



Australian Government
Clean Energy Regulator

2019–2020 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 2019–20*. The Clean Energy Regulator asserts the right to be recognised as author of original material, to be attributed as follows: *Source: Clean Energy Regulator*.

About this report

This report describes our performance from 1 July 2019 to 30 June 2020.

We report on results achieved against our intended purpose, outcome, deliverables and performance criteria in our *Corporate Plan 2019–23* and *Portfolio Budget Statement 2019–20* (PBS). 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*.

Electronic version of this report

Our annual reports are available on our website: www.cleanenergyregulator.gov.au. The 2019–20 Annual Report is also published on the Australian Government’s Transparency Portal: www.transparency.gov.au.

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Contact details

Planning, Performance and Parliamentary Manager
enquiries@cleanenergyregulator.gov.au
1300 553 542
www.cleanenergyregulator.gov.au

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LETTER OF TRANSMITTAL

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

Dear Minister

I am pleased to submit the *Clean Energy Regulator 2019–20 Annual Report* 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 2020. 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.



David Parker AM
Chair, Clean Energy Regulator
25 September 2020

CHAIR'S REVIEW



This year we've seen record levels of carbon abatement and renewable energy generation, and greater uptake of voluntary ambition by the private sector.

We continued to see strong investment in renewables, with more than 4300 megawatts of large-scale renewable capacity accredited during the year. In September 2019, we announced we had accredited enough capacity to achieve the 2020 Large-scale Renewable Energy Target of 33,000 gigawatt hours. This milestone represents the hard work of a growing and dynamic renewables industry.

In addition to large-scale renewables, investment in small-scale renewables, particularly rooftop solar, continues to grow as more and more Australian households and businesses turn to small-scale renewable energy. Small generation units installed under the scheme now have a total capacity of 11,427 megawatts, which generates or displaces 17.8 million megawatt hours of electricity.

The Renewable Energy Target will continue to provide an important framework for ongoing renewable energy investment, as the sector continues to innovate and adapt. We will continue to work with industry, the energy market bodies and government to help address the challenges of increased supply of renewables to the grid including grid reliability and stability.

The Emissions Reduction Fund, together with other initiatives under the Climate Solutions Fund, is driving carbon abatement, emissions reductions and carbon market participation as we continue momentum towards Australia's 2030 emissions reduction target. This year, 13.4 million tonnes of abatement was delivered under contract, to the value of \$165 million. We targeted new sources of projects and investment, which saw the introduction of flexible delivery options under the Emissions Reduction Fund, updates to our systems and registries and outreach and market development through improved information and partnerships.

Vibrant carbon markets are emerging, as markets diversify into new sources of demand. We've seen growth in the voluntary surrender by companies and governments of Australian carbon credit units and large-scale generation certificates, which together have increased approximately 70 per cent on 2018–19. This is largely due to corporate ambition to use more renewable energy or to become carbon neutral and we expect more growth in voluntary surrender as more corporations commit to their own net-zero emissions targets.

While encouraging scheme and market participation, we have rigorous compliance measures in place to assist participants understand, and meet, their compliance obligations, resulting in high compliance and reporting rates for regulated entities across the schemes we administer. Our compliance approach continues to mature to ensure scheme participants remain engaged, active and compliant, to protect the integrity of the schemes we administer.

I am proud of the work of our agency this year and these achievements provide us with a good footing to implement relevant parts of the Government's response to the recommendations of the *Examining additional sources of low-cost abatement: expert panel report*, referred to as the King Review. This will be an area of focus for us over the coming year. I look forward to continuing engagement with our colleagues at the Department of Industry, Science, Energy and Resources, and other portfolio agencies, in progressing the recommendations of the King Review and other policy initiatives.

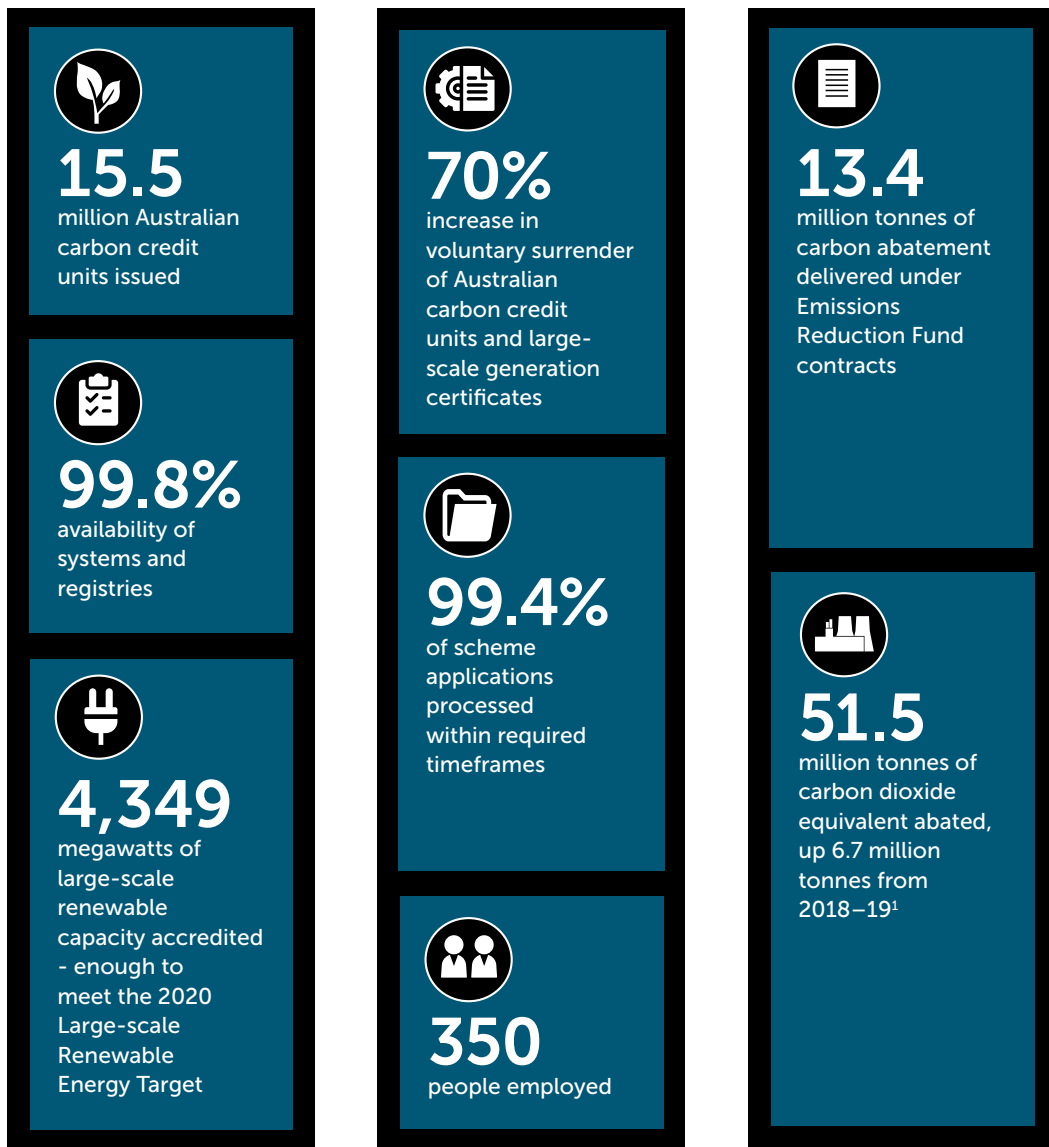
In implementing these recommendations, we will work closely with business to enhance participation in the Emissions Reduction Fund, further incentivise voluntary emissions reductions and support the unlocking of transformative low emissions technologies, and in doing so accelerating carbon abatement for Australia.

A handwritten signature in black ink, appearing to read 'D Parker', with a stylized, flowing script.

David Parker AM

Chair, Clean Energy Regulator

2019–20 HIGHLIGHTS



1 Further details on the calculation methodology for abatement estimation are set out in the Quarterly Carbon Market Report March Quarter 2020 workbook: <http://www.cleanenergyregulator.gov.au/csf/market-information/Pages/quarterly-Market-report.aspx>

PART ONE

ABOUT US



Our role and functions

The Clean Energy Regulator is an independent statutory authority responsible for administering Australian Government schemes to reduce greenhouse gas emissions and increase the use of renewable energy.

Our purpose is to accelerate carbon abatement for Australia.

We administer the following schemes to measure, manage, reduce or offset Australia's carbon emissions.

Emissions Reduction Fund: This scheme provides incentives for organisations and individuals to use new practices and technologies to reduce emissions or store carbon. The aim is to help Australia meet its emission reduction targets. Through the Climate Solutions Fund, the Emissions Reduction Fund continues to develop new and innovative ways to reduce emissions, secure abatement, drive market participation and increase the supply of Australian carbon credit units (ACCUs). For details, see page 27.

Renewable Energy Target: This scheme encourages additional electricity generation from renewable sources to reduce greenhouse gas emissions from the electricity sector. It provides an incentive for investment in renewable energy power stations and smaller systems, such as household solar. For details, see page 30.

National Greenhouse and Energy Reporting scheme: This scheme provides a national framework for reporting and disseminating company information about greenhouse gas emissions, energy production and energy consumption. It also provides a framework for facilities covered by the Safeguard Mechanism to report and manage their emissions. For details, see page 34.

We also operate the following registries and systems to enable market participants to securely and conveniently report, receive entitlements, acquit liabilities and trade:

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

We are responsible for:

- providing education, information and guidance on the schemes we administer
- assessing and crediting scheme participants
- monitoring, facilitating and enforcing compliance to ensure scheme integrity
- collecting, analysing, assessing, providing and publishing scheme data
- accrediting auditors for schemes we administer, and
- working with other law enforcement agencies, regulatory bodies and partners.

Our objectives

Our *Corporate Plan 2019–23* is our primary strategic planning document. It articulates four objectives we need to realise to achieve our purpose of accelerating carbon abatement for Australia (Figure 1). We update and publish our corporate plan annually.

Our plan includes a key performance indicator (KPI) framework that provides the basis for measuring our *Portfolio Budget Statement 2019–20* performance criteria against our objectives and purpose, in accordance with paragraph 35(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Figure 1: Our objectives and rationale

Objective	Rationale
A trusted, relevant and expert institution	The Clean Energy Regulator publishes relevant, accurate and timely data and other information to promote and enhance a well-functioning and liquid carbon market and to inform future policy development. In doing so, the agency relies on and supports productive and collaborative relationships across governments, states and territories, and industry and stakeholder bodies.
Efficient and effective administration	The agency administers its schemes in an efficient and effective way to encourage participation and compliance, reduce costs and meet the objectives of the legislation to accelerate carbon abatement.
Engaged, active and compliant participants	The best outcomes are achieved when the entities we regulate can successfully engage with us to participate in the abatement schemes we administer and meet their obligations, and willingly contribute to the agency's information gathering.
Secure and enduring regulatory infrastructure	The Clean Energy Regulator's processes, systems and infrastructure must be reliable and resilient and able to respond flexibly to policy and/or operational changes. They must also be supported by capable, expert and adaptable people to ensure that the agency can respond quickly to new policy demands, technological changes and participant expectations.

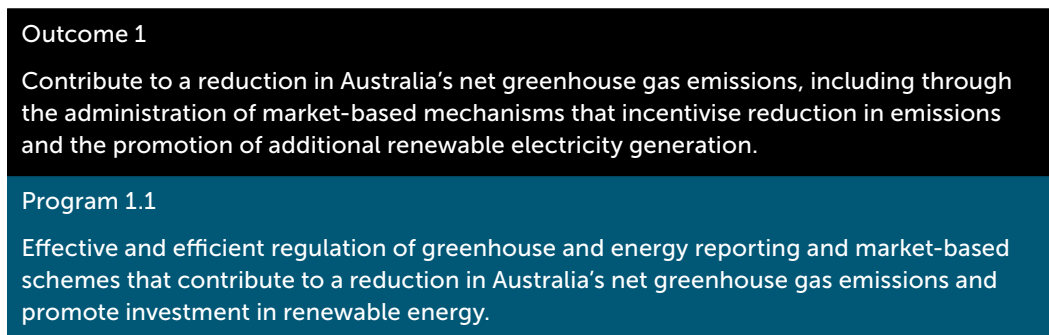
Our performance against our *Portfolio Budget Statement 2019–20* and *Corporate Plan 2019–23* is detailed in *Part two: Annual performance statement*, as required under section 39 of the PGPA Act.

Outcomes and programs

Our outcome and program structure is detailed in the *Environment and Energy Portfolio Budget Statement 2019–20* and summarised below.

See *Part two: Annual performance statement* for results achieved against our purpose, objectives and KPIs.

Figure 2: Summary of our outcome and program structure for 2019–20



Delivery

We deliver Program 1.1 by:

- collecting, analysing, assessing 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 REC Registry for market participants
- monitoring, facilitating and enforcing compliance by our clients for the schemes we administer
- 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 our schemes
- working with other Commonwealth, state and territory law enforcement and regulatory bodies, and
- providing education and information to current and potential scheme participants on the schemes we administer and how they work.

Performance criteria	Target
Proportion of contracted abatement delivered	≥ 80% of contracted abatement is delivered on time
Compliance levels by regulated and liable entities	≥ 95% of regulated entities are materially compliant with their statutory obligations

Our values

Our work is underpinned by the Australian Public Service Values of impartiality, commitment to service, accountability, respect and ethical behaviour.

We are committed to:

- delivering outcomes—our people care about delivering agency objectives because our purpose matters
- trust and accountability—our people trust each other because we are all accountable for our actions
- role clarity—our people know who does what because role clarity is vital for productive collaboration, and
- active development—our people actively develop themselves and others because lifting capability makes a difference.

