *Renewable Energy (Electricity) Act 2000* (REE Act) liable entities that pay a large-scale generation shortfall charge (LGC) may claim a refund for the shortfall charge less an administration fee. To qualify for a refund, liable entities must not have a large-scale generation shortfall in the year immediately before the year in which the refund is claimed, and surrender additional LGCs to cover all or part of the amount of certificate shortfall for which they initially paid the shortfall charge. The refund claim must be made during the allowable refund period (which ends three years after paying the shortfall charge). The CER has no alternative but to refund the shortfall charge, less an administration fee, if the conditions to pay a refund are met by the liability entity.

The CER records a provision for the refund of shortfall charges where it is satisfied that:

- a present obligation exists for a refund to be made where a liable entity meets the requirements of the three-year rule as detailed in sections 95-97 of the REE Act;
- it is more likely than less likely that sufficient certificates will be available in future years to allow entities to meet their current year obligations and seek refund of shortfall charges; and
- the price of certificates is anticipated to be less than the tax effective cost of the shortfall charge.

**CLEAN ENERGY REGULATOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Overview (continued)****2019-20 Comparative Amendments**

Adjustments have been made to comparatives where necessary to ensure consistency with 2020-21 disclosures.

Events After the Reporting Period**Departmental**

There were no subsequent events between balance date and signing of the financial statements that had the potential to significantly affect the ongoing structure and financial activities of the CER.

Administered

There were no subsequent events between balance date and signing of the financial statements that had the potential to significantly affect the ongoing structure and financial activities of the CER.

CLEAN ENERGY REGULATOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Financial Performance

This section analyses the financial performance of the CER for the year ended 2021.

1.1 Expenses

	2021	2020
	\$'000	\$'000
1.1A: Employee Benefits		
Wages and salaries	30,540	30,399
Superannuation		
Defined contribution plans	3,842	3,546
Defined benefit plans	1,725	1,924
Leave and other entitlements	4,737	3,684
Separation and redundancies	289	230
Other	38	52
Total employee benefits	41,171	39,835

Accounting Policy

Accounting policies for employee related expenses are contained in the People and Relationships section.

1.1B: Suppliers

Goods and services supplied or rendered

Information technology services	9,176	9,473
Contractors	8,621	8,360
Consultants	2,126	2,451
Audit and compliance	1,318	1,611
Staff related expenses	1,202	1,408
Property operating expenses	1,267	1,156
Industry contributions	770	770
Remuneration of auditors	430	445
Legal expenses	397	212
Finance charges	173	173
Travel and accommodation	80	432
Other goods and services	370	114
Total goods and services supplied or rendered	25,930	26,605
Goods supplied	96	150
Services rendered	25,834	26,455
Total goods and services supplied or rendered	25,930	26,605

Other suppliers

Workers compensation expenses	238	175
Total other suppliers	238	175
Total suppliers	26,168	26,780

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.1 Expenses (continued)

1.1B: Suppliers (continued)

The CER had no short-term lease commitments or leases of low-value assets (less than \$10,000) as at 30 June 2021.

The above lease disclosures should be read in conjunction with the accompanying notes 3.2A and 3.4A.

Accounting Policy

Short-term leases and leases of low-value assets

The CER has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The CER recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2021 \$'000	2020 \$'000
1.1C: Write-Down and Impairment of Other Assets		
Impairment of property, plant and equipment	2	-
Impairment on intangible assets	<u>1,172</u>	<u>195</u>
Total write-down and impairment of other assets	<u>1,174</u>	<u>195</u>

CLEAN ENERGY REGULATOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 Own-Source Revenue and gains

	2021	2020
	\$'000	\$'000
Own-Source Revenue		
<u>1.2A: Other Revenue</u>		
Resources received free of charge		
Remuneration of auditors	430	445
Data integration partnership for Australia	-	21
Emission Reduction Fund method development contributions	250	-
Total other revenue	680	466

Accounting Policy

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

1.2B: Revenue from Government

Accounting Policy

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the CER gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Income and Expenses Administered on Behalf of the Government

This section analyses the activities that the CER does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1 Administered - Expenses

2.1A: Purchase of Australian Carbon Credit Units

Accounting Policy

The CER implemented the ERF in 2014-15 which is a voluntary scheme that aims to provide incentives for a range of organisations and individuals to reduce their emissions. The scheme is currently implemented through a carbon abatement auction process where the CER contracts with successful participants to purchase ACCUs.

ACCUs are earned by participants through eligible projects for each tonne of carbon dioxide equivalent (tCO₂-e) stored or avoided.

The CER's accounting policy for ERF transactions is:

- the CER will recognise a liability under the ERF where it has a present obligation arising from a past event; and
- the obligating event is on Australian Carbon Credit Unit (ACCU) issuance. A liability and expense is recognised on the issuance of all ACCUs less the ACCUs surrendered under the safeguard and voluntary surrenders.

2.1B: RET Refunds

Accounting Policy

The Large-scale Renewable Energy Target creates a financial incentive for the establishment and growth of renewable energy power stations through the creation of large-scale generation certificates.

Refunds are made to external providers on the basis of:

- surrender of large-scale generation certificates during the 'allowable refund period'; and/or
- a downward reassessment of a liable entity's certificate liability resulting in an overpayment.

The CER records a provision for the refund of shortfall charges where it is satisfied that:

- a present obligation exists for a refund to be made where a liable entity meets the requirements of the three-year rule as detailed in sections 95-97 of the REE Act;
- it is more likely than less likely that sufficient certificates will be available in future years to allow entities to meet their current year obligations and seek refund of shortfall charges; and
- the price of certificates is anticipated to be less than the tax effective cost of the shortfall charge.

CLEAN ENERGY REGULATOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.2 Administered – Income

2.2A: Revenue

Accounting Policy

All administered revenues are revenues relating to ordinary activities performed by the CER on behalf of the Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Taxation Revenue

Carbon price revenue is recognised when liable entities' emissions occur, under the economic transaction method, where it is possible that future economic benefits will occur and can be reliably measured. Unit shortfall charges and other penalties are recognised at the time they are imposed.

Non-taxation revenue	2021	2020
	\$'000	\$'000
2.2B: Fees and fines		
Renewable energy fees	30,573	25,676
Other	75	71
Total fees and fines	30,648	25,747

Accounting Policy

Renewable energy revenue is generated through the creation and surrender of Renewable Energy Certificates when the underlying transaction occurs. Shortfall charges and interest penalties are recognised at the time they are imposed.

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Financial Position

This section analyses the CER's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1 Financial Assets

	2021	2020
	\$'000	\$'000

3.1A: Cash and cash equivalents

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- c) cash in special accounts (administered only).

3.1B: Trade and Other Receivables

Services receivables

Services	54	90
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Total services receivables	54	90
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Appropriations receivables

Appropriation receivable	29,671	19,298
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Total appropriations receivables	29,671	19,298
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Other receivables

Statutory receivables	382	224
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Total other receivables	382	224
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Total trade and other receivables (gross)	30,107	19,612
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Less impairment loss allowance	(12)	(12)
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Total trade and other receivables (net)	30,095	19,600
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Credit terms for goods and services were within 30 days (2020: 30 days).