Legislation

The Clean Energy Regulator was established on 2 April 2012 as an independent statutory authority under the *Clean Energy Regulator Act 2011* and is a non-corporate Commonwealth entity for the purposes of the PGPA Act.

We administer the following legislation:

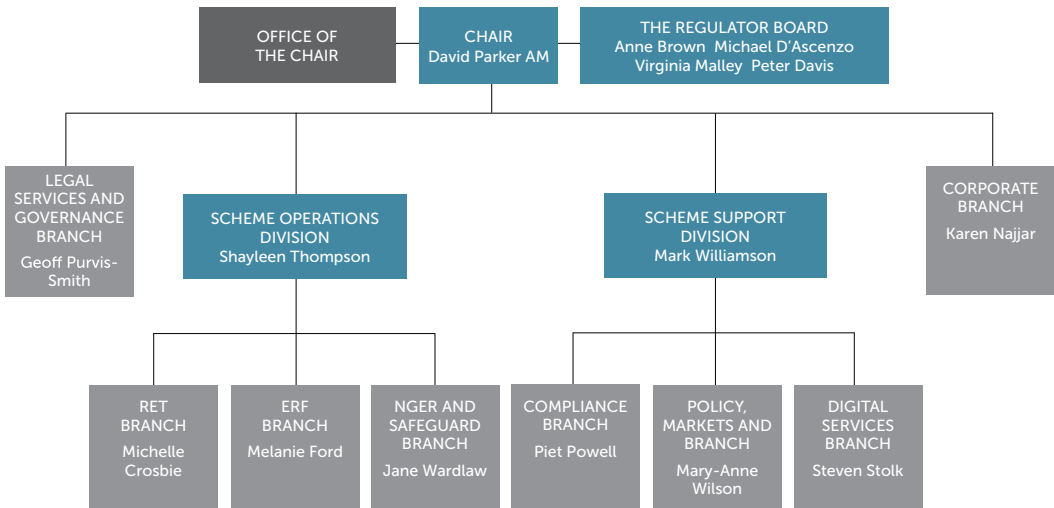
- *Carbon Credits (Carbon Farming Initiative) Act 2011*
- *National Greenhouse and Energy Reporting Act 2007*
- *Renewable Energy (Electricity) Act 2000*
- *Australian National Registry of Emissions Units Act 2011*, and
- *Clean Energy Act 2011 (insofar as it is kept in force by the Clean Energy Legislation (Carbon Tax Repeal) Act 2014)*.

Our structure

The term Clean Energy Regulator refers to:

- **The Regulator Board:** This is the government-appointed Regulator, comprising the Chair and Members, which sets the strategic direction for our agency and is accountable for our regulatory decisions. See *Part five: Management and accountability* for more information about the operations of the Regulator Board.
- **The agency:** Our agency supports the Regulator Board to perform its responsibilities and is led by the Chair in his capacity as agency head.

Figure 3: Our organisational structure as at 30 June 2020



Our executive

The Clean Energy Regulator is led by David Parker, Chair and is supported by our Strategic Leadership Team.



Mr David Parker AM
Chair

Mr Parker was appointed by the Minister as the Chair from 3 July 2017 and is the 'accountable authority' as defined by the PGPA Act. See page 60 for more information.



Ms Shayleen Thompson
Executive General Manager, Scheme Operations Division

Ms Thompson joined the agency on 16 July 2018. She has extensive experience in international and domestic climate change policy with both the Commonwealth and state governments.

Prior to joining the agency, Ms Thompson led policy development work on the Carbon Farming Initiative and the Emissions Reduction Fund before taking on the role of acting Chief Executive Officer of the Climate Change Authority. In that role, Ms Thompson led work on the Authority's review of the Emissions Reduction Fund and Australia's policies and goals to meet its emissions reduction commitments under the Paris Agreement.

Previously, Ms Thompson served as a lead negotiator on land issues for the Kyoto Protocol and has worked on the National Greenhouse Gas Inventory, the National Greenhouse and Energy Reporting scheme and the Renewable Energy Target.



Mr Mark Williamson
Executive General Manager, Scheme Support Division

Mr Williamson joined the agency in August 2012, following an extensive career including senior executive roles in the private sector and state and local government.

He previously held a national commercial and technical senior executive role in an ASX 200 company and was Executive Director at the Queensland Environmental Protection Agency, leading its regulatory operations across a diverse range of environmental legislation.

Mr Williamson has qualifications in applied science and post-graduate management qualifications.



Mr Geoff Purvis-Smith
General Counsel

Mr Purvis-Smith joined the agency as General Counsel in June 2012.

Mr Purvis-Smith has extensive experience as a regulatory lawyer, having worked in several Commonwealth agencies including the Australian Customs and Border Protection Service, the Australian Competition and Consumer Commission and the Australian Communications and Media Authority. Before joining the Australian Public Service, Mr Purvis-Smith was a private sector lawyer specialising in litigation, regulation and government.

Mr Purvis-Smith holds degrees in arts and law and a master's degree in international law.



Ms Karen Najjar
Chief Operations Officer

Ms Najjar commenced as Chief Operations Officer on 1 July 2019.

Immediately prior to her appointment, Ms Najjar was a member of the North Queensland Livestock Industry Recovery Agency (NQLIRA) taskforce within the Department of Prime Minister and Cabinet as the Executive Officer to the Chief Executive Officer, the Honourable Shane L Stone AC PDGK QC.

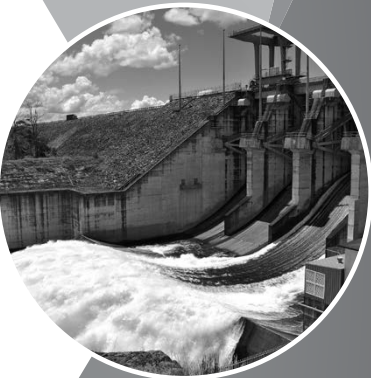
Prior to this, Ms Najjar was with the agency from 2012, undertaking several roles including Executive Officer to the Chief Executive Officer and Chair, Mr David Parker AM, and Manager responsible for liaison with the Department of the Environment and Energy on policy matters and the agency's input to the Emissions Reduction Fund.

Portfolio and minister

As at 30 June 2020, the Clean Energy Regulator operated within the Industry, Science, Energy and Resources Portfolio, reporting to the Hon Angus Taylor MP as Minister for Energy and Emissions Reduction.

We were accountable to the Hon Angus Taylor MP as Minister for Energy under the Environment and Energy Portfolio between 1 July 2019 to 1 February 2020. On this date, the Hon Angus Taylor MP was appointment Minister for Energy and Emissions Reduction under the Industry, Science, Energy and Resources Portfolio.

PART TWO
ANNUAL
PERFORMANCE
STATEMENT



Introductory statement

I, David Parker as the accountable authority of the Clean Energy Regulator, present the agency's 2019–20 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 2019–20 including results against the performance measures in our *Corporate Plan 2019–23* and *Portfolio Budget Statement 2019–20* 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.



David Parker AM

Chair, Clean Energy Regulator

25 September 2020

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.

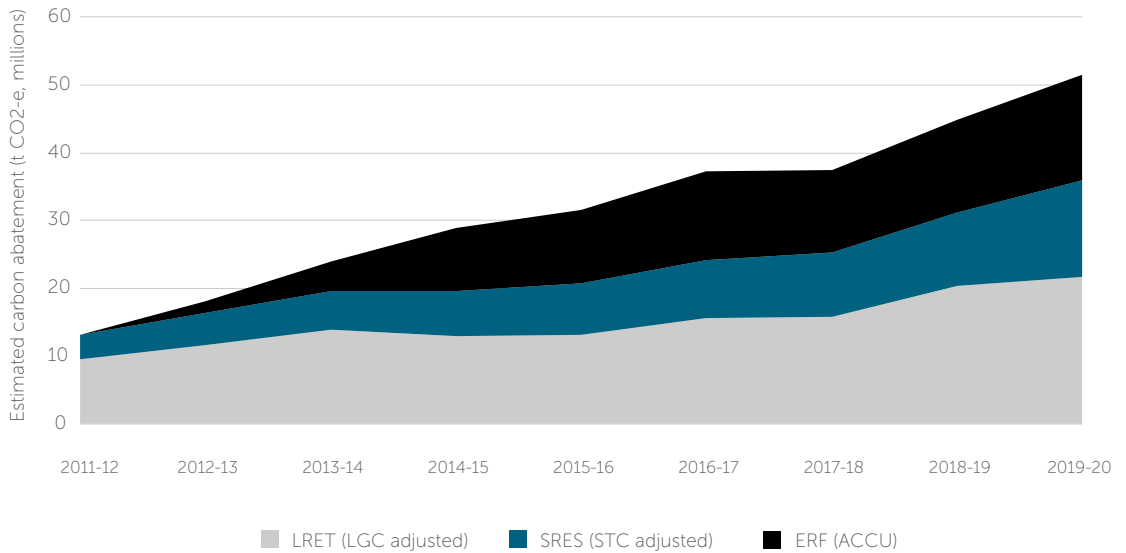
Carbon abatement from the schemes we administer has continued to rise:

- Carbon abatement from the schemes we administer reached 51.5 million tonnes of carbon dioxide equivalent, up 6.7 million tonnes from 2018–19:
 - In the Emissions Reduction Fund, 15.5 million ACCUs were issued, surpassing the 13.7 million ACCUs issued in 2018–19.
 - For renewables, 21.7 million tonnes of abatement was delivered from the Large-scale Renewable Energy Target and 14.3 million tonnes from the Small-scale Renewable Energy Scheme in 2019–20, an increase of 6.5 and 32.7 per cent respectively from 2018–19.
- In 2019, sufficient capacity was accredited to meet the 2020 Large-scale Renewable Energy Target of 33,000 gigawatt hours.
- National Electricity Market emissions peaked in the National Electricity Market in 2008–09 with 187.4 megatonnes of carbon dioxide equivalent². Emissions have since fallen 23 per cent to 143.9 megatonnes³ of carbon dioxide equivalent for 2019–20.

² Data from Australian National Greenhouse Gas Inventory March 2017, data tables: <https://www.industry.gov.au/data-and-publications/national-greenhouse-gas-inventory-march-2017>

³ Data from Australian National Greenhouse Gas Inventory March 2020, data tables: <https://www.industry.gov.au/sites/default/files/2020-08/nggi-quarterly-update-march-2020-data-sources.xlsx>

Figure 4: Total carbon abatement from schemes we administer, 2019–20⁴



4 Carbon abatement is estimated based on all ACCUs at the time they were issued, in addition to emissions reduction from all eligible generation under the Renewable Energy Target, regardless of the source of demand for units and certificates. Therefore, this estimate includes ACCUs that are not contracted to the Commonwealth. In order to convert the renewable generation into a carbon abatement equivalent value, it has been multiplied by the emissions intensity factor of the Australian electricity network. This is considered a conservative estimate. The 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. More details on calculation methodology for abatement estimates are set out at <http://www.cleanenergyregulator.gov.au/DocumentAssets/Pages/Quarterly-Carbon-Market-Report-workbook---March-Quarter-2020.aspx>

Summary of results

- Target/Estimate met
- Target/Estimate substantially met
- ... Target/Estimate not met - refer to narrative

Objective: A trusted relevant and expert institution

KPI: Our reputation and regulatory expertise are evidenced through our regulatory postures, including compliance, evidence-based decisions, data analysis and market insights.

Proportion of contracted carbon abatement delivered	●
Compliance levels by regulated and liable entities	●
Proportion of investigations completed within timeframes	●
Level of participant satisfaction with the quality and timeliness of market information	●
Data and analytics are used to communicate market activities	●

Objective: Efficient and effective administration

KPI: Compliant participation in our schemes increases as a result of efficient and effective administration.

Proportion of applications processed within statutory or agreed timeframes	●
Level of participant satisfaction with staff interactions	●
Strategies and investment in our people enable us to be efficient and effective	...
Positive assessment of the agency performance under the Regulator Performance Framework	●

- Target/Estimate met
- Target/Estimate substantially met
- 🗨️ Target/Estimate not met - refer to narrative

Objective: Engaged, active and compliant participants

KPI: Our support, engagement and communication activities with participants result in their compliance and successful participation in our schemes.

Level of participant satisfaction with engagement and guidance provided		●
Proportion of participant contacts resolved at first interaction		●
Number of Australian carbon credit units issued		●
Number of renewable energy certificates large-scale generation certificates (LGCs) and small-scale technology certificates (STCs) validated	LGCs	●
	STCs	●
Our engagement and communication activities assists participants to successfully participate in our schemes		●

Objective: Secure and enduring regulatory infrastructure

KPI: Participants have confidence in the integrity of market operations and agency data as our regulatory infrastructure is accessible, resilient and adaptive.

No significant breaches of government, administrative, legal and policy requirements		●
Availability of online systems		●
Proportion of detected cyber threats resolved		●
Level of participant satisfaction with registries and reporting systems		●
Investments in our systems to ensure that they remain secure and adaptive now and into the future		●

Performance results

Objective: A trusted relevant and expert institution

KPI: Our reputation and regulatory expertise are evidenced through our regulatory postures, including compliance, evidence-based decisions, data analysis and market insights.

Source: Corporate Plan 2019–23

Overall, our agency has met or exceeded all targets supporting this KPI, demonstrating our successful practices as a trusted relevant and expert institution.

The performance measures for this KPI assess our administration of the Emissions Reduction Fund contract management function, activities related to monitoring and encouraging compliance with all schemes, and the quality and timeliness of our market information.

The proportion of carbon abatement that was delivered on time under Emissions Reduction Fund carbon abatement contracts increased to 91 per cent. This exceeds the target in the *Portfolio Budget Statement 2019–20* of equal to or greater than 80 per cent. This improvement reflects a record year for contractual deliveries under the scheme. The result was supported by measures we undertook to ensure the ongoing efficiency and effectiveness of administration as well as our proactive outreach to scheme participants and other interested parties on both contractual and general scheme administration matters.

For 2019–20, a total of 99 per cent of entities complied with their reporting obligations. Requirements to surrender certificates for the Renewable Energy Target, or for Safeguard Mechanism reporters, to keep their emissions at or below pre-set baselines or emissions limits were also met. This covers reporting required under the National Greenhouse and Energy Reporting scheme, the Emissions Reduction Fund and reporting on liability and accredited generation under the Renewable Energy Target. It also covers compliance with the Renewable Energy Target for certificate surrender and obligations under the Safeguard Mechanism for reporters to keep their emissions at or below pre-set baselines. This outcome, which is above the target published in the *Portfolio Budget Statement 2019–20*, is a significant achievement especially given the unprecedented bushfires and COVID-19 pandemic.

Analytics and enhanced data matching capabilities were critical in identifying non-compliance in the Small-scale Renewable Energy Scheme.

Our 2019 communications survey reported a 93 per cent scheme participant satisfaction rate regarding the quality and timeliness of market information we provide. Providing this information supports the effective operation of Australia's carbon abatement schemes and markets.

In 2019–20, we introduced a Quarterly Carbon Market Report that consolidates information across the three national carbon markets we administer – Australian carbon credit units, large-scale generation certificates and small-scale technology certificates. This regular and comprehensive format provides a contemporary understanding of market opportunities and tracks our agency’s progress against our purpose of accelerating carbon abatement for Australia. To support new participants and growing voluntary ambition from Australian companies to reduce their emissions, we expanded the availability of webinars explaining how the Australian carbon markets operate and the international context.

The Quarterly Carbon Market Reports are rich with data and graphics. Published workbooks accompany each report to improve accessibility and facilitate third parties generating new insights from our data. We provide stakeholder briefings to improve market reach. Referencing of our agency data and insights by third parties, such as the Reserve Bank of Australia, indicates our stakeholders regard the information as credible.

During 2019–20, we reviewed our estimates of the capacity of rooftop solar likely to be installed on residential and commercial premises under the Renewable Energy Target over the next four years. This data feeds into the Department of Industry, Science, Energy and Resources projection of Australia’s 2030 emissions and the Australian Energy Market Operator electricity market demand forecasts.

No statutory decisions were appealed to courts or tribunals. This demonstrates the robustness of our decisions and the effectiveness of our assessment processes. At the time of writing, one Freedom of Information decision was under review by the Office of the Australian Information Commissioner.

To support community confidence in the integrity of the schemes we administer, we prioritise stopping or preventing harms and ensure our compliance and enforcement activities are effective, timely and proportionate. During 2019–20, we reduced the average age of cases on hand from 346 days on 1 July 2019, to 209 days as at 30 June 2020. Changes to our investigations procedures and processes, and additional governance mechanisms resulted in more timely investigations, reflected in this result.

Performance measure	Proportion of contracted carbon abatement delivered	
Rationale	This is an indicator of the effectiveness of our administration of the Emissions Reduction Fund’s contract management function.	
Result: 2018–19	Result: 2019–20	Target
87%	91%	≥ 80%

Source: Corporate Plan 2019–23 and Portfolio Budget Statement 2019–20

Performance measure	Compliance levels by regulated and liable entities	
Rationale	Compliance levels are an indicator of participant behaviour, and the reputation of our agency as a regulator, to ensure we are seen as trusted, relevant and expert by government, participants and the community.	
Result: 2018–19	Result: 2019–20	Target
98%	99%	95%

Source: Corporate Plan 2019–23 and Portfolio Budget Statement 2019–20

Performance measure	Proportion of investigations completed within timeframes	
Rationale	Timely completion of investigations contributes to our reputation as a firm but fair regulator.	
Result: 2018–19	Result: 2019–20	Target
Not reported	100%	75%

Source: Corporate Plan 2019–23

Performance measure	Level of participant satisfaction with the quality and timeliness of market information	
Rationale	Providing information increases transparency and confidence in the operation of markets and underpins our role as a trusted, relevant and expert institution.	
Result: 2018–19	Result: 2019–20	Target
Not reported	93%	80%

Source: Corporate Plan 2019–23

Performance measure	Data and analytics are used to communicate market activities	
Rationale	This is an indicator of how we have used our agency data and analytics to share market insights with our participants, stakeholders and government agencies.	
Result: 2018–19	Result: 2019–20	Target
Not reported	Achieved	Achieved

Source: Corporate Plan 2019–23

Objective: Efficient and effective administration

KPI: Compliant participation in our schemes increases as a result of efficient and effective administration.

Source: Corporate Plan 2019–23

Overall, our agency has met or substantially met the majority of the targets supporting this KPI, demonstrating our reputation as an efficient and effective regulator.

The performance measures for this KPI assess the timely processing of applications, effectiveness of our agency's processes and practices and ongoing commitment to service delivery in administering the schemes.

In 2019–20, we processed 99.4 per cent of all scheme applications within statutory or administrative timeframes. We continued streamlining administration through information and communications technology innovation. Improvements to online applications have made accreditation processes more efficient and made it easier for scheme participants to submit compliance reporting requirements, encouraging participation in the schemes and helping to accelerate carbon abatement.

Respondents to our 2019 communications survey reported a 91 per cent satisfaction rate with their interactions with our staff. High ratings were reported for staff respectful behaviours and a sound knowledge and understanding of the relevant legislation and processes.

Active development plans identify each individual's areas of capability that require focused attention through training or development and are an integral part of our staff's engagement in our agency's cultural norms. It is anticipated that the target for this performance measure will be achieved across three years, commencing in 2019–20 when our agency formalised the capture of these plans in a dedicated learning and development system, 'LearnHub'. Since its launch in late 2019–20, engagement with the tool is on-track, with nearly one third of our agency staff currently on board.

Training and development opportunities offered to our staff included in-house training and coaching, externally hosted sessions, a mobility program and an agency-wide environmental scanning program. For example, our agency's EPIC (Environment, People, Insights and Capability) guest speaker program offers staff informative and engaging speakers from across industry, government and academia to provide their expertise, knowledge and perspectives. This builds staff understanding about the broader context of their work as well as key developments in relevant parts of the economy.

Our 'positive' self-assessment against each of the mandated six KPIs under the Regulator Performance Framework was confirmed by our external validators—peak body representatives from a cross-section of scheme participants thereby demonstrating that we are maintaining our reputation as an efficient and effective regulator.

Performance measure	Proportion of applications processed within statutory or agreed timeframes	
Rationale	Effective scheme administration is supported by the efficient processing of applications by our agency to meet statutory or administrative timeframes, streamline participant experience and achieve participant expectation.	
Result: 2018–19	Result: 2019–20	Target
99%	99.4%	99.5%

Source: Corporate Plan 2019–23

Performance measure	Level of participant satisfaction with staff interactions	
Rationale	We assess the ability of our staff in supporting our participants to help evaluate our service delivery and identify areas for future staff development.	
Result: 2018–19	Result: 2019–20	Target
-	91%⁵	80%

Source: Corporate Plan 2019–23

Performance measure	Strategies and investment in our people enable us to be efficient and effective	
Rationale	We design and implement strategies to enhance the capability of our staff, for the benefit of our agency and scheme participants.	
Result: 2018–19	Result: 2019–20	Target (multi-year)
Not reported	Active Development Plans submitted in LearnHub 32%	Active Development Plans submitted in LearnHub 80%

Source: Corporate Plan 2019–23

Performance measure	Positive assessment of the agency performance under the Regulator Performance Framework	
Rationale	As a regulator, we work 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 our agency’s processes and practices.	
Result: 2018–19	Result: 2019–20	Target
Positive	Positive	Positive

Source: Corporate Plan 2019–23

⁵ Amendments were made to the methodology for reporting against this performance measure in 2019–20.

Objective: Engaged, active and compliant participants

KPI: Our support, engagement and communication activities with participants result in their compliance and successful participation in our schemes.

Source: Corporate Plan 2019–23

Overall, our agency has met or substantially met all targets supporting this KPI, and has supported the participation of competent, capable and compliant participants.

The performance measures for this KPI assess our performance in relation to guidance and information sharing, communications activities, and the volume of certificates and carbon credits issued to compliant participants.

We issued more than 15 million Australian carbon credit units (ACCUs) and validated more than 30 million large-scale generation certificates (LGCs) this year, a new annual record for both certificate types. The ACCU issuance estimate was based on an internal agency model, which is not able to reflect the impact of external factors. The impact of the revisions to some key vegetation methods reduced project registrations and ACCU issuance for these projects by about seven per cent, resulting in the estimate not being achieved for 2019–20. Despite this, we achieved a 12 per cent increase in ACCUs issued, compared with 2018–19.

For the Renewable Energy Target, there was a 14 per cent increase in LGCs validated, compared with 2018–19. The number of small-scale technology certificates (STCs) validated increased by 17 per cent, compared with 2018–19. This was due to an increase in average system size and higher volumes of solar photovoltaic (PV) systems installed. Each of these certificates and units represents action taken by individuals or businesses to reduce emissions.

Our 2019 communications survey recorded a 92 per cent participant satisfaction with engagement and guidance provided. This indicated that our continual improvement in website communications was timely and informative and that our carbon market publications are fit for purpose, understandable and useful in helping participants make compliant decisions. We developed all new simplified web content, which included a range of factsheets and a new user guide for soil carbon. These are examples of simplified and streamlined information offerings we developed in conjunction with industry.

During 2019–20, our Contact Centre resolved 68 per cent of telephone enquiries. This is slightly lower than the 2018–19 result and reflects an increase in the complexity of participant enquiries as our schemes continue to mature. It also reflects the impact on operations due to our workforce working from home in response to COVID-19. Given the technical nature of our schemes, we expect some enquiries will be escalated to specialised business areas within our agency for resolution.

Performance measure	Level of participant satisfaction with engagement and guidance provided	
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.	
Result: 2018–19	Result: 2019–20	Target
-	92%⁶	80%

Source: Corporate Plan 2019–23

Performance measure	Proportion of participant contacts resolved at first interaction	
Rationale	The ability to efficiently resolve participant queries through our Contact Centre enables existing and prospective participants to successfully participate in our schemes and meet their obligations.	
Result: 2018–19	Result: 2019–20	Target
74%	68%	70%

Source: Corporate Plan 2019–23

Performance measure	Number of Australian carbon credit units issued	
Rationale	This is an indicator of the level of carbon abatement that has been achieved.	
Result: 2018–19	Result: 2019–20	Estimate
13,663,409	15,476,458	16,700,000

Source: Corporate Plan 2019–23

⁶ Amendments were made to the methodology for reporting against this performance measure in 2019–20.

Performance measure	Number of renewable energy certificates (LGCs and STCs) validated	
Rationale	This indicates the volume of electricity generated from renewable energy sources and the liquidity of the certificate market, therefore participation in and tracking towards the Renewable Energy Target.	
Result: 2018–19	Result: 2019–20	Estimate
LGCs: 26,250,722	LGCs: 30,496,990	LGCs: 31,000,000
STCs: 33,265,332	STCs: 40,267,622	STCs: 32,000,000

Source: Corporate Plan 2019–23

Performance measure	Our engagement and communication activities assists participants to successfully participate in our schemes	
Rationale	We undertake various engagement and communication activities to educate and inform our participants to successfully participate in our schemes.	
Result: 2018–19	Result: 2019–20	Target
Not reported	Achieved	Achieved

Source: Corporate Plan 2019–23



Objective: Secure and enduring regulatory infrastructure

KPI: Participants have confidence in the integrity of market operations and agency data as our regulatory infrastructure is accessible, resilient and adaptive.

Source: Corporate Plan 2019–23

Overall, our agency has met or exceeded all targets supporting this KPI, demonstrating that we continue to maintain resilient and adaptable long-term processes and systems, as well as reliable data.

The performance measures for this KPI assess our performance in relation to compliance against Australian Government administrative, legal and policy boundaries, along with investments in our technology and security in our online systems to streamline participant experience and improve efficiencies in the administration of the schemes.

Our approach to this objective is through a program of continuous review and improvement, which is demonstrated in three ways:

1. Good governance is demonstrated in our work across all administrative, legal and policy areas, resulting in an improvement overall with no significant breaches reported in 2019–20.
2. Confidence in the integrity of market operations and data is demonstrated through the availability of our online systems when stakeholders and participants need them. Our systems were available 99.8 per cent of time, excluding planned outages.
3. Continued investment in our online systems also demonstrates how we meet the current and future needs of our users. Commitment to the Digital Roadmap and Cyber-Resilience Framework are two examples of major programs to modernise our services, improve user experience and improve resilience by:
 - a. migrating our registries and support systems to Azure and Office 365—this greatly streamlined our technology while readying a platform for modernisation in the future, and
 - b. committing to cyber-security—this is demonstrated through our compliance with the Australian Government’s Essential Eight security strategies as the cornerstone of our cyber-resilience program.