Accounting Policy

Financial assets

Trade and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

CLEAN ENERGY REGULATOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2 Non-Financial Assets

3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Leasehold improvements \$'000	Plant and equipment \$'000	Intangibles (Internally developed software) \$'000	Total \$'000
As at 1 July 2020				
Gross book value	15,716	2,278	35,732	53,726
Accumulated depreciation, amortisation and impairment	(6,860)	(1,349)	(30,680)	(38,889)
Total as at 1 July 2020	8,856	929	5,052	14,837
Additions				
Purchase	-	242	-	242
Internally developed	-	-	1,895	1,895
Impairments recognised in net cost of services	-	(2)	(1,172)	(1,174)
Depreciation and amortisation	(1,121)	(421)	(1,203)	(2,745)
Depreciation on right-of-use-assets	(3,498)	-	-	(3,498)
Total as at 30 June 2021	4,237	748	4,572	9,557
Total as at 30 June 2021 represented by				
Gross book value	15,716	2,521	37,273	55,510
Accumulated depreciation, amortisation and impairment	(11,479)	(1,773)	(32,701)	(45,953)
Total as at 30 June 2021	4,237	748	4,572	9,557
Carrying amount of right-of-use assets	3,206	-	-	3,206

Revaluations of non-financial assets

There were no revaluations conducted in 2020-21. On 30 June 2021, the independent valuer (Preston Rowe Paterson) undertook a desktop assessment and confirmed that net fair value of CER assets approximated their carrying value and required no adjustment.

Accounting Policy - Property, plant and equipment

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition.

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (continued)

Asset recognition threshold

Purchases of plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The asset capitalisation threshold for Leasehold Improvements is \$50,000.

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

An impairment review is undertaken annually for any lease ROU asset that shows indicators of impairment and an impairment loss is recognised against any ROU lease asset that is impaired.

Revaluations

Following initial recognition at cost, plant and equipment (excluding ROU assets) are carried at fair value. Carrying amounts are reviewed every year to determine if an independent valuation is required.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the CER using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2021	2020
Leasehold improvements	lease term	lease term
Plant and equipment	2 to 9 years	2 to 9 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

CLEAN ENERGY REGULATOR NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (continued)

Impairment

All assets were assessed for impairment at 30 June 2021. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the CER were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Fair Value

All leasehold improvements (excluding ROU assets), plant and equipment are measured at fair value in the Statement of Financial Position. When estimating fair value, market prices (with adjustment) were used where available. Where market prices were not available, depreciated replacement cost was used (ie level 3).

Level 3 measurements use inputs to estimate fair value where there are no observable market prices for the assets being valued.

The future economic benefits of the CER's plant and equipment and leasehold improvements are not primarily dependent on their ability to generate cash flows. The CER has not disclosed quantitative information about the significant unobservable inputs for the level 3 measurements in these classes.

Revaluations are done with sufficient frequency to ensure that the carrying amounts of assets do not materially differ from the asset's fair values as at reporting date. The CER engaged a qualified consultant, Preston Rowe Paterson, who provided written assurance that the valuation method is in compliance with AASB13 *Fair Value Measurement*.

Accounting policy - Intangibles

The CER's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The asset capitalisation threshold for internally developed software is \$50,000.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the CER's software are 2 to 10 years (2020: 2 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2021.

CLEAN ENERGY REGULATOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Payables

	2021	2020
	\$'000	\$'000

3.3A: Suppliers

Settlement of supplier payables is usually made within 20 days (2020: 30 days).

3.3B: Other Payables

Salaries and wages	706	568
Superannuation	107	85
Total other payables	813	653

3.4 Interest Bearing Liabilities

3.4A: Leases

Lease liability	3,041	6,556
Total interest bearing liabilities	3,041	6,556

Total cash outflow for leases for the year ended 30 June 2021 was \$3,515,000 (2020: \$3,366,000).

Maturity analysis - contractual undiscounted cash flows

Within 1 year	3,052	3,560
Between 1 to 5 years	-	3,052
Total leases	3,052	6,612

Accounting Policy

For all new contracts entered into, the CER considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B and 3.2A.

CLEAN ENERGY REGULATOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.4: Interest Bearing Liabilities (continued)

New Lease Arrangements

In 2020-21 the CER entered into a memorandum of understanding (MOU) to secure a new lease arrangement for office accommodation. In accordance with Australian Accounting Standards, right-of-use assets and lease liabilities associated with this lease will not be recognised until lease commencement, expected to occur in the latter part of the 2021-22 financial year. The MOU sets the lease term to expire in September 2032 with one five year extension option to be exercised at the discretion of the lessor. The total cash outflow for this lease is \$39.174 million.

Maturity analysis - contractual undiscounted cash flows

Within 1 year	1,056
Between 1 to 5 years	13,668
Greater than 5 years	<u>24,450</u>
Total leases	<u>39,174</u>

CLEAN ENERGY REGULATOR**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Assets and Liabilities Administered on Behalf of the Government**

This section analyses assets and liabilities that the CER does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1 Administered - Financial Assets

	2021	2020
	\$'000	\$'000
4.1A: Cash and Cash Equivalents		
Cash in special accounts	68	82
Cash on hand or on deposit	-	85
Total cash and cash equivalents	68	167
4.1B: Taxation Receivables		
Other taxes		
Carbon price revenue - shortfall charges and penalties	-	3,261
Renewable energy - shortfall charges and interest	1,042	2,161
Total taxation receivables (gross)	1,042	5,422
Less Impairment loss allowance	-	(5,028)
Total taxation receivables (net)	1,042	394
4.1C: Trade and Other Receivables		
Other receivables		
Fines and Fees	70	2
Statutory receivables	33	112
Total other receivables	103	114
Less impairment loss allowance	-	-
Total trade and other receivables (net)	103	114

Trade and other receivables (net) are expected to be recovered in no more than 12 months. Credit terms for goods and services were within 30 days (2020: 30 days).

4.1D: Reconciliation of the Impairment Allowance**Movements in relation to 2021**

	Taxation Receivables
	\$'000
As at 1 July 2020	5,028
Amounts recovered and reversed	(5,028)
Total as at 30 June 2021	-

Accounting Policy

Receivables are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

CLEAN ENERGY REGULATOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.2 Administered - Payables

	2021 \$'000	2020 \$'000
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4.2A: Suppliers

Trade creditors and accruals	111	781
Total Suppliers	111	781

Settlement of supplier payables is usually made within 20 days (2020: 30 days).

4.2B: Other Payables

Purchase of Australian Carbon Credit Units	114,116	91,481
Other	-	72
Total Other Payables	114,116	91,553

4.3 Administered - Other Provisions

4.3A: Other Provisions

Provision for renewable energy target shortfalls
\$'000

As at 1 July 2020	699,969
Additional provisions made	405,559
Amounts used	(125,711)
Total as at 30 June 2021	979,817

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Funding

This section identifies the CER's funding structure.

5.1 Appropriations

5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2021

	Annual Appropriation \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2021 (current and prior years) \$'000	Variance \$'000
Departmental					
Ordinary annual services ¹	76,511	1,264	77,775	69,417	8,358
Capital Budget ²	1,148	-	1,148	735	413
Other services					
Equity Injections	2,950	-	2,950	1,402	1,548
Total departmental	80,609	1,264	81,873	71,554	10,319
Administered					
Ordinary annual services					
Administered items ³	245,940	-	245,940	165,666	80,274
Total administered	245,940	-	245,940	165,666	80,274

1. The variance of \$8.358m reflects the appropriation applied in current and prior years being less than the available appropriation.