Performance measure	No significant breaches of government, administrative, legal and policy requirements	
Rationale	In operating for the public good, we must operate within the Australian Government administrative, legal and policy boundaries.	
Result: 2018–19	Result: 2019–20	Target
1 breach	0 breaches	0 breaches

Source: Corporate Plan 2019–23

Performance measure	Availability of online systems	
Rationale	We can assess our ability to create and foster participant confidence in the market through the reliable operations of our online systems and registries.	
Result: 2018–19	Result: 2019–20	Target
99.4%	99.8%	99.5%

Source: Corporate Plan 2019–23

Performance measure	Proportion of detected cyber threats resolved	
Rationale	This measure assesses our ability to actively respond to cyber threats and ensure a measured response to all detected threats.	
Result: 2018–19	Result: 2019–20	Target
Not reported	100%	100%

Source: Corporate Plan 2019–23

Performance measure	Level of participant satisfaction with registries and reporting systems	
Rationale	This measure relates to providing scheme participants with secure and user-friendly registries and reporting systems.	
Result: 2018–19	Result: 2019–20	Target
-	92%⁷	80%

Source: Corporate Plan 2019–23

Performance measure	Investments in our systems to ensure that they remain secure and adaptive now and into the future	
Rationale	This is an indicator of the work we have done to enhance and ensure the longevity of our systems.	
Result: 2018–19	Result: 2019–20	Target
Not reported	Achieved	Achieved

Source: Corporate Plan 2019–23

⁷ Amendments were made to the methodology for reporting against this performance measure in 2019–20.



PART THREE

SCHEME PERFORMANCE



In 2019–20, the schemes we administer continued to deliver against our purpose of accelerating carbon abatement for Australia.

2019–20 at a glance

Emissions Reduction Fund

- A total of 13.4 million tonnes of abatement was delivered under contract, to the value of \$165 million.
- We issued 15.5 million ACCUs.
- A total of 62 new carbon abatement projects were registered.
- More than 80 million ACCUs have been issued over life of the scheme.

Renewable Energy Target

- We accredited 4349 megawatts of new large-scale renewable energy capacity. This was enough to meet the 2020 Large-scale Renewable Energy Target of 33,000 gigawatt hours of additional renewable energy.
- We accredited 374 new renewable energy power stations.
- An additional 2294 megawatts of small-scale renewable energy capacity were validated, bringing total capacity to 11,427 megawatts.
- Small-scale systems generated or displaced 17.8 million megawatt hours of electricity.

National Greenhouse and Energy Reporting scheme

- Corporations reported 338 million tonnes of scope 1 emissions⁸ for 2018–19, consistent with previous years.
- Nearly half (48.8 per cent) of reported scope 1 emissions were attributable to the electricity sector.
- A total of 210 facilities were covered under the Safeguard Mechanism in 2018–19⁹.

Scheme compliance

- A total of 301 audits were completed under our audit framework.
- We accepted seven enforceable undertakings.

8 Scope 1 greenhouse gas emissions are the emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility level. Corporations report on data from the previous 12 months.

9 The Safeguard Mechanism applies to facilities with scope 1 greenhouse gas emissions of more than 100,000 tonnes of carbon dioxide equivalent per year.

Emissions Reduction Fund

The Emissions Reduction Fund provides an incentive for industry, businesses, landowners, state, territory and local governments and other organisations to reduce emissions or store carbon.

There are three elements:

- **Crediting**—We assess and register eligible carbon abatement projects using approved methods. We issue one ACCU for each tonne of carbon abatement achieved. Scheme participants can sell these ACCUs to generate income, either to the Australian Government through a carbon abatement contract, or on the secondary market.
- **Purchasing**—We enter into contracts with participants on behalf of the Commonwealth to purchase ACCUs from carbon abatement projects. Contracts are awarded through reverse auctions, where we purchase lowest cost abatement.
- **Safeguard Mechanism**—The National Greenhouse and Energy Reporting scheme provides an emissions reporting framework for Australia’s largest emitters to measure, report and manage their emissions. For details, see page 35.

During 2019–20, 13.4 million tonnes of abatement was delivered under contract, with more than \$165 million in associated payments.

Also during the year, the Emissions Reduction Fund registered 62 additional carbon abatement projects (Table 1) and issued more than 15.5 million ACCUs (Table 2). This surpassed the 13.7 million ACCUs issued in 2018–19, and brings the cumulative total of ACCUs issued under the fund to more than 80 million. More than 58 per cent of all ACCUs were issued to projects using vegetation methods, followed by projects under the waste and savanna burning methods.



Table 1: Projects registered under the Emissions Reduction Fund, 2019–20

Method	New projects registered in 2019–20	Cumulative projects registered to 30 June 2020 ¹⁰	Percentage of total projects registered
Agriculture	11	80	8.1%
Energy efficiency	7	72	7.3%
Industrial fugitives	0	17	1.7%
Savanna burning	3	91	9.2%
Transport	0	9	0.9%
Vegetation	31	563	57.0%
Waste	10	153	15.5%
Facilities	0	2	0.2%
Total	62	987	100%

Table 2: Number of ACCUs issued by method category, 2019–20

Method	Number of ACCUs issued	Percentage of ACCUs issued
Vegetation	9,052,388	58.5%
Waste	3,936,175	25.4%
Savanna burning	1,443,228	9.3%
Industrial fugitives	429,739	2.8%
Energy efficiency	316,622	2.0%
Agriculture	276,364	1.8%
Transport	21,942	<1%
Facilities	0	0%
Total	15,476,458	100%

¹⁰ Includes revoked projects.

Crediting

Each project registered under the scheme is required to report on the amount of carbon abatement achieved. Based on these reports, projects can submit a crediting application for one ACCU to be issued for each tonne of carbon abatement. In 2019–20, we approved 886 crediting applications and issued a total of 15,476,458 ACCUs.

Table 3: Number of project applications and crediting applications, 2019–20

Type	On hand at 30 June 2019	Received	Approved	Withdrawn, incomplete or refused	Processed within 90 days	On hand at 30 June 2020
Project applications	20	91	62	17	98.7%	32
Crediting applications	67	958	886	20	99.8%	119

Purchasing

During 2019–20, we held the ninth and tenth Emissions Reduction Fund auctions. The tenth auction took place in March 2020, amid the uncertainty of the COVID-19 pandemic. Despite this, it attracted higher levels of participation and greater volumes of contracted abatement than the ninth auction. Collectively, these two auctions committed to purchase a further 1.77 million tonnes of carbon abatement with an additional 15 contracts. Most contracts have a duration of seven to 10 years, and contracted abatement ranges from 5000 tonnes to 15 million tonnes.

The average price per tonne of abatement was \$16.14 at the tenth auction, bringing the average price per tonne of abatement across all auctions to \$12.06. All auction outcomes are published on our website¹¹.

In 2019–20, two contracts were terminated or lapsed, equating to 640,000 tonnes, or approximately 0.3 per cent of total contracted abatement.

In total, more than 80 million tonnes of carbon dioxide equivalent have been delivered under the previous Carbon Farming Initiative and the current Emissions Reduction Fund.

¹¹ www.cleanenergyregulator.gov.au/ERF/Auctions-results

Climate Solutions Fund

Through the Climate Solutions Fund, we delivered new outreach, market development and market innovation initiatives designed to increase market participation and ACCU supply to the market. This included:

- We introduced the Quarterly Carbon Market Report, which provides analysis of market supply and demand, as well as other factors and trends influencing carbon market performance. The Quarterly Carbon Market Report is available on our website¹².
- We enhanced the Australian National Registry of Emissions Units to include a link between ACCUs and their source project. This means buyers who have been sold ACCUs as being from specific projects with co-benefits¹³ can easily verify whether the ACCUs came from those projects.
- We piloted optional delivery during the tenth Emissions Reduction Fund auction. Optional delivery contracts give sellers the security of a contracted price for ACCUs in order to invest in a new carbon abatement project. Sellers may choose whether to deliver abatement to the Commonwealth at the contracted price or sell some, or all, of their ACCUs elsewhere.
- We established a new Partnerships section in our agency, dedicated to working closely with scheme participants and industry to develop new and innovative ways to reduce emissions and secure abatement.

Renewable Energy Target

The Renewable Energy Target aims to encourage new investment in renewable energy and reduce greenhouse gas emissions in the electricity sector. It does this by providing incentives in the form of renewable energy certificates, which helps drive investment in the sector. It operates on a calendar year basis and has two parts:

- Large-scale Renewable Energy Target—This requires Australia to generate an additional 33,000 gigawatt hours of electricity from sustainable, renewable sources by 2020, compared with 1997 levels. It encourages companies to invest in new large-scale renewable energy power stations, including solar and wind farms, hydro and biomass power stations.
- Small-scale Renewable Energy Scheme—This creates incentives for households and businesses to install small-scale systems including solar panels, solar water heaters, small-scale wind or hydro systems and air source heat pumps.

The scheme creates a market for renewable energy certificates, which drives investment in the renewable energy sector.

¹² www.cleanenergyregulator.gov.au/csf/market-information/Pages/quarterly-Market-report.aspx

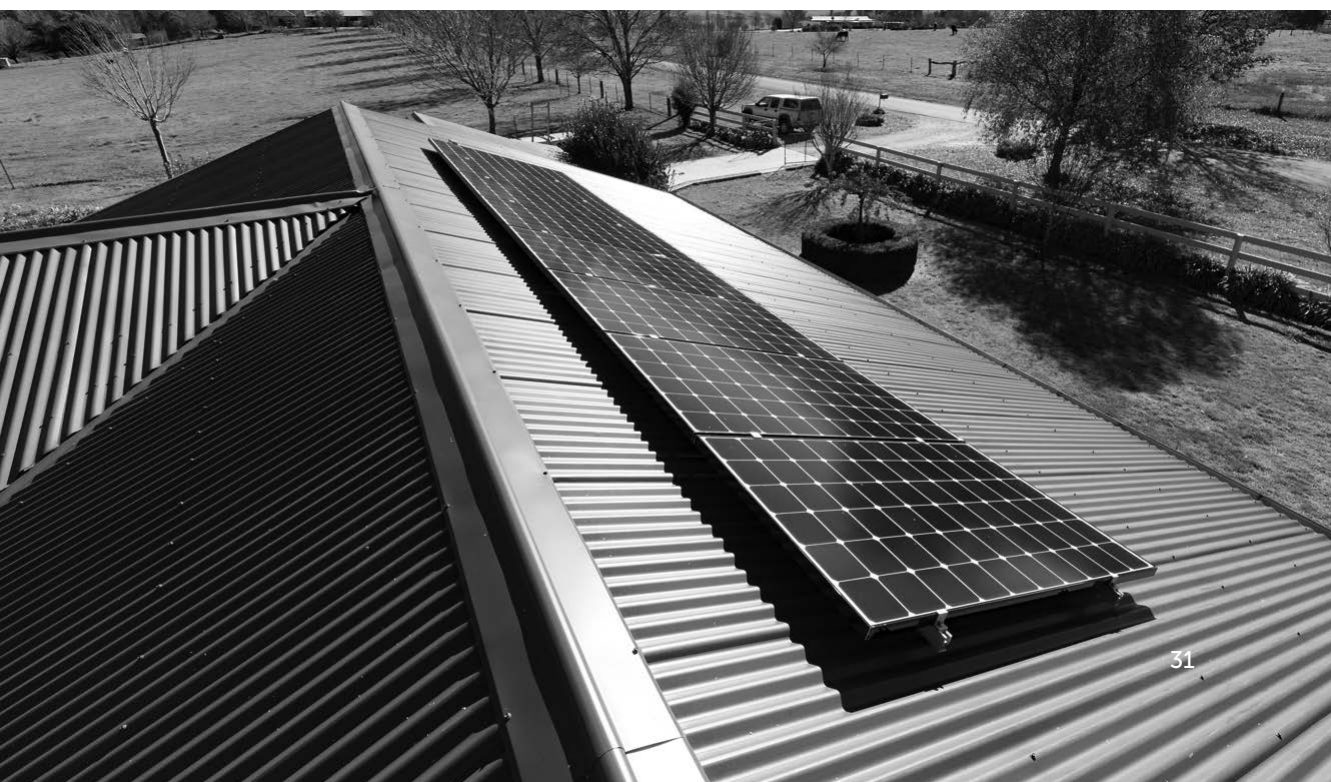
¹³ Co-benefits might include the abatement coming from Indigenous projects or having additional environmental benefits.

Accredited power stations

In 2019–20, we continued to see strong investment in large-scale renewable energy, with 374 new power stations accredited under the scheme, an 8 per cent increase on 2018–19. The total capacity of renewable energy power stations is also increasing, with 4349 megawatts capacity accredited during 2019–20. This included the accreditation of the 532 megawatts for Stockyard Hill Wind Farm in Victoria, the largest accredited wind farm in Australia. This brings the total number of accredited renewable power stations to 1610, with a total capacity of 24,908 megawatts. Wind continues to generate the most capacity of all energy sources, accounting for 53 per cent of renewable capacity.

Table 4: Accredited power stations by energy source and capacity, 2019–20

Energy source	Number	Capacity (megawatts)
Solar	358	2028.6
Wind	12	2311.3
Biomass	3	8.3
Hydro	1	0.9
Total	374	4349.1



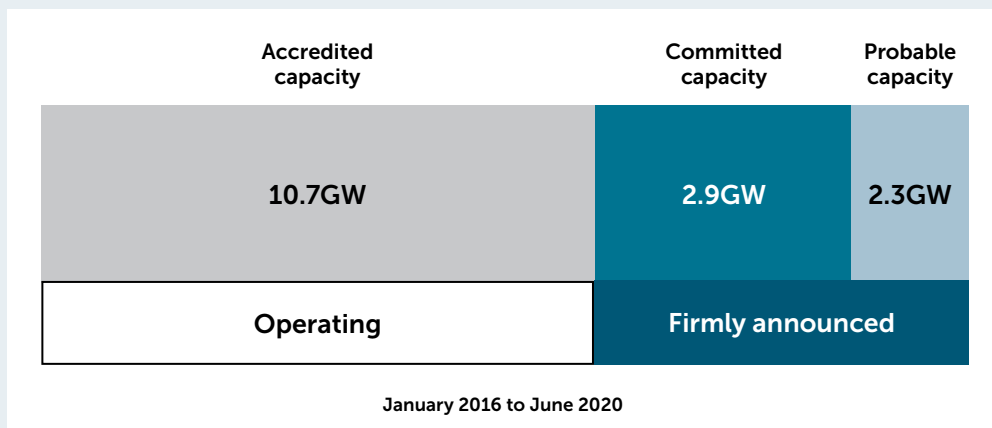
2020 Large-scale Renewable Energy Target capacity achieved

Large-scale renewable investment continued to grow with 4.3 gigawatts of new capacity accredited in 2019–20.

In September 2019, we announced enough capacity had been accredited to meet the 2020 Large-scale Renewable Energy Target.

As at 30 June 2020, Australia had 24.9 gigawatts of accredited large-scale capacity under the Large-scale Renewable Energy Target, with another 5.2 gigawatts in our pipeline. This included 2.9 gigawatts that had reached financial close, and 2.3 gigawatts with power purchase agreements.

Figure 5: Progress towards the 2020 Renewable Energy Target



Small-scale renewable energy systems

Momentum in the Small-scale Renewable Energy Scheme also continued in 2019–20, with Australian businesses and households installing 352,192 small-scale renewable energy systems (Table 5). This includes the installation of 297,025 small generation units (small-scale solar PV, wind and hydro systems) with a capacity of 2294 megawatts, which is a 23 per cent increase on installed capacity in 2018–19. This brings total cumulative capacity under the Small-scale Renewable Energy Scheme to 11,427 megawatts at the end of 2019–20. During this period, small-scale renewable energy systems generated or displaced 17.8 million megawatt hours of electricity.

Table 5: Small-scale renewable energy systems validated, as at 30 June

	Solar PV	Solar water heater	Air source heat pump	Wind	Hydro	Total	Capacity (megawatts)
2019–20	297,024	34,812	20,355	1	0	352,192	2294
Cumulative total (since 2001)	2,466,615	967,263	282,847	424	18	3,717,167	11,427

Renewable energy certificates

In 2019–20:

- We validated 30,496,990 large-scale generation certificates compared with 26,250,722 validated in 2018–19, as a result of an increase in electricity from renewable sources. Each certificate represents one megawatt hour of renewable energy generation.
- We validated 40,267,622 small-scale technology certificates¹⁴, compared with 33,265,332 validated in 2018–19. This was due to higher volumes of solar PV systems installed and an increase in the average capacity of these systems.

At 30 June 2020, more than 50 per cent of small-scale technology certificate applications used solar panel validation, resulting in processing within 24 hours, compared with four to six weeks for non-solar panel validation applications. For more information on solar panel validation see *Maturing our approach to compliance*.

We publish details about the operation of the *Renewable Energy (Electricity) Act 2000* in annual administrative reports, as required by the legislation. These reports are available on our website¹⁵.

Small-scale Renewable Energy Scheme inspections program

Each year, we inspect a statistically significant sample of small-scale solar panel systems to check conformance with the relevant Australian standards, including state and territory electrical safety standards, and compliance with Small-scale Renewable Energy Scheme eligibility requirements.

¹⁴ Small-scale technology certificates can be created up to 12 months after the system is installed. This means that during 2019–20, we validated small-scale technology certificates created for systems installed prior to 2019–20.

¹⁵ www.cleanenergyregulator.gov.au/About/Accountability-and-reporting/administrative-reports

Our role is to ensure the integrity of the Small-scale Renewable Energy Scheme by providing the results of unsafe and substandard inspections to the relevant state and territory electrical safety regulators that are responsible for electrical safety. We also provide this information to the Clean Energy Council, which manages the accreditation of solar panel installers and approves the key components used.

In 2019–20, a total of 2564 systems were inspected. Of these:

- 79.8 per cent were assessed as compliant
- 18.6 per cent were assessed as substandard. This rating does not mean the whole system is substandard. Typically, such a rating is because one or two defects are found in the installation that do not affect performance. Defects may include equipment or installation non-compliance with relevant standards and industry guidelines, and
- 1.6 per cent were assessed as unsafe or potentially unsafe. The most common issue associated with water ingress into DC isolators (a switch), particularly the isolator on the roof. In cases where systems are assessed as potentially unsafe, our inspectors take immediate action to render the system safe and notify relevant safety regulators.

In 2019–20 we published the *Small-scale Renewable Energy Scheme residual systemic safety risks report* in response to the Australian National Audit Office's recommendation to assess the extent to which any residual systemic electrical safety risks present in our scheme data for installed rooftop solar systems. The report found water entering DC isolators was the most common cause in the small number of cases where rooftop solar was considered potentially unsafe. This provides opportunities for state and territory governments and industry bodies to address the residual risks related to DC isolators. The report is available on our website¹⁶.

National Greenhouse and Energy Reporting

The National Greenhouse and Energy Reporting scheme is a national asset providing comprehensive coverage of Australia's energy production, energy consumption and greenhouse gas emissions. Reported data is also used to determine baselines for the Safeguard Mechanism and measure emissions against those baselines.

In total, 418 corporations met the National Greenhouse and Energy Reporting publication threshold for 2018–19, with 99.21 per cent of reports submitted by the 31 October 2019 statutory deadline. Data highlights include:

- 338 million tonnes of scope 1 emissions were reported for 2018–19, consistent with reported 2017–18 scope 1 emissions
- 48.8 per cent of reported scope 1 emissions were attributed to the electricity sector in 2018–19, consistent with previous years

¹⁶ www.cleanenergyregulator.gov.au/About/Pages/News%20and%20updates/NewsItem.aspx?ListId=19b4efbb-6f5d-4637-94c4-121c1f96f96f&Itemid=796

- 3931 petajoules of net energy was consumed in 2018–19, consistent with previous years, and
- 210 facilities were covered under the Safeguard Mechanism, which collectively gave rise to 144.2 million tonnes of covered emissions, accounting for 43 per cent of reported scope 1 emissions.

The 2018–19 National Greenhouse and Energy Reporting scheme data is published on our website.¹⁷

Safeguard Mechanism

Under the Safeguard Mechanism, facilities with annual covered scope 1 emissions of more than 100,000 tonnes are required to keep their emissions below a set baseline. Baselines are intended to reflect normal business operations, while accommodating business growth. Safeguard Mechanism entities have several ways to manage excess emissions, including purchasing and surrendering ACCUs to offset their emissions. All entities met their Safeguard Mechanism obligations for 2018–19 by ensuring facilities did not have emissions that exceeded their baselines on or after 1 March 2020.

During 2019–20 we issued:

- 21 calculated baseline determinations to facilities, with a start date of 1 July 2018
- two calculated baseline determinations and one production-adjusted baseline to facilities, with a start date of 1 July 2019
- three baseline variations to facilities for 2018–19, due to improved emissions intensity at the facilities (2018–19 was the last year this type of variation was available), and
- 14 multi-year monitoring periods to facilities that exceeded their baselines, allowing them to average out their net emissions over a two or three-year period.

In total, these determinations covered 31 facilities, as 10 facilities were granted both a calculated baseline determination and a multi-year monitoring period.

¹⁷ www.cleanenergyregulator.gov.au/NGER/National%20greenhouse%20and%20energy%20reporting%20data/Data-highlights

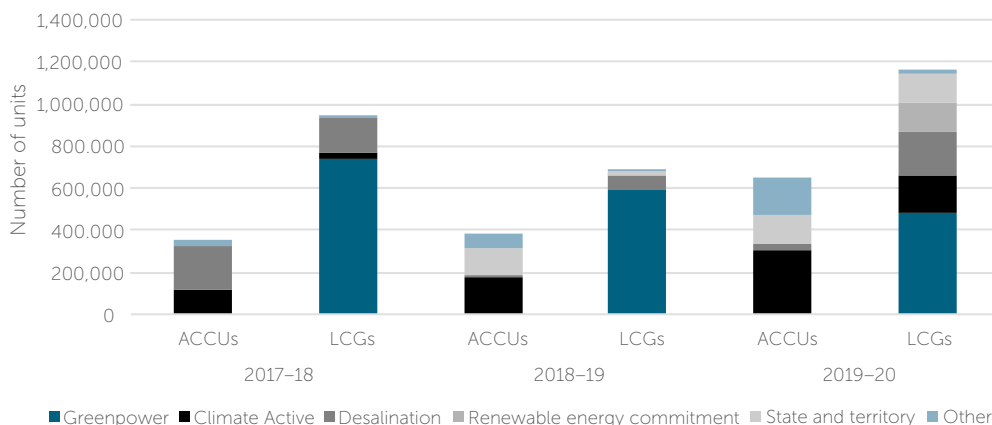
Fostering vibrant carbon markets

We operate secure and robust registries and systems to support a vibrant carbon market

In 2019–20, total carbon abatement from the schemes we administer reached 51.5 million tonnes of carbon dioxide equivalent, up 6.7 million tonnes from 2018–19¹⁸.

Carbon markets continue to diversify into new sources of demand. There was a marked increase in voluntary and state and territory based surrender of Australian carbon credit units and large-scale generation certificates in 2019–20. A total of 650,000 Australian carbon credit units and 1.16 million large-scale generation certificates were surrendered in 2019–20, up approximately 70 per cent compared with 2018–19 (Figure 6). This growth in voluntary demand is being driven by increasing corporate commitments to use more renewable energy or to become carbon neutral as participants in the Australian Government’s Climate Active program¹⁹. This trend is expected to continue as more corporates commit to achieving net-zero emissions targets.

Figure 6: Voluntary surrender growth Australian carbon credit units and large-scale generation certificates, 2017–18 to 2019–20



In response to growing interest from Australian entities to reduce emissions, we also expanded market education webinars, providing information about Australian carbon market operations and the international context, resulting in improved market transparency and confidence.

We also introduced the Quarterly Carbon Market Report, which brings together information about the three carbon markets we administer and provides a richer understanding of market opportunities. The Quarterly Carbon Market Report is available on our website²⁰.

18 Further details on the calculation methodology for abatement estimation are set out at <http://www.cleanenergyregulator.gov.au/csf/market-information/Pages/quarterly-Market-report.aspx>

19 www.climateactive.org.au/what-climate-active/about-us

20 www.cleanenergyregulator.gov.au/csf/market-information/Pages/quarterly-Market-report.aspx

Online systems and registries

We provide secure and enduring infrastructure and are committed to continuous improvement of our systems and registries, as they are essential in supporting our scheme participants to securely report, receive entitlements, acquit liabilities and trade.

We align our service design and delivery processes with best-practice principles and standards published by the Digital Transformation Agency, such as the Digital Service Standard and the Service Design and Delivery Process, to build and deliver digital services that are simple, clear and fast.

Our online registries, systems and support include:

- Australian National Registry of Emissions Units—The online system for tracking and trading ACCUs and emission units issued under the Kyoto Protocol.
- Emissions and Energy Reporting System—This is a secure online system for National Greenhouse and Energy Reporting scheme participants to prepare and submit their reports.
- REC Registry—This secure online system is used for all Renewable Energy Target transactions. The REC Registry enables the market to operate, supporting both supply and demand by providing secure, convenient, user-friendly and efficient processes to create, register, sell, trade and surrender certificates.
- Inspections Portal—This secure online system is used to manage the inspections reporting process and outcomes as part of administering the Small-scale Renewable Energy Scheme inspections program.
- Client Portal—This portal is a secure entry point where our scheme participants can access online forms, systems and other information.
- Clean Energy Regulator website—Our website is the front door to information for scheme participants, the public and stakeholders. It provides access to data, corporate information and reporting and compliance requirements.

During 2019–20, we maintained the availability of our systems and registries for 99.8 per cent of the time, excluding planned outages (Table 6).

Table 6: Availability of our systems (excluding planned outages), 2019–20

System or registry	Availability
Australian National Registry of Emissions Units	99.8%
Emissions and Energy Reporting System	99.7%
REC Registry	99.8%
Inspections Portal	99.8%
Client Portal	99.8%
Website	99.6%

Maturing our approach to compliance

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 take a harm prevention approach in the first instance to encourage compliance and pursue non-compliance.

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.

Engagement, education and support are essential to assist scheme participants meet their obligations and avoid inadvertent non-compliance. We provide participants with guidance, resources and support to inform them of their obligations. 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, analysing data to identify trends, anomalies and behaviours, and conducting audits, site visits and inspections. We also analyse large datasets and use smart algorithms to detect anomalies in behaviour.

Where necessary, we initiate investigations, pursue administrative sanctions or civil action, and refer relevant cases for criminal prosecution in more serious cases of deliberate non-compliance. We publish details of enforcement action on our website²¹.

²¹ www.cleanenergyregulator.gov.au/About/Compliance-and-Enforcement/Compliance%20and%20enforcement%20action

Audit framework

The National Greenhouse and Energy Reporting Audit Framework helps ensure the integrity of data reported to us under all the schemes we administer and assists us to prioritise compliance, education and intelligence actions. Audits provide assurance for National Greenhouse and Energy Reporting data, the issuance of Australian carbon credit units under the Emissions Reduction Fund and issuance of exemption certificates under the Renewable Energy Target for emissions-intensive trade-exposed facilities.

In 2019–20, we continued to improve our audit framework with an increased focus on risk and non-compliance. We adapted quickly to the COVID-19 pandemic, providing guidance and support to auditors and regulated entities, through alternative assurance mechanisms, where feasible. As a result, our audit program was not materially impacted.