2. Departmental Capital Budgets are appropriated through *Appropriation Acts (No.1,3,5)*. They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

3. The variance of \$80.274m reflects changes in the profile of contracted payments under the Emissions Reduction Fund.

CLEAN ENERGY REGULATOR NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.1 Appropriations (continued)

5.1A: Annual Appropriations ('Recoverable GST exclusive') (continued)

Annual Appropriations for 2020

	Annual Appropriation \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2020 \$'000	Variance \$'000
Departmental					
Ordinary annual services ¹	69,737	1,702	71,439	71,455	(16)
Capital Budget ²	1,155	-	1,155	1,155	-
Other services					
Equity Injection	1,000	-	1,000	620	380
Total departmental	71,892	1,702	73,594	73,230	364
Administered					
Ordinary annual services					
Administered items ^{3,4}	256,678	-	256,678	172,678	84,000
Total administered	256,678	-	256,678	172,678	84,000

1. The variance of (\$0.016m) reflects prior year appropriations applied.

2. Departmental Capital Budget are appropriated through *Appropriation Acts (No.1,3,5)*. They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

3. The variance of \$84m reflects changes in the profile of contracted payments under the Emissions Reduction Fund.

4. The administered annual appropriation includes \$6.647m that has been withheld under section 51 of the PGPA Act as a result of a movement of these funds into future budget years.

CLEAN ENERGY REGULATOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.1 Appropriations (continued)

5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2021 \$'000	2020 \$'000
Departmental		
Appropriation Act (No. 1) 2019-20	-	19,309
Appropriation Act (No. 4) 2019-20	-	380
Appropriation Act (No. 1) 2020-21	28,079	-
Supply Act (No. 2) 2020-21	436	-
Appropriation Act (No. 2) 2020-21	1,491	-
Total departmental	30,006	19,689
Administered		
Appropriation Act (No. 1) 2018-19	79	79
Supply Act (No. 1) 2019-20	-	12,504
Appropriation Act (No. 1) 2019-20	-	143,074
Supply Act (No. 1) 2020-21	88,609	-
Appropriation Act (No. 1) 2020-21	83,943	-
Total administered	172,631	155,657

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.1 Appropriations (continued)**5.1C: Special Appropriations ('Recoverable GST exclusive')**

Authority		Appropriation applied	
		2021 \$'000	2020 \$'000
<i>Renewable Energy (Electricity) Act 2000</i> , section 157, Administered, Unlimited amount	To enable payments in respect of: a) section 50 refunds of overpaid amounts b) section 98 refund of charge where certificates are surrendered c) section 121 compensation from damage to electronic equipment.	126,455	118,999
<i>Public Governance, Performance and Accountability Act 2013</i> , section 77, Administered, Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and the Finance Minister is satisfied that, apart from this section, there is no specific appropriation for the repayment.	336	237
<i>Clean Energy Act 2011</i> , section 116, Administered, Unlimited amount	To provide an appropriation for the buy-back of certain free carbon units specified by section 116 of the <i>Clean Energy Act 2011</i> .	-	-
<i>Clean Energy Act 2011</i> , section 132, Administered, Unlimited amount	To provide an appropriation for the refund of surplus surrender specified by section 132 of the <i>Clean Energy Act 2011</i> .	-	-
Total special appropriations applied		126,791	119,236

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.2 Special Accounts

	Renewable Energy Special Account (Administered) ¹	
	2021 \$'000	2020 \$'000
(Recoverable GST exclusive)		
Balance brought forward from previous period	82	69
Opening balance adjustment ²	(13)	-
Adjusted balance brought forward from previous period	69	69
Increases - receipts from buyers	4,753	19,686
Available for payments	4,822	19,755
Decreases - payments to sellers	(4,754)	(19,673)
Total balance carried to the next period³	68	82
Balance represented by:		
Cash held in the CER bank accounts	68	82
Total balance carried to the next period	68	82

¹ Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80. Establishing Instrument: *Renewable Energy (Electricity) Act 2000*, section 30R.

The purposes of the Renewable Energy Special Account are as follows:

- (a) paying amounts under paragraph 30N(3)(b) in relation to the transfer of certificates;
- (b) paying amounts under subparagraph 30P(4)(b)(ii) in relation to the transfer of certificates;
- (c) refunding amounts under regulations made for the purpose of paragraph 30U(2)(i); and
- (d) paying amounts of GST for which the Regulator is liable because of the creation of certificates for purchasers under section 30P.

Transactions related to the small-scale technology certificates (STC) Clearing House are reported in the Administered Schedule of Assets and Liabilities as Cash and cash equivalents and Supplier payables. This is because the CER is facilitating transactions between buyers and sellers through the STC Clearing House and any net cash resulting is not revenue for Government.

² The 2020–21 opening balance adjustment relates to the restatement of the 30 June 2020 balance to reflect the correct reclassification of GST payables and amounts payable to the Official Public Account.

³ This balance is reflected in the \$68,020 cash in special accounts under Note 4.1A and relates to seller payables.

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.3 Regulatory Charging Summary

	2021 \$'000	2020 \$'000
External Revenue		
Administered	30,648	25,743
Total external revenue	<u>30,648</u>	<u>25,743</u>
Regulatory charging activities:		
Registration, application, accreditation and renewable energy certificate fees.		

5.4 Net Cash Appropriation Arrangements

	2021 \$'000	2020 \$'000
Total comprehensive income (loss) – as per the Statement of Comprehensive Income	2,287	(4,309)
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and /or equity injections) ¹	2,745	4,133
Plus: depreciation right-of-use assets ²	3,498	3,498
Less: lease principal repayments ²	<u>(3,515)</u>	<u>(3,366)</u>
Net Cash Operating Surplus (Deficit)	<u>5,015</u>	<u>(44)</u>

¹ From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

² The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principle repayment amount reflects the cash impact on implementation of AASB 16 *Leases*, it does not directly reflect a change in appropriation arrangements.

CLEAN ENERGY REGULATOR**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****People and relationships**

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

6.1 Employee Provisions

	2021 \$'000	2020 \$'000
6.1A: Employee Provisions		
Leave	13,245	12,368
Separations and redundancies	181	-
Total employee provisions	13,426	12,368

Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amount. The nominal amount is calculated on the rates expected to be paid on settlement of the liability.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the CER's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined using the shorthand method as prescribed in the *Financial Reporting Rule 2015*. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The CER recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The CER's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The CER makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The CER accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the CER, directly or indirectly, including any director (whether executive or otherwise) of the CER. The CER has determined the key management personnel to be the Chair, members of the Regulator, and members of the strategic leadership team. Key management personnel remuneration is reported in the table below:

	2021 \$'000	2020 \$'000
Short-term employee benefits	1,813	1,827
Post-employment benefits	264	276
Other long-term employee benefits	29	122
Total key management personnel remuneration expenses¹	2,106	2,225

The total number of key management personnel that are included in the above table are 14 (2020: 14).

Total remuneration is calculated on a pro-rata basis equal to time spent in the role for those staff who acted during the reporting period in the role of a key management personnel.

¹ The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio and Cabinet Ministers. The Ministerial remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the CER.

6.3 Related Parties

Related party relationships

The CER is an Australian Government controlled entity. Related parties to the CER are:

- Key Management Personnel of the CER, their close family members, and entities controlled or jointly controlled by either;
- Portfolio and Cabinet Ministers - key management personnel for the consolidated Whole of Government accounts; and
- all other Australian Government entities.

Transactions with related parties

Significant transactions with related parties can include:

- purchase of goods and services;
- asset purchases, sales, transfers or leases;
- selling renewable energy certificates under the renewable energy scheme following the installation of rooftop solar panels; and
- debts forgiven.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the CER, it has been determined that there are no related party transactions to be disclosed other than key management personnel remuneration disclosed in Note 6.2.

CLEAN ENERGY REGULATOR**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Managing uncertainties**

This section analyses how the CER manages financial risks within its operating environment.

7.1A: Contingent Assets and Liabilities**Quantifiable Contingencies**

There were no quantifiable contingent assets or liabilities as at 30 June 2021 (2020: Nil).

Unquantifiable Contingencies

There were no unquantifiable contingent assets or liabilities as at 30 June 2021 (2020: Nil).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

7.1B Administered - Contingent Assets and Liabilities**Quantifiable Administered Contingencies**

There were no quantifiable contingent assets or liabilities as at 30 June 2021 (2020: Nil).

Unquantifiable Administered Contingencies

There were no unquantifiable contingent assets or liabilities as at 30 June 2021 (2020: Nil).

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.2 Financial Instruments

	2021 \$'000	2020 \$'000
7.2A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash and cash equivalents	335	391
Trade receivables (gross)	54	90
Total financial assets at amortised cost	389	481
Total financial assets	389	481
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	3,223	2,366
Total financial liabilities measured at amortised cost	3,223	2,366
Total financial liabilities	3,223	2,366

Accounting Policy

Financial assets

In accordance with *AASB 9 Financial Instruments*, the CER classifies its financial assets as measured at amortised cost.

The classification depends on both the CER's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition.

Financial assets are recognised when the CER becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of Financial Assets

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a de-recognition event where the write-off directly reduces the gross carrying amount of the financial asset.

CLEAN ENERGY REGULATOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.2 Financial Instruments (continued)

7.2A: Categories of Financial Instruments (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

7.3 Administered - Financial Instruments

	2021	2020
	\$'000	\$'000
7.3A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash on hand or on deposit	68	167
Total financial assets at amortised cost	68	167
Total financial assets	68	167
Financial Liabilities		
Financial liabilities measured at amortised cost		
Supplier payables	111	781
Purchase of Australian Carbon Credit Units	114,116	91,481
Other payables	-	72
Total financial liabilities measured at amortised cost	114,227	92,334
Total financial liabilities	114,227	92,334
7.3B: Net Losses on Financial Assets		
Financial assets at amortised cost		
Impairment of taxation receivables	20,244	-
Net losses on financial assets at amortised cost	20,244	-

CLEAN ENERGY REGULATOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Other information

8.1 Current/non-current distinction for assets and liabilities

	2021	2020
	\$'000	\$'000

8.1A: Current/non-current distinction for assets and liabilities

Assets expected to be recovered in:

No more than 12 months

Cash and cash equivalents	335	391
Trade and other receivables	30,095	19,600
Leasehold improvements	4,237	-
Plant and equipment	65	44
Intangibles	-	17
Prepayments	550	631
Assets held for sale	-	140
Total no more than 12 months	35,282	20,823

More than 12 months

Leasehold improvements	-	8,856
Plant and equipment	683	885
Intangibles	4,572	5,035
Prepayments	18	11
Total more than 12 months	5,273	14,787

Total assets

	40,555	35,610
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Liabilities expected to be settled in:

No more than 12 months

Suppliers	3,223	2,366
Other payables	813	653
Leases	3,041	3,515
Employee provisions	4,719	5,231
Total no more than 12 months	11,796	11,765

More than 12 months

Leases	-	3,041
Employee Provisions	8,707	7,137
Total more than 12 months	8,707	10,178

Total liabilities

	20,503	21,943
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CLEAN ENERGY REGULATOR
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.1 Current/non-current distinction for assets and liabilities (continued)

8.1B: Administered - Current/non-current distinction for assets and liabilities

	2021 \$'000	2020 \$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	68	167
Taxation receivables	1,042	394
Trade and other receivables	103	114
Prepayments	69	-
Total no more than 12 months	1,282	675
Total Assets	1,282	675
Liabilities expected to be recovered in:		
No more than 12 months		
Suppliers	111	781
Other payables	114,116	91,553
Other provisions	169,341	71,636
Total no more than 12 months	283,568	163,970
More than 12 months		
Other provisions	810,476	628,333
Total more than 12 months	810,476	628,333
Total Liabilities	1,094,044	792,303

Appendices

Appendix A: List of requirements

The list of annual report requirements is prepared in accordance with the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule).

TABLE 10: LIST OF REQUIREMENTS

PGPA Rule reference	Page	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	4	A copy of the letter of transmittal signed and dated by the Accountable Authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	2	Table of contents.	Mandatory
17AJ(b)	141	Alphabetical index.	Mandatory
17AJ(c)	137	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	107	List of requirements.	Mandatory
17AJ(e)	3	Details of contact officer.	Mandatory
17AJ(f)	3	Entity's website address.	Mandatory
17AJ(g)	3	Electronic address of report.	Mandatory
17AD(a)	Review by Accountable Authority		
17AD(a)	5	A review by the Accountable Authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	8	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	10	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	9	A description of the outcomes and programs administered by the entity.	Mandatory

17AE(1)(a)(iv)	8	A description of the purposes of the entity as included in the corporate plan.	Mandatory
17AE(1)(aa)(i)	10	Name of the Accountable Authority or each member of the Accountable Authority.	Mandatory
17AE(1)(aa)(ii)	10	Position title of the Accountable Authority or each member of the Accountable Authority.	Mandatory
17AE(1)(aa)(iii)	10	Period as the Accountable Authority or member of the Accountable Authority within the reporting period.	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory
17AD(c)	Report on the performance of the entity		
<i>Annual performance statements</i>			
17AD(c)(i); 16F	12	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	<i>Report on financial performance</i>		
17AF(1)(a)	57	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	115	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory.
17AD(d)	Management and accountability		
<i>Corporate governance</i>			

17AG(2)(a)	39	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	4	A certification by the Accountable Authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	4	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	4	A certification by the Accountable Authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	36	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	40	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory
<i>Audit Committee</i>			
17AG(2A)(a)	38	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	129	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	129	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	129	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	129	The remuneration of each member of the entity's audit committee.	Mandatory
<i>External scrutiny</i>			
17AG(3)	40	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	40	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that	If applicable, mandatory

		may have a significant effect on the operations of the entity.	
17AG(3)(b)	40	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory
17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory
Management of human resources			
17AG(4)(a)	53	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	117-122	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees (b) statistics on part-time employees (c) statistics on gender (d) statistics on staff location	Mandatory
17AG(4)(b)	117	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: (a) statistics on staffing classification level (b) statistics on full-time employees (c) statistics on part-time employees (d) statistics on gender (e) statistics on staff location (f) statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)	55	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	55	Information on the number of Senior Executive Service (SES) and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	56	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	55	A description of non-salary benefits provided to employees.	Mandatory

17AG(4)(d)(i)	56	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory
17AG(4)(d)(ii)	N/A	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory
17AG(4)(d)(iii)	N/A	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory
17AG(4)(d)(iv)	N/A	Information on aggregate amount of performance payments.	If applicable, mandatory
Assets management			
17AG(5)	41	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
Purchasing			
17AG(6)	41	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
Reportable consultancy contracts			
17AG(7)(a)	41	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7)(b)	42	A statement that " <i>During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]</i> ".	Mandatory
17AG(7)(c)	42	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	42	A statement that " <i>Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy</i>	Mandatory

contracts is available on the AusTender website.”