A total of 301 audits were completed under the audit framework in 2019–20. This included 23 audits initiated at our cost under our risk-based approach. Audit outcomes were:

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

In addition, 89 greenhouse and energy auditors were registered under the scheme, and five inspections were undertaken to monitor auditor performance and compliance.

Our compliance outcomes

To support scheme compliance, we take a comprehensive approach to help participants understand how to comply, educate those who want to do the right thing, and deter, detect and respond to non-compliance and misconduct to ensure ongoing scheme integrity.

Each year, we publish compliance and enforcement priorities to increase transparency and accountability of our activities. In December 2019, we published the first compliance update on our activities to address these priorities and promote scheme compliance. Our compliance and enforcement priorities and compliance updates are available on our website²².

²² www.cleanenergyregulator.gov.au/About/Compliance-and-Enforcement/compliance-priorities

Our 2019–20 scheme compliance priorities and outcomes are summarised in Table 7 below.

Table 7: Compliance and enforcement priorities and outcomes, 2019–20

Scheme	Focus areas	Activities and outcomes
Emissions Reduction Fund	<p>Binding contractual obligations</p> <p>Ensuring that contractors deliver carbon abatement means the Emissions Reduction Fund continues to contribute to Australia meeting its 2020 and 2030 emissions reduction targets.</p>	<p>Effective monitoring and enforcement arrangements are vital to ensure the integrity of the Emissions Reduction Fund.</p> <p>In 2019–20, we introduced several reforms to enhance compliance. These include the production of simple method guides to improve the access and quality of information about scheme eligibility, participation and project requirements. We also introduced an enhanced triage system for assessing ACCU crediting applications, which is improving both the timeliness and the effectiveness of agency assessments.</p> <p>In 2019–20, 13.4 million tonnes of abatement was delivered under contract, with 91 per cent of scheduled deliveries made early or on time.</p>
	<p>Adherence to the guidelines for the Human-Induced Regeneration of a Permanent Even-Aged Native Forest and Native Forest from Managed Regrowth methods</p> <p>Ensuring adherence to the guidelines supports accurate ACCU claims.</p>	<p>We continue to use spatial analysis tools to assess applications for ACCUs for vegetation projects.</p> <p>This includes use of high-resolution geospatial imagery to check the capacity of projects to deliver carbon abatement.</p> <p>Adherence to these guidelines continues to support the ongoing integrity of these methods.</p>

Scheme	Focus areas	Activities and outcomes
National Greenhouse and Energy Reporting	<p>Participants with repeated non-compliance with reporting obligations, particularly where the data underpins Safeguard Mechanism baselines</p> <p>Ensuring the consistency and accuracy of emissions and energy data informs policy making, the public and helps meet Australia’s international obligations.</p>	<p>Our aim is to bring non-compliant National Greenhouse and Energy Reporting corporations back into voluntary scheme compliance, while taking stronger action to discourage non-compliance.</p> <p>In 2019–20, we tightened our resubmission policy and strengthened 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 facilities 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 manage their emissions below their baselines. A further 131,650 ACCUs were surrendered under deemed surrender provisions, before the statutory deadline.</p>

Scheme	Focus areas	Activities and outcomes
Renewable Energy Target	<p>Agent’s small-scale renewable technology certificates claims that are not backed by solar panel validation</p> <p>Using solar panel validation apps is an efficient way for participants to ensure compliance providing higher levels of assurance on small-scale technology certificate claims.</p>	<p>We introduced fast-track processing of small-scale technology certificate claims that use solar panel validation. This helps protect the integrity of the Small-scale Renewable Energy Scheme, giving industry and consumers an easy and real-time tool to check that solar panels are approved by the Clean Energy Council, and therefore eligible for small-scale technology certificates, meet Australian standards and are backed by manufacturer warranty.</p> <p>Solar panel validation has resulted in:</p> <ul style="list-style-type: none"> • reduced small-scale technology certificate processing times, from 4–6 weeks for non-solar panel validation claims to just 24 hours for claims with solar panel validation • reduced scheme participant small-scale technology certificate failure rates • a marked reduction in the error rate for small-scale technology certificate claims compared with non-solar panel validation claims, and • benefits to scheme participants including cost-savings and a streamlined process. <p>We also introduced a new practice of accepting manual serial number verification when claims were not supported by solar panel validation.</p> <p>As at 30 June 2020, 50 per cent of small-scale technology certificate claims were made by solar panel validation, up from five per cent in 2018–19.</p>
	<p>Small-scale technology certificate claims from agents that have not completed SRES Smart</p> <p>Completing SRES Smart allows agents to check that they have the capabilities to be successful in the Small-scale Renewable Energy Scheme.</p>	<p>As at 30 June 2020, a total of 298 agents had completed SRES Smart. We targeted education activities to engage with agents who did not complete SRES Smart requirements.</p>

Scheme	Focus areas	Activities and outcomes
	<p>Incomplete power station accreditation applications</p> <p>Ensuring complete applications are lodged reduces regulatory burden on participants and application processing timeframes.</p>	<p>We introduced new functionality in the REC Registry to make it easier for industry to understand the requirements necessary to make a determination on the application.</p> <p>As a result of the changes and additional functionality, average processing times for power station accreditation applications reduced by more than 60 per cent, from 120 to 45 days.</p> <p>We also suspended the accreditation of four inactive power stations during 2019–20 as they were no longer producing electricity from an eligible fuel source and failed to submit an electricity generation return.</p>
Auditors	<p>Conducting auditor inspections identifies auditors who have deficiencies.</p>	<p>In 2019–20, we conducted five inspections of registered Category 2 auditors. As at 30 June 2020, one had been finalised with no compliance action required. The remaining four were still being reviewed.</p>
Record-keeping	<p>Auditing helps ensure accuracy and adequacy of record-keeping</p>	<p>Our audit program did not identify any concerns with scheme participants' record-keeping.</p>

Maturing our approach to compliance

Proactive campaign to target non-compliance and fraud—misuse of installer details in the Small-scale Renewable Energy Scheme

In 2019–20, a significant focus for us was targeting non-compliance and fraud associated with the misuse of Clean Energy Council accredited installer details in the Small-scale Renewable Energy Scheme. The misuse of installer details poses a significant risk to the safety of the community and integrity of the scheme, with broad implications for government and industry stakeholders.

Drawing on data analytics and enhanced data matching capabilities, our intelligence-led strategy was designed to stop the harm, improve participant behaviour and deter future non-compliance across the scheme. In addition to agency-led enforcement action, we continued to work with Commonwealth and state and territory regulators and other authorities to respond to identified non-compliance. This resulted in the following enforcement outcomes:

- 51 installers referred to the Clean Energy Council for accreditation review
- 51 installers referred to relevant state or territory electrical safety and/or consumer protection regulators
- one Clean Energy Regulator Inspector had their appointment revoked
- two installers entered into enforceable undertakings, and
- two agents had their registration permanently suspended.

This compliance initiative is ongoing as at 30 June 2020.

Compliance and enforcement action

We undertake investigations in accordance with our *Compliance policy for education, monitoring and enforcement activities* and the Australian Government Investigation Standards, and leverage off our compliance, detection and intelligence activities.

Where substantive non-compliance or fraud is detected, experienced and qualified investigators, regulatory officers and lawyers work together to collect evidence and determine the most appropriate course of action.

In 2019–20, we received 24 allegations of serious non-compliance with our schemes, leading to five new investigations being opened. All these cases related to potential fraud in the Small-scale Renewable Energy Scheme and involved the recording of false information in the REC Registry or submitting false information or documents to us. In addition to these cases resulting from allegations received, we also opened a further 13 investigations as a result of our enhanced data matching and analytics.

During this same period, we closed 24 investigations. Closed investigations include finalised court matters and matters that have been resolved by non-court action, including accepting enforceable undertakings or suspending the registration of non-compliant participants and removing them from our schemes.

Through our enhanced case management, we reduced the average age of cases from 346 days to 209 days during 2019–20. As at 30 June 2020, a total of 16 investigations remained under investigation.

Table 8: Compliance outcomes, 2019–20

Compliance actions	Total
Allegations assessed	24
Investigations opened	18
Investigations closed	24
Disclosures for compliance cases	204
Notice to produce issued to obtain relevant information from third parties	51
Permanent suspensions of registered persons	6
Inspector appointments revoked	2
Monitoring warrants executed	0
Search warrants executed	0

Court action

During 2019–20, we had two successful criminal prosecution outcomes. One defendant was sentenced to a term of imprisonment of four years and six months for fraud offences, which resulted in him obtaining a dishonest gain of \$399,000 over a period of 12 months. The defendant in the second matter received a \$5000 fine after he dishonestly claimed he had conducted solar installations for which he was not present, resulting in the improper creation of small-scale technology certificates.

Enforceable undertakings

In 2019–20, we accepted enforceable undertakings from seven scheme participants (Table 9). Six enforceable undertakings were given under the *Renewable Energy (Electricity) Act 2000*, while one (Country Carbon Pty Limited) was given under the *Carbon Credits (Carbon Farming Initiative) Act 2011*.

Four enforceable undertakings were completed during the reporting year, as Emerging Energy Solutions Group Pty Ltd, EDL LFG (SA) Pty Ltd, Green and Gold Solar Australia Pty Ltd, and P & N NSW Pty Ltd complied with the terms of their undertakings.

Table 9: Enforceable undertakings accepted, 2019–20

Entity	Date accepted	Allegation summary
Mr Sandeep Chikhale and SSC Electrical Services Pty Ltd	26 June 2020	Submission of false information that Mr Chikhale either supervised or completed the installation of solar PV systems. This false information was relied on to create small-scale technology certificates.
Mr Ryan Mulhern	29 May 2020	Submission of false information that Mr Mulhern either supervised or completed the installation of solar PV systems. This false information was relied on to create small-scale technology certificates.
Country Carbon Pty Limited	28 May 2020	Failure to comply with obligations under the <i>Carbon Credits (Carbon Farming Initiative) Act 2011</i> .
Trina Solar (Australia) Pty Ltd	7 May 2020	Incorrect information uploaded by Trina Solar into the solar panel validation service as to the eligibility of certain solar panels for small-scale technology certificates.
GB Environmental Trading Pty Ltd	24 October 2019	Improper creation of 1128 small-scale technology certificates after unknowingly receiving false information from a third party.
More Green Energy Pty Ltd	18 October 2019	Improper creation of 5090 small-scale technology certificates. Green Energy Pty Ltd compliance procedures did not identify that the solar panels were non-compliant.
Nasir Taimoor Kahloo	22 July 2019	Improper creation of 6577 small-scale technology certificates arising from the provision of false information.

PART FOUR

OUR PEOPLE



We strive to recruit, retain and develop our people resulting in a high-performing workforce to deliver agency outcomes. This is underpinned by our four cultural anchors:

- delivering outcomes
- trust and accountability
- role clarity, and
- active development.

We value diversity in our people and are committed to fostering a diverse and inclusive workplace, free of discrimination.

Building capability

We are dedicated to building capability by investing in our people and developing our workforce to ensure we have the right mix of capabilities and aptitudes to meet current and future requirements.

In 2019–20 we:

- Continued developing our people capability framework for employees to baseline their proficiency levels against defined capabilities, target learning and development solutions, strengthen our performance management processes and support workforce mobility.
- Rolled out regulatory practitioner and manager training programs to continue to develop our collective regulatory capability.
- Held an induction program with 79 new employees.
- Introduced a tailored five-part training and mental health support program to assist staff to adjust from office-based work to a virtual work model in response to COVID-19. The program included assisting managers and employees to connect through technology, as well as supporting managers to conduct difficult conversations and foster mental health.
- Provided financial support and study leave to 25 employees who undertook tertiary studies relevant to their employment in our agency and the wider Australian Public Service.
- Hosted eight events as part of our EPIC speaker series, which invites influential speakers to share their industry insights and discuss the challenges and opportunities for government policy, carbon markets and energy sectors. The EPIC speaker series was paused in March 2020 due to COVID-19. These events are open to all employees to attend.

We also build capability by recognising the outstanding efforts of our people through our Awards of Excellence program. Each year we recognise the performance of teams and individuals who have delivered agency outcomes while exemplifying our culture and values. Award recipients were formally acknowledged by our Strategic Leadership Team, Chair and Regulator Board at the all-staff awards ceremony in December 2019.

The 2019 Awards of Excellence recipients were:

- Prerna Bhargava for excellence in leadership
- Mark Gilbert and Paul Dawson for excellence in innovation
- the Disability Ability Wellbeing Network for excellence in diversity
- the Legal Services, Compliance and Enforcement, and Compliance Assistance and Intelligence sections for excellence in collaboration, and
- Paul Keighley, who was awarded the Regulator Board Outstanding Achievement Award.

Work health and safety

We recognise the importance of meeting our legislative obligations under the *Work Health and Safety Act 2011* (WHS Act) to prevent work-related injury and illness.

In 2019–20, we delivered the following health and safety initiatives to meet our obligations under the WHS Act we:

- undertook 78 workstation assessments
- provided flu vaccinations for 189 employees
- carried out work health and safety workplace inspections to prevent work-related injury and illness
- maintained our networks of trained mental health first aid officers, first aid officers and workplace harassment contact officers
- provided trained rehabilitation case managers to support employees to return to work, with early intervention and return-to-work measures
- undertook skin checks and promoted sun safety with employees during World Cancer Week, and
- participated in events to promote workplace health and safety, which included: R U OK Day, encouraging employees to check in with each other; our Winter Health Expo, promoting good physical and mental health; and partnering with Red Cross Australia to seek interest and promote blood and plasma donation.