Reportable non-consultancy contracts

17AG(7A)(a)	42	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
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17AG(7A)(b)	42	A statement that “ <i>Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.</i> ”	Mandatory
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17AD(daa) Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts

17AGA	42	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
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Australian National Audit Office access clauses

17AG(8)	43	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory
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Exempt contracts

17AG(9)	43	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory
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Small business			
17AG(10)(a)	44	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory
17AG(10)(b)	44	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	N/A	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, mandatory
Financial statements			
17AD(e)	66	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive remuneration			
17AD(da)	123	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
17AD(f) Other mandatory information			
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, mandatory
17AH(1)(a)(ii)	44	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory
17AH(1)(b)	N/A	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, mandatory

17AH(1)(c)	55	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	40	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	135	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	N/A	Information required by other legislation	Mandatory

Appendix B: Entity resource statement and expenses by outcome

TABLE 11: CLEAN ENERGY REGULATOR RESOURCE STATEMENTS, 2020–21

	Actual available appropriation for 2020–21	Payments made 2020–21	Balance remaining 2020–21
	\$'000	\$'000	\$'000
	(a)	(b)	(a) – (b)
Departmental			
Annual appropriations - ordinary annual services ^{1, 2}	98,23	70,152	28,080
Annual appropriations - other services – non-operating ³	3,330	1,402	1,928
Total departmental annual appropriations	101,56	71,554	30,008
Total departmental resourcing	101,562	71,554	30,008
Administered			
Annual appropriations - ordinary annual services ¹	245,940	165,666	
Total administered annual appropriations	245,940	165,666	
Administered special appropriations			
<i>Public Governance, Performance and Accountability Act 2013 – s77</i>	336	336	
<i>Renewable Energy (Electricity) Act 2000 – section 157</i>	126,455	126,455	
Total administered special appropriations	126,791	126,791	
Total administered resourcing	372,731	292,457	
Total resourcing and payments for the Clean Energy Regulator	474,293	364,011	

¹ Supply Act (No. 1) 2020-21 and Appropriation Act (No. 1) 2020-21. This may also include prior-year departmental appropriation and section 74 external revenue.

² Departmental capital budgets are not separately identified and form part of ordinary annual services items. For accounting purposes, this amount has been designated as a 'contribution by owner'.

³ Appropriation Act (No. 4) 2019-20, Supply Act (No. 2) 2020-21 and Appropriation Act (No. 2) 2020-21.

TABLE 12: CLEAN ENERGY REGULATOR'S SUMMARY OF TOTAL EXPENSES BY OUTCOME 1, 2020–21

	Budget ¹ 2020–21 \$'000	Actual expenses 2020–21 \$'000	Balance remaining 2020–21 \$'000
Outcome 1: To contribute to a reduction Australia's net greenhouse gas emissions, including through the administration of market-based mechanisms that incentivise reduction in emissions and the promotion of additional renewable electricity generation.			
Program 1.1: Clean Energy Regulator			
Administered expenses			
Ordinary annual services (Supply Act No. 1 and Appropriation Act No. 1)	245,940	183,557	62,383
Special appropriations	442	405,559	(405,117)
Administered total	246,382	589,116	(342,734)
Departmental expenses			
Departmental appropriation	76,493	71,729	4,764
Expenses not requiring appropriation in the Budget year ²	2,794	3,175	(381)
Departmental total	79,287	74,904	4,383
Total expenses for Program 1.1	325,669	664,020	(338,351)
Total expenses for Outcome 1	325,669	664,020	(338,351)

¹Full-year budget, including any subsequent adjustment made to the 2020-21 budget at Additional Estimates.

²Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and audit fees.

TABLE 13: AVERAGE STAFFING LEVELS

	2020–21	2019–20
Average staffing level (number)	318	313

Appendix C: Workforce statistics

TABLE 14: ONGOING AND NON-ONGOING EMPLOYEES BY EMPLOYMENT TYPE AND GENDER, AT 30 JUNE 2021

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Ongoing	147	10	157	128	28	156	2	0	2	315
Non-ongoing	8	2	10	8	0	8	0	0	0	18
Total	155	12	167	136	28	164	2	0	2	333

TABLE 15: ONGOING AND NON-ONGOING EMPLOYEES BY EMPLOYMENT TYPE AND GENDER, AT 30 JUNE 2020

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Ongoing	155	9	164	132	24	156	1	0	1	321
Non-ongoing	10	3	13	14	2	16	0	0	0	29
Total	165	12	177	146	26	172	1	0	1	350

TABLE 16: ONGOING EMPLOYEES BY LEVEL AND GENDER, AT 30 JUNE 2021

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	1	0	1	1	0	1	0	0	0	2
SES 1	2	0	2	6	0	6	0	0	0	8
EL 2	17	0	17	13	2	15	0	0	0	32
EL 1	39	5	44	31	7	38	1	0	1	83
APS 6	50	4	54	26	11	37	0	0	0	91
APS 5	19	1	20	28	4	32	1	0	1	53
APS 4	13	0	13	16	3	19	0	0	0	32
APS 3	2	0	2	2	1	3	0	0	0	5
APS 2	3	0	3	2	0	2	0	0	0	5
APS 1	0	0	0	0	0	0	0	0	0	0
Graduates	1	0	1	3	0	3	0	0	0	4
Total	147	10	157	128	27	156	2	0	2	315

TABLE 17: NON-ONGOING EMPLOYEES BY LEVEL AND GENDER, AT 30 JUNE 2021

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	0	0	0	1	0	1	0	0	0	1
EL 1	2	0	2	1	0	1	0	0	0	3
APS 6	1	0	1	4	0	4	0	0	0	5
APS 5	0	0	0	0	0	0	0	0	0	0
APS 4	4	1	5	2	0	2	0	0	0	7
APS 3	1	1	2	0	0	0	0	0	0	2
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Graduates	0	0	0	0	0	0	0	0	0	0
Total	8	2	10	8	0	8	0	0	0	18

TABLE 18: ONGOING AND NON-ONGOING EMPLOYMENT TYPE BY LEVEL, AT 30 JUNE 2021

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	0	0	0	0
SES 2	2	0	2	0	0	0	2
SES 1	8	0	8	0	0	0	8
EL 2	30	2	32	1	0	1	33
EL 1	71	12	83	3	0	3	86
APS 6	76	15	91	5	0	5	96
APS 5	48	5	53	0	0	0	53
APS 4	29	3	32	6	1	7	39
APS 3	4	1	5	1	1	2	7
APS 2	5	0	5	0	0	0	5
APS 1	0	0	0	0	0	0	0
Graduates	4	0	4	0	0	0	4
<i>Total</i>	277	38	315	16	2	18	333