In response to the COVID-19 pandemic, we took measures to support employees to transition to a home-based work model while supporting physical and mental health. This included:

- updating guidance material and policies to align with COVID-19 pandemic response measures
- rolling out the 'Uprise' wellness phone application, which included specific COVID-19 content to help manage health and disease anxiety through daily wellbeing questionnaires, Employee Assistance Program referrals, webinars and COVID-19 Q&A services, and
- providing regular communiques to employees to keep them informed and connected.

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

In 2019–20:

- our incident management system was reviewed by Comcare
- no notifiable incidents were reported to Comcare
- no work health and safety investigations were conducted, and
- three workers compensation claims were accepted by Comcare.

Disability reporting

The *National Disability Strategy 2010–2020* 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 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 website²³.

Disability reporting is included the Australian Public Service Commission’s *State of the Service* reports and the *APS Statistical Bulletin*. These reports are available on the Australian Public Service Commission website²⁴.

Employment conditions

The *Clean Energy Regulator Enterprise Agreement 2019–2022* sets out the terms and conditions of employment for our employees. The Enterprise Agreement included a six per cent salary increase over three years, in line with the Australian Public Service Commissioner’s Workplace Bargaining Policy.

The salary increase, to be paid on 25 December 2020, was deferred by six months in accordance with the Determination issued under s.24(3) of the *Public Service Act 2009* by the Hon Ben Morton MP.

The details of non-salary benefits are included in our Enterprise Agreement, available on our website²⁵.

²³ www.dss.gov.au

²⁴ www.apsc.gov.au

²⁵ www.cleanenergyregulator.gov.au/About/Work-for-us/Terms-of-employment

Table 10: Salary ranges, as at 30 June 2020

	APS1	APS2	APS3	APS4	APS5	APS6	EL1	EL2	SES1	SES2
Minimum salary	\$47,228	\$56,249	\$62,601	\$70,347	\$76,801	\$83,901	\$103,261	\$123,269	\$207,568	\$254,969
Maximum salary	\$53,567	\$60,021	\$67,766	\$75,510	\$82,287	\$99,390	\$131,556	\$162,637	\$248,253	\$305,523

Our Enterprise Agreement applies to all employees except those on individual flexibility arrangements, our Senior Executive Service (SES) and Chair. The position of Chair is a statutory appointment with conditions of employment determined by the Remuneration Tribunal.

As at 30 June 2020:

- 10 non-SES employees were covered under individual flexibility arrangements, and
- terms and conditions for our 11 SES officers were outlined in individual determinations under section 24(1) of the *Public Service Act 1999*, made by the Chair.

In 2019–20, no performance pay in the form of one-off bonuses was awarded to the Clean Energy Regulator’s 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.

Our workforce

As at 30 June 2020, we had 350 employees, comprising 321 ongoing and 29 non-ongoing employees. All employees were located in the Australian Capital Territory during 2019–20 and 2018–19.

Table 11: Ongoing and non-ongoing employees, 2018–19 and 2019–20

	2019–20			2018–19		
	Ongoing	Non-ongoing	Total	Ongoing	Non-ongoing	Total
Total	321	29	350	308	18	326

Table 12: Ongoing and non-ongoing employee by employment type and gender, as 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 13: Ongoing employees by level and gender, 2018–19 and 2019–20

	2019–20				2018–19			
	Female	Male	Indeterminate	Total	Female	Male	Indeterminate	Total
Other	2	3	0	5	1	5	0	6
APS1	2	2	0	4	0	0	0	0
APS2	1	1	0	2	3	3	0	6
APS3	4	2	0	6	4	2	1	7
APS4	16	10	0	26	22	11	0	33
APS5	37	25	1	63	31	21	0	52
APS6	42	55	0	97	36	52	0	88
EL1	34	44	0	78	32	46	0	78
EL2	11	18	0	29	11	16	0	27
SES1	6	3	0	9	6	3	0	9
SES2	1	1	0	2	1	1	0	2
Total	156	164	1	321	147	160	1	308

Table 14: Non-ongoing employees by level and gender, 2018–19 and 2019–20

	2019–20				2018–19			
	Female	Male	Indeterminate	Total	Female	Male	Indeterminate	Total
Other	0	0	0	0	0	0	0	0
APS1	0	0	0	0	0	0	0	0
APS2	1	0	0	1	0	0	0	0
APS3	0	5	0	5	0	0	0	0
APS4	7	4	0	11	7	1	0	8
APS5	3	2	0	5	0	3	0	3
APS6	1	1	0	2	3	0	0	3
EL1	2	1	0	3	2	1	0	3
EL2	2	0	0	2	1	0	0	1
SES1	0	0	0	0	0	0	0	0
SES2	0	0	0	0	0	0	0	0
Total	16	13	0	29	13	5	0	18

Table 15: Employment type (ongoing and non-ongoing) by level, 2018–19 and 2019–20

	2019–20			2018–19		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Other	5	0	5	6	0	6
APS1	4	0	4	0	0	0
APS2	3	0	3	6	0	6
APS3	7	4	11	7	0	7
APS4	33	4	37	39	2	41
APS5	64	4	68	52	3	55
APS6	88	11	99	86	5	91
EL1	67	14	81	73	8	81
EL2	30	1	31	28	0	28
SES1	9	0	9	9	0	9
SES2	2	0	2	2	0	2
Total	312	38	350	308	18	326

Table 16: Indigenous employees, 2018–19 and 2019–20

	2019–20	2018–19
Ongoing	8	9
Non-ongoing	0	1
Total	8	10



PART FIVE

MANAGEMENT AND ACCOUNTABILITY



Corporate governance

Our corporate governance framework promotes effective planning, risk management and accountability, while supporting our performance in line with relevant legislation and government policies. 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 includes the Regulator Board, our senior executive and committees that provide strategic direction, leadership and oversight of our operations, and support our agency to deliver our purpose. Strategic committees are responsible for our executive functions and business committees are responsible for delivering organisational priorities and business outcomes.

Our governance processes and policies include risk management, protective security management, business planning, financial management, performance monitoring and reporting, staff performance agreements, internal auditing, fraud prevention, and Accountable Authority Instructions.

The Senior Leadership Team, Regulator Board and Audit Committee monitor our performance against the Portfolio Budget Statement monthly, and our strategic priorities as set out in our Corporate Plan quarterly.

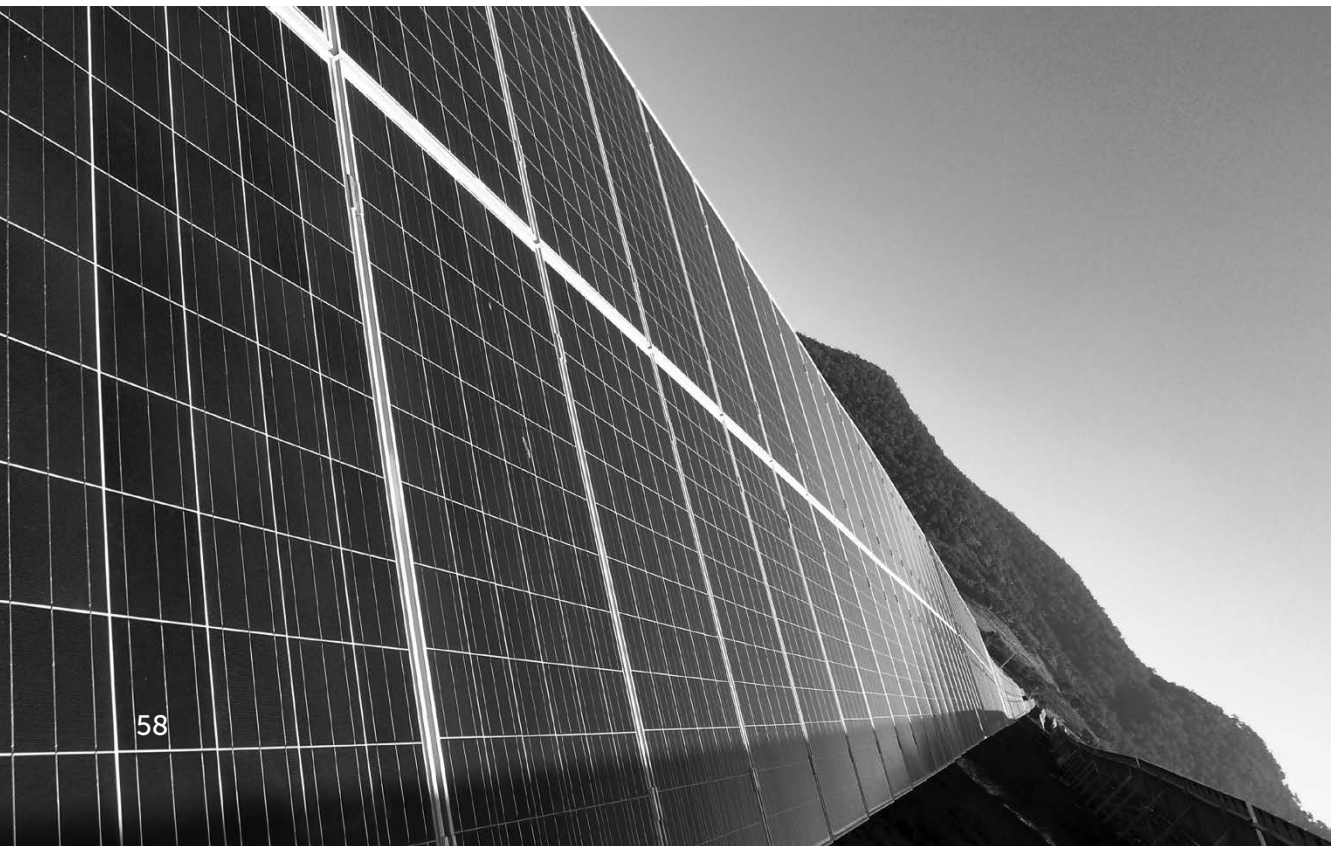
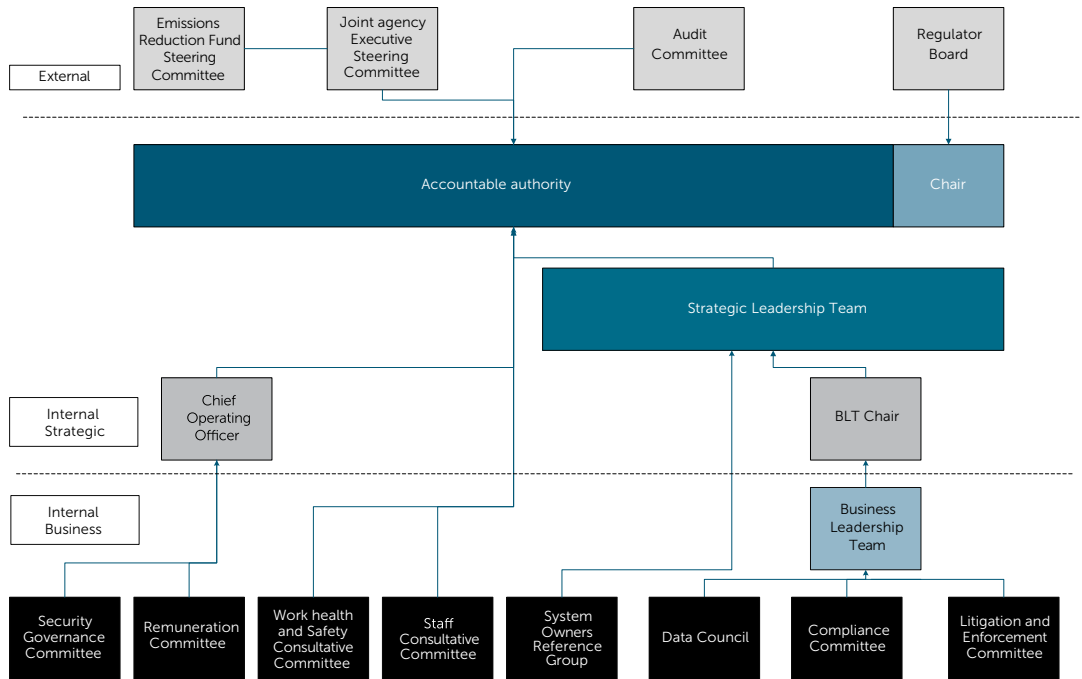


Figure 7: Our governance structure as at 30 June 2020



Regulator Board

The Regulator Board determines our strategic direction and is accountable for our 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.

In addition to their collective responsibilities, Members each apply their expertise to a specific area of focus. This adds depth to the Regulator Board's appreciation of the operating environment and enables agency officers to draw directly on Members' knowledge and experience. Members provide an update on their area of focus at each Regulator Board meeting.

Regulator Board Members



Mr David Parker AM, Chair of the Clean Energy Regulator

The Minister appointed David Parker as Chair of the Clean Energy Regulator on 3 July 2017.

Mr Parker has extensive experience in economics and public administration with a long professional involvement in policy and regulatory matters in a range of areas.

Prior to joining the agency, Mr Parker was Deputy Secretary at the Department of Agriculture and Water Resources. Mr Parker was responsible for the Australian Bureau of Agricultural and Resource Economics and Sciences, the Department's Water, Export, Trade and Market Access divisions.

Mr Parker has been Deputy Secretary at the Department of the Environment and Energy with responsibility for water, Antarctica and National parks, and elements of climate change policy.

Mr Parker spent 25 years at Treasury, where he worked on financial sector liberalisation, tax reform, macroeconomic forecasting and policy, competition policy, energy policy and international economic issues. He was appointed a Deputy Secretary in 2004.