TABLE 19: ONGOING AND NON-ONGOING EMPLOYMENT TYPE BY LEVEL, AT 30 JUNE 2020

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	0	0	0	0
SES 2	2	0	2	0	0	0	2
SES 1	9	0	9	0	0	0	9
EL 2	28	1	29	2	0	0	31
EL 1	65	13	78	2	1	3	81
APS 6	86	11	97	2	0	2	99
APS 5	59	4	63	5	0	5	68
APS 4	23	3	26	10	1	11	37
APS 3	5	1	6	2	3	5	11
APS 2	2	0	2	1	0	1	3
APS 1	4	0	4	0	0	0	4
Graduates	5	0	5	0	0	0	5
Total	288	33	321	24	5	29	350

TABLE 20: INDIGENOUS EMPLOYEES, 2020–21 AND 2019–20

	2020–21	2019–20
Ongoing	8	8
Non-ongoing	0	0
Total	8	8

Appendix D: Executive remuneration

The categories of officials covered by the disclosure are:

- Key management personnel
- Senior executives
- Other highly paid staff, whose total remuneration exceeds the threshold remunerations amount of \$230,000 for the reporting period

Key management personnel

During the reporting period ended 30 June 2021, the Clean Energy Regulator had 14 executives who meet the definition of key management personnel. Their names and length of term as key management personnel are summarised below:

TABLE 21: KEY MANAGEMENT PERSONNEL, 2020–21

Name	Position	Period in Position
David Parker	Chair/Accountable Authority	1 July 2020 – 30 June 2021
Shayleen Thompson	Executive General Manager	1 July 2020 – 30 June 2021
Mark Williamson	Executive General Manager	1 July 2020 – 30 June 2021
Geoffrey Purvis-Smith	General Counsel	1 July 2020 – 30 June 2021
Karen Najjar	Chief Operating Officer	1 July 2020 – 30 June 2021
Virginia Malley	Regulator Member	1 July 2020 – 02 December 2020
Michael D'Ascenzo	Regulator Member	1 July 2020 – 30 June 2021
Anne Brown	Regulator Member	1 July 2020 – 02 December 2020
Peter Davis	Regulator Member	1 July 2020 – 30 June 2021
Katherine Vidgen	Regulator Member	21 May 2021 – 30 June 2021
Steven Stolk	Acting Executive General Manager	6 January 2021 – 25 January 2021
Michelle Crosbie	Acting Executive General Manager	4 January 2021 – 15 January 2021
Rizwan Akhund	Acting General Counsel	17 December 2020 – 15 January 2021
Jacqueline Shannon	Acting Chief Operating Officer	21 December 2020 – 11 January 2021

In the notes to the financial statements for the period ended 30 June 2021, we have disclosed the following key management personnel expenses on an accruals basis (Table 22).

TABLE 22: KEY MANAGEMENT PERSONNEL REMUNERATION FOR THE REPORTING PERIOD

Note 6.2: Key management personnel remuneration for the reporting period	2021
	\$
Short-term benefits	
Base Salary	1,797,790
Bonus	-
Other benefits and allowances ¹	15,281
Total short-term benefits	1,813,071
Superannuation	264,153
Total post-employment benefits	264,153
Other long-term benefits	
Long service leave	28,525
Total other long-term benefits	28,525
Termination benefits	-
Total key management personnel remuneration	2,105,749

This information has been further disaggregated in Table 23.

TABLE 23: TOTAL REMUNERATION BY KEY MANAGEMENT PERSONNEL, 2020-21

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits	Termination Benefits	Total Remuneration
		Base salary \$	Bonuses \$	Other benefits and allowances including FBT \$	Superannuation contributions \$	Long service leave ¹ \$	\$	\$
David Parker	Chair/Accountable Authority	497,715	-	5,020	69,332	(5,740) ²	-	566,327
Shayleen Thompson	Executive General Manager	315,539	-	2,510	57,751	4,675	-	380,475
Mark Williamson	Executive General Manager	310,261	-	2,510	41,638	16,482	-	370,891
Geoffrey Purvis-Smith	General Counsel	244,030	-	2,510	41,229	5,653	-	293,422
Karen Najjar	Chief Operating Officer	219,178	-	2,510	25,725	5,095	-	252,508
Virginia Malley	Regulator member	23,589	-	-	3,632	-	-	27,221
Michael D'Ascenzo	Regulator member	55,465	-	-	8,542	-	-	64,007
Anne Brown	Regulator member	23,589	-	-	3,632	-	-	27,221
Peter Davis	Regulator member	55,465	-	-	5,269	-	-	60,734

¹Regulator members are not entitled to long service leave benefits under the relevant Remuneration Tribunal Determination.

²The negative long service leave expense represents the change in accrual balance resulting from the employee benefit on-costs and discounting of long service leave provisions.

Note: Some of the figures are impacted by the duration of service as a key management personnel. Table 21 provides details of the length of service for officers that were classified as key management personnel.

TABLE 23: TOTAL REMUNERATION BY KEY MANAGEMENT PERSONNEL 2020-21 (CONTINUED)

Name	Position title	Short-term benefits			Post- employment benefits	Other long-term benefits	Termination Benefits	Total Remuneration
		Base salary \$	Bonuses \$	Other benefits and allowances including FBT \$	Superannuation contributions \$	Long service leave ¹ \$	\$	\$
Katherine Vidgen	Regulator member	6,206	-	-	590	-	-	6,796
Steven Stolk	Acting Executive General Manager	13,627	-	138	1,066	729	-	15,560
Michelle Crosbie	Acting Executive General Manager	8,222	-	83	1,354	218	-	9,877
Rizwan Akhund	Acting General Counsel	14,582	-	-	2,543	867	-	17,992
Jacqueline Shannon	Acting Chief Operating Officer	10,322	-	-	1,850	546	-	12,718
Total		1,797,790	-	15,281	264,153	28,525	-	2,105,749

¹Regulator members are not entitled to long service leave benefits under the relevant Remuneration Tribunal Determination.

²The negative long service leave expense represents the change in accrual balance resulting from the employee benefit on-costs and discounting of long service leave provisions.

Note: Some of the figures are impacted by the duration of service as a key management personnel. Table 21 provides details of the length of service for officers that were classified as key management personnel.

TABLE 24: REMUNERATION PAID TO SENIOR EXECUTIVES, 2020–21

Remuneration band	Number of senior executives	Short-term benefits			Post employment benefits	Other long-term benefits	Average termination benefits \$	Average total remuneration \$ ^{1,2}
		Average base salary \$	Average bonuses \$	Average other benefits and allowances \$	Average superannuation contributions \$	Average long service leave \$ ³		
\$0 - \$220,000	12	30,315	-	329	5,759	(1,185)	-	35,218
\$220,001 - \$240,000	2	203,189	-	1,909	23,962	8,132	-	237,193
\$245,001 - \$270,000	2	222,049	-	2,274	28,892	7,705	-	260,920
\$270,001 - \$295,000	2	238,478	-	2,274	40,922	2,519	-	284,192
Total	18							

¹This table is prepared on an accrual basis. The table reports the average total remuneration of other highly paid staff who received remuneration during the reporting period. On termination, unused leave balances are paid out to the employee.

²Those Senior Executives that have been classified as key management personnel (as per Table 23) have not been included in this table disclosure. Remuneration for Senior Executives that was incurred whilst acting in a key management personnel position is also not included in this table.

³The negative long service leave expense represents the difference between the cash payment and the accrual balance resulting from the employee benefit on-costs and discounting of long service leave provisions.

TABLE 25: REMUNERATION PAID TO OTHER HIGHLY PAID STAFF, 2020–21

Remuneration band	Number of other highly paid staff	Short-term benefits			Post employment benefits	Other long-term benefits	Average termination benefits \$	Average total remuneration \$ ^{1,2}
		Average base salary \$	Average bonuses \$	Average other benefits and allowances \$	Average superannuation contributions \$	Average long service leave \$		
\$230,000 - \$245,000	1	155,933	-	-	20,727	60,111	-	236,771

¹This table is prepared on an accrual basis. The table reports the average total remuneration of other highly paid staff who received remuneration during the reporting period. On termination, unused leave balances are paid out to the employee.

²Remuneration for other highly paid staff that was incurred whilst acting in a Senior Executive or Key Management Personnel position is not included in this table.

Appendix E: Audit Committee membership 2020–21

Member name	Position	Qualifications, knowledge, skills or experience	Number of meetings attended / Number of eligible meetings	Total annual remuneration (ex GST)
Mr Geoff Knuckey	Chair	<p>Mr Knuckey has extensive experience as an Audit Committee member and Chair and is currently serving on audit committees for numerous government entities. He also has extensive experience as a Director and serves on boards and audit committees of multiple private sector entities.</p> <p>Mr Knuckey has been a full-time company director and audit committee member since 2009, following a 32-year career with Ernst & Young, specialising in audit and assurance services in public and private sectors across a range of industries.</p>	5/5	\$11,600
Ms Jane Wardlaw	Internal member	Ms Wardlaw is the General Manager, National Greenhouse and Energy Reporting and Safeguard Branch. Ms Wardlaw has extensive experience in administering clean energy policy and a good understanding of internal agency processes.	5/5	\$0
Ms Anne T Brown	External member	<p>Ms Brown was a Member of the Regulator Board until 2 December 2020. Ms Brown has substantial knowledge and practical experience of Australian and international exchange traded financial markets, risk management, related infrastructure and regulatory environments.</p> <p>During 2020–21, Ms Brown attended 3 of the 5 meetings held during this period, 2 in her capacity as an observer and one as an external member.</p>	1/5	\$3,079
	Observer		2/5	\$0

Appendix F: Regulator performance framework self-assessment

KPI1: We do not unnecessarily impede the efficient operation of regulated entities.

Result	Met
Opportunities for improvement identified in 2019–20	<p>Continue to enhance entry pathways to improve the user experience and reduce transaction costs for scheme participants.</p> <p>Enhance geospatial tools and capability for faster and more accurate assessment of claims for Australian carbon credit units and renewable energy certificates.</p>
Actions in 2020–21	<p>This year, we continued to work in partnership with industry to build capacity and deliver innovations to support carbon market and scheme participation, by making it easier to interact with us. The following examples demonstrate our achievement:</p> <p>We released a new, streamlined form and the application programming interface for soil carbon project registrations. This is the first step towards enhancing our systems and processes in response to innovation by our scheme participants, while reducing transaction costs and complexity.</p> <p>We trialled solar irradiance methodology with eligible power stations under the Large-scale Renewable Energy Target to automate large-scale generation certificate processing.</p> <p>There has been continued support and uptake in the use of the solar panel validation Initiative which remains an important control for the Small-scale Renewable Energy Scheme (SRES). At 30 June 2021, more than 75 per cent of small-scale technology certificate (STC) claims were using solar panel validation (SPV). STC claims that use SPV are processed within 24 hours subject to all scheme requirements being met.</p> <p>We completed 99.8 per cent of all scheme applications within statutory or administrative timeframes, highlighting efficient and effective processes.</p> <p>Refer to the Annual Performance Statement for more information.</p>
Opportunities for improvement in 2021–22	<p>Continue to enhance access to our systems to improve user experience and reduce transaction costs for participants and our administration of the schemes.</p> <p>Continue to enhance geospatial tools and capability for faster and more accurate assessment of claims for Australian carbon credit units and renewable energy certificates.</p>

KPI2: We communicate with regulated entities in a clear, targeted and effective manner
Result

Met

Opportunities for improvement identified in 2019–20

Improve the availability, transparency and accuracy of our market data.

Actions in 2020–21

We regularly review and update our communications material in the context of emerging activities and the maturing of our schemes, to ensure it is useful, tailored and targeted to its audience.

We continued to release our Quarterly Carbon Market Report, which provides information on the 3 markets we administer – large-scale generation certificates, small-scale technology certificates and Australian carbon credit units. Webinars are also offered following the release of each report to provide stakeholders with an overview of the quarter and answer any questions. We commenced regular publishing of postcode data to enable better mapping of mid and large-scale power stations.

We initiated a co-design process in consultation with industry on the Corporate Emissions Reduction Transparency report (CERT) – a voluntary initiative available to corporations that meet the reporting thresholds under the National Greenhouse and Energy Reporting (NGER) scheme. The CERT will provide a framework to demonstrate progress towards voluntary emissions reduction commitments and encourage voluntary participation in Australia’s carbon markets.

The agency has published a method development tracker to chart progress on the development of each of the priority methods under development, providing greater visibility of the method development process.

We developed Emissions Reduction Fund video case studies in collaboration with the Carbon Market Institute that highlight the experience and achievements of landholders participating in the scheme.

We reconvened the NGER Client Reference Group. This is an information sharing forum providing reporting entities with updates and the chance to provide feedback on the scheme, including amendments to the legislation, administration processes, and system development. We introduced 'In sync with Safeguard' to keep participants up to date with important information about changes to the safeguard mechanism. This includes key dates, developments in relation to the legislation, and information on how to apply for baselines.

Refer to the Annual Performance Statement for more information.

Opportunities for improvement in 2021–22

Continue to improve the availability, transparency and accuracy of our market data for scheme and other market participants.

KPI3: Our actions are proportionate to the regulatory risk being managed

Result	Met
Opportunities for improvement identified in 2019–20	Provide guidance and enhanced tools that assist our participants to self-select into our voluntary schemes only if they have adequate capacity and capability to meet the requirements.
Actions in 2020–21	<p>Our documented risk management framework is updated every two years and engages with risk in a positive and transparent way, consistent with the Commonwealth Risk Management Policy. The following initiatives demonstrate that our actions are proportionate to risk.</p> <p>Developed simple method guides for the Emissions Reduction Fund (ERF) to enable applicants to the scheme to check their eligibility and capability to participate. We engaged with stakeholders on the beef herd management and animal effluent guides and will continue to develop future guides as new ERF methods are developed.</p> <p>Amended the Carbon Farming Initiative Audit Threshold instrument to reduce audit requirements for certain Emission Reduction Fund projects for which appropriate and more cost-effective alternative assurance could be achieved.</p> <p>Established a taskforce targeting non-compliant installers under the Small-scale Renewable Energy Scheme.</p>
Opportunities for improvement in 2021–22	We will continue to consider where our compliance processes could be streamlined while safeguarding the integrity of our schemes.

KPI4: Our compliance and monitoring approaches are streamlined and coordinated

Result	Met
Opportunities for improvement identified in 2019–20	Continue to expand the use of analytics and data matching to detect non-compliance.
Actions in 2020–21	<p>During 2020–21 we continued to focus strongly on enhancing processes and building staff capability, as well as improving information sharing with other regulators. The following examples demonstrate our achievement.</p> <p>Continuing progress for the new Serial Number Compliance Database (Ledger) to help reduce the risk of ineligible solar panels accredited under the Small-scale Renewable Energy Scheme, with testing commencing in May 2021 and rollout anticipated from July 2021.</p> <p>Established a taskforce targeting non-compliant installers who are providing false information by signing off on small-scale solar PV installations when a Clean Energy Council accredited installer has not been on site. Refer to the Annual Performance Statement for more information.</p>
Opportunities for improvement in 2021–22	<p>Continue to expand the use of analytics and data matching to detect non-compliance.</p> <p>Initiate data exchange with the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) to reduce regulatory burden for shared stakeholders and to provide new intelligence sources.</p>

KPI5: We are open and transparent in our dealings with regulated entities
Result

Met

Opportunities for improvement identified in 2019–20

Continue to publish and disseminate information about our approach to risk and compliance, and compliance and enforcement outcomes.

Actions in 2020–21

Our compliance and enforcement priorities are revised annually and set out specific areas of focus for the year. By publishing the outcomes achieved and activities undertaken for the priorities we aim to increase transparency and accountability, educate scheme participants, and demonstrate our commitment to deter, detect and respond to non-compliance and misconduct.

Our quarterly compliance updates keep participants informed of our activities and expectations in relation to our compliance priorities.

We consult with our stakeholders on proposed changes to frameworks, legislation and guidance, for example, the proposed changes to the audit framework, the development or variance of Emission Reduction Fund methods, and amendments to the Emissions Reduction Fund legislative instruments.

The 2020 assessment year required all emissions-intensive trade-exposed (EITE) participants to transition from the production calculation method to the electricity use method. To support this change, several online resources were enhanced, and a series of webinars were held to ensure all stakeholders were engaged, understood their obligations and the level of exemption they would be entitled to.

Opportunities for improvement in 2021–22

We will continue to deliver for business to further build trust. We will continue to focus on working across industry, with various levels of government, and with our new and existing participants.

KPI6: We actively contribute to the continuous improvement of regulatory frameworks
Result

Met

Opportunities for improvement identified in 2019–20

Seek legislative change where necessary to enable administration of agency schemes to adapt to new business models and technology changes.

Actions in 2020–21

The Clean Energy Regulator reviews its regulatory settings within all administered schemes on an ongoing basis.

In keeping with developments in the carbon market, the Clean Energy Regulator amended its posture in October 2020 on how it would allow entities with state or territory obligations (regulated entities) to participate in the Emissions Reduction Fund (ERF), while still ensuring the integrity of the scheme and Australian carbon credit units (ACCUs).

Amendments to the Audit Threshold instrument to allow more cost-effective alternative assurance arrangements to be used instead of more traditional audits in the ERF without affecting scheme integrity could be achieved. A new class of alternative assurance project called Low Risk Environmental Planting Projects was created.

We conducted a rooftop solar sector review investigating the issues raised in a range of reports focused on the integrity of the rooftop solar sector. The review considered a range of issues including whether amendments are required to the Small-scale Renewable Energy Scheme (SRES) regulatory framework prove integrity, accountability and consumer protection measures in the rooftop solar PV sector.

The Chair, Mr David Parker AM, chairs the Regulator Leadership Cohort established as a sub-committee of the Secretaries Board. The Regulator Leadership Cohort provides a high-level forum for resolving shared issues, sharing best practice and regulator’s perspectives on performance. The Cohort provides the Secretaries Board with perspectives on regulator performance, capability and culture.

We seconded a staff member to assist the Carbon Market Institute to implement recommendations arising from the review of the Carbon Industry Code of Conduct. The Code is a voluntary initiative that aims to promote best practice within Australia’s carbon industry.

Opportunities for improvement in 2021–22

We will continue to focus on embedding the 3 principles of regulator best practice that underpin the government’s expectations for our performance.

Appendix G: Corrections to previous annual reports

Correction to the Clean Energy Regulator Annual Report 2018–19

Part 3: Scheme performance

On page 40, we reported 13,656,926 Australian carbon credit units were issued in 2018–19.

The correct information is:

In 2018–19 we issued 13,663,409 Australian carbon credit units.

Appendix H: Legal expenditure 2020–21

This is a statement of legal services expenditure by the Clean Energy Regulator, published in compliance with paragraph 11.1 (ba) of the *Legal Services Directions 2017*.

TABLE 26: LEGAL SERVICES EXPENDITURE SUMMARY, 2020–21

Description	Amount (exclusive of GST)
Total (external + internal) expenditure	\$1,824,498
Total internal legal services expenditure	\$1,426,699
Total external legal services expenditure	\$397,799
Summary external legal services	
Number of Counsel briefed	1
Total value of brief to Counsel (A)	\$7,057
Total value of disbursements (excluding Counsel) (B)	\$2,015
Total value of professional fees paid (C)	\$388,727
Total external legal services expenditure (A + B + C)	\$397,799

Reference material

Glossary of abbreviations and acronyms

ACCU	Australian carbon credit unit.
ANREU	Australian National Registry of Emissions Units.
APS	Australian Public Service.
Carbon dioxide equivalent (CO ₂ -e)	A measure of greenhouse gas emissions. Carbon dioxide equivalence is estimated by multiplying the amount of gas by the global warming potential of the gas.
CEC	Clean Energy Council.
CERT	Corporate Emissions Reduction Transparency report.
Crediting	Participants receive one ACCU for each tonne of CO ₂ -e stored or avoided through registered Emissions Reduction Fund projects.
Delivery under the Emissions Reduction Fund	This transaction refers to ACCUs transferred in the ANREU to make a delivery under a carbon abatement contract.
ERF	Emissions Reduction Fund.
Gigawatt (GW)	A measurement of power. Power is the rate at which the energy is generated or used. One gigawatt is equal to 1,000 megawatts.
Gigawatt hour (GWh)	A measurement of electrical energy equivalent to power consumption of one gigawatts or 1,000 megawatts for one hour.
Greenhouse gas emissions	Gases produced from human activity, such as carbon dioxide (CO ₂), methane (CH ₄) and nitrous oxide (N ₂ O). These emissions alter the natural greenhouse effect and encourage atmospheric warming.
LGC	Large-scale generation certificate.
Megawatt (MW)	A measurement of power. Power is the rate at which the energy is generated or used. One megawatt equals to 1,000 kilowatts.
Megawatt hour (MWh)	A megawatt hour is a measure of electrical energy equivalent to a power consumption of one megawatt or 1,000 kilowatts for one hour.
NGER Act	<i>National Greenhouse and Energy Reporting Act 2007.</i>
NGER	National Greenhouse and Energy Reporting scheme.
Non-ongoing employee	An employee who is engaged for a specified term, or for the duration of a specified task.
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013.</i>

Photovoltaic (PV) system	A power system designed to convert sunlight into usable electrical power by means of photovoltaic cells. Also known as a solar PV system or PV system.
REC Registry	Renewable Energy Certificate Registry.
Renewable energy certificates	Refers to both large-scale generation certificates and small-scale technology certificates.
RET	Renewable Energy Target.
SES	Senior Executive Service.
SME	Small and medium enterprise.
SPV	Solar panel validation.
SRES	Small-scale Renewable Energy Scheme.
STC	Small-scale technology certificate.
Surrender	This transaction allows eligible units to be surrendered from an ANREU account.

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