From 1997 to 2002 Mr Parker worked at the Organisation for Economic Co-operation and Development in Paris. Mr Parker has qualifications in economics and law and was made a Member of the Order of Australia in 2012.



Ms Anne T Brown, Member of the Clean Energy Regulator

Area of focus: Audit committee and risk framework

Ms Brown has substantial knowledge and practical experience of Australian and international exchange traded financial markets, risk management, related infrastructure and regulatory environments.

Ms Brown is a non-executive Director of Airservices Australia, the country's aviation navigation and rescue fire-fighting services provider. Ms Brown is also the Chair of the Life Code Compliance Committee, which monitors and oversees compliance with the Australian life insurance industry's Code of Practice, a member of the Finance, Audit and Risk Committee of Monte Sant' Angelo Mercy College Ltd and a member of the Australian Securities and Investments Commission's Markets Disciplinary Panel.

Ms Brown was previously Chief Risk Officer with ASX Limited from 2006 to 2010, following its merger with SFE Corporation Limited (SFE). She chaired a number of broader group executive committees, managed key regulatory relationships and developed integration strategy, risk management and policy development and execution for ASX's two central counterparty clearing houses.

Ms Brown represented ASX from 2008 to 2010 as the Chair and executive committee member of CCP12, an influential global industry association involving all major international clearing houses. Prior to the ASX-SFE, Ms Brown was a general manager with SFE, and had previously worked with KPMG in both Edinburgh and Sydney.

Ms Brown holds a double major degree in accountancy and computer science from Heriot-Watt University, Edinburgh. She is a member of the Institute of Chartered Accountants of Scotland and a graduate member of the Australian Institute of Company Directors.



Ms Virginia Malley, Member of the Clean Energy Regulator

Area of focus: Market development and scheme participant education

Ms Malley has over 30 years' experience in the investment and banking sectors, including more than 20 years' experience as a company director. Her areas of expertise are financial and environmental markets, risk management, corporate governance, regulatory compliance, custody and trusteeship.

Ms Malley is the Deputy Chair of the Biodiversity Conservation Trust of New South Wales, and a non-executive director of Perpetual Superannuation Limited, Perpetual Equity Investment Company Ltd and Morphic Ethical Equities Fund Ltd.

In 2019-20, Ms Malley was appointed the Independent Reviewer of the Carbon Industry Code of Conduct by the Carbon Market Institute.

Ms Malley was previously the Chief Risk Officer at Macquarie Funds Management Group and was a member of a number of committees at Macquarie, focusing on clean technology, the Asia Pacific, private equity and global advisory investment. She also served on the boards of Macquarie Investment Management Limited and Bond Street Custodians Limited and was a member-elected trustee of the Macquarie Bank Staff Superannuation Fund. She oversaw the risk management of portfolios, worth more than \$85 billion, investing in clean technologies, publicly traded debt securities, listed equities, derivatives, currencies and private equity. She also managed industry regulator and ratings agency relationships.

Ms Malley is a graduate of the Australian Institute of Company Directors. She holds a Bachelor of Arts and a Master of Applied Finance from Macquarie University, a Graduate Diploma in Environmental Law and a Master of Laws from the University of Sydney, and a Juris Doctor from the University of Technology, Sydney.



Mr Michael D'Ascenzo AO, Member of the Clean Energy Regulator

Area of focus: Cross-agency compliance and membership of the Joint Agency Executive Steering Committee

Mr D'Ascenzo is recognised internationally for his leadership and expertise in administration, strategy and governance, and for his technical and design skills in tax law and superannuation.

He is an adjunct professor of the University of New South Wales. He also consults internationally on the modernisation of organisations, especially those working on tax policy or administration.

Mr D'Ascenzo's previous roles include Commissioner of Taxation for seven years (from 2006 to 2012), and more recently as a member of the Foreign Investment Review Board (2013 to 2017), and as a non-executive director of Australia Post (2013 to 2016).

Mr D'Ascenzo holds degrees in economics and law from the Australian National University. He is also a graduate of the Harvard Business School Program for Management Development, the Australian Institute of Company Directors, and the University of Cambridge Programme for Sustainability Leadership. He is a member of the Institute of Chartered Accountants Australia, Fellow of the Australian Institute of Company Directors, Fellow of the Australian Risk Policy Institute, Honorary Life Fellow of CPA Australia and Honorary Fellow of the Association of Taxation and Management Accountants.

In 2010, Mr D'Ascenzo was appointed an Officer of the Order of Australia for service to public administration, particularly through reform and innovative engagement with the taxation profession and government agencies. In 2012, he was named the Institute of Chartered Accountants' Federal Government Leader of the Year.



Dr Peter Davis, Member of the Clean Energy Regulator

Area of focus: Renewable energy

Dr Davis has extensive experience in the Australian energy sector, including 19 years at Chief Executive and General Manager level. He has extensive experience in regulatory and structural reform of critical infrastructure services in both regulated and competitive markets, with particular expertise in renewable energy, energy efficiency and demand side management.

Dr Davis is an independent, non-executive Director of the Australian Energy Market Operator (AEMO), Chair of AEMO's Technical and Regulatory Committee and a Member of the Zema Scholarship Trust Fund. He is a Member of the University of Tasmania's Built Environment and Infrastructure Committee. From 2004 to 2014 he was Chief Executive Officer and Managing Director of Aurora Energy Pty Ltd, an energy utility with interests in electricity distribution, generation, retail and gas supply. He was a Director of the Energy Supply Association of Australia (ESSA) from 2008 to 2014 and chaired the ESAA's Greenhouse Policy Committee.

Dr Davis holds a Doctor of Philosophy from the Solar Energy Research Centre at the University of Queensland, a Master of Business Administration from Deakin University, an honours degree in science from Monash University and degrees in science and education from the University of Tasmania. He is a Fellow of the Australian Institute of Company Directors and Engineers Australia.



Regulator Board meetings

Under the *Clean Energy Regulator Act 2011*, the Chair may convene a meeting at any time. Between 1 July 2019 and 30 June 2020, the Regulator Board met 12 times, with five meetings taking place via video conference in response to COVID-19 (Table 17).

Table 17: Regulator Board meeting schedule and apologies 2019-20

Meeting date	Attendance
2–3 July 2019	All members attended
6 August 2019	All members attended
10 September 2019	All members attended
15 October 2019	All members attended
12 November 2019	Ms Virginia Malley apology
10 December 2019	All members attended
18 February 2020	All members attended
24 March 2020 (via video-conference)	All members attended
8 April 2020 (out-of-session via video-conference)	All members attended
29 April 2020 (out-of-session via video-conference)	All members attended
26 May 2020 (via video-conference)	All members attended
30 June 2020 (via video-conference)	All members attended

Audit Committee

The Audit Committee supports the governance of our agency by providing independent advice and assurance to the Chair on our risk, control and compliance framework, and our external accountability responsibilities under the PGPA Act.

In 2019–20, the Audit Committee comprised three members: an independent committee Chair; an External Member; and an Internal Member. A member of the Regulator Board also attended committee meetings as an adviser and observer (Table 18). Members of the Senior Leadership Group, Risk, Audit and Fraud section, and the Australian National Audit Office are also in regular attendance. The Audit Committee met five times during 2019-20. The agency Audit Committee charter is available on our website²⁶.

Table 18: Audit Committee membership, 2019–20

Member name and position	Qualifications, knowledge, skills or experience	Number of meetings attended/ Number of eligible meetings	Total annual remuneration ²⁷
Mr Geoff Knuckey Chair 1 January to 30 June 2020 External Member 1 December to 31 December 2019	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. 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 both the public and private sectors across a range of industries.	3/3	\$7656

²⁶ www.cleanenergyregulator.gov.au/About/Accountability-and-reporting/audit-committee

²⁷ Audit Committee remuneration defined for Members not employed by the Australian Public Service.

Member name and position	Qualifications, knowledge, skills or experience	Number of meetings attended/ Number of eligible meetings	Total annual remuneration
Mr Mark Ridley Chair 1 July to 31 December 2019	Mr Ridley was Audit Committee Chair for seven years. He also serves as the Chair on other agency’s audit committees. Mr Ridley previously served as a Senior Partner at PwC, leading the risk management and assurance divisions of the business.	3/3	\$16,940
Mr Gavin McCosker External Member 1 July 2019 to 30 June 2020	Mr McCosker is the Deputy Chief Executive of the Australian Financial Security Authority. He has previously served as a senior financial sector specialist for the World Bank Group.	2/5	\$0
Ms Jane Wardlaw Internal Member 25 August 2019 to 30 June 2020	Ms Wardlaw brings her experience in administering clean energy policy to the committee. She has a well-developed understanding of internal agency processes and issues.	4/4	\$0
Ms Jackie Raynor Internal Member 1 July to 30 August 2019	Ms Raynor concluded her term in August 2019 due to transfer to another agency.	1/1	\$0
Ms Anne T Brown Adviser and Observer 1 July 2019 to 30 June 2020	Ms Brown is a Member of the Regulator Board. See page 61 for her qualifications and experience.	5/5	\$0

Senior management committees

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 PGPA Act and Head of Agency under the *Public Service Act 1999*). Membership consists of the Chair, the 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.

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 on 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, the Department of Industry, Science, Energy and Resources and the former Department of the Environment and Energy.

Emissions Reduction Fund Program Steering Committee

The Emissions Reduction Fund Program Steering Committee is a strategic inter-agency forum for Emissions Reduction Fund policy, legislation, methods and stakeholder management. The committee provides governance for the management of scheme risks and benefits and identifies and analyses issues that may have material effect on the Emissions Reduction Fund. It comprises SES employees from our agency, the Department of Industry, Science, Energy and Resources and the former Department of the Environment and Energy.

Managing risk and fraud

Risk management

Our risk management framework considers the legislative framework, Australian Government policy and our operating environment to identify and manage risks that may undermine our ability to achieve our objectives and meet our statutory obligations.

In 2019–20 our risk approach focused on:

- streamlining regulatory processes within the schemes we administer
- targeting resources towards areas of highest risk
- achieving organisational efficiencies, and
- delivering specific objectives of relevant legislation effectively and efficiently.

We continue to promote a strong risk management culture, by embedding our risk management framework into our business planning cycle and day-to-day operations.

Our risk management framework engages with risk in a positive and transparent way, consistent with the Commonwealth Risk Management Policy. This framework is updated biennially, and a risk report is provided to the Regulator Board every quarter.

Fraud prevention and control

Our Fraud and Corruption Control Plan provides assurance that we are managing identified fraud risks and complying with our obligations under section 10 of the Public Governance and Accountability Rule 2014 and the Commonwealth Fraud Control Framework.

Under our Fraud and Corruption Control Plan, we take a comprehensive approach to fraud risk and ensure all reasonable measures are in place to prevent, detect and address fraud. This includes:

- undertaking fraud control planning, monitoring and reporting
- conducting mandatory fraud prevention training with all employees
- maintaining internal and external reporting mechanisms
- collecting and analysing information and data to detect fraud
- receiving and analysing allegations from internal and external sources
- testing and analysing the effectiveness of fraud controls and, if necessary, making recommendations to strengthen controls to prevent and detect fraudulent activity, and
- investigating fraud, misconduct and unethical conduct and applying the appropriate criminal, civil, administrative or disciplinary action, in accordance with the Australian Government Investigation Standards.

Internal audit

Internal audit provides independent and objective assurance that the controls designed to manage risks and achieve our agency's objectives are 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. Our agency's internal audit service provider is KPMG.

Conflict of interest

We inform our staff about their obligations under the *Public Service Act 1999*, which requires employees 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. Compliance with this requirement is reported to the Audit Committee.

Business continuity

Our business continuity management framework is designed to prepare for, and respond to, a business interruption or outage.

In the case of a business disruption, the Management Response Team, led by the Chief Operations Officer, will enact the business continuity plan to ensure the timely resumption of critical business functions and restoration of agency operations.

Our business continuity framework is reviewed and tested annually to ensure it meets business requirements and assess our preparedness for a business disruption.

Regulator Performance Framework

The Australian Government is committed to reducing unnecessary or inefficient regulation imposed on individuals, business and community organisations. In 2019–20 we achieved all six performance indicators as defined under the Australian Government’s Regulator Performance Framework.

Our Regulator Performance Framework self-assessment indicates we are reducing the burden of our regulation activities. Our 2019–20 self-assessment was conducted against performance measures and validated by the following peak bodies representatives, covering a broad cross-section of our scheme participants:

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

We continually look to refine our practices and procedures, ensuring an appropriate balance between compliance and regulatory burden. Our self-assessment identified areas where we could further enhance our performance as a regulator. These relate to:

- continuing to enhance entry pathways to improve user experience and reduce transaction costs for scheme participants
- enhancing geospatial tools and capability for faster and more accurate assessment of claims for Australian carbon credit units and renewable energy certificates
- improving the availability, transparency and accuracy of our market data

- providing 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
- continuing to expand the use of analytics and data matching to detect non-compliance
- continuing to review our compliance activities and approach to managing risk to ensure we are meeting our intended outcomes, and
- seeking legislative change where necessary to enable administration of our schemes to adapt to new business models and technology changes.

Our Regulator Performance Framework self-assessment for 2019–20 is at *Appendix C*.

External scrutiny

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

External decision and reports

No applications for review of Clean Energy Regulator decisions were lodged or considered by the tribunals or courts during 2019–20.

During 2019–20, our operations were not the subject of any reports by parliamentary committees or the Commonwealth Ombudsman.

Parliamentary committees

In 2019–20, our agency appeared before the Senate Environment and Communications Legislation Committee on two occasions.

Auditor-General reports

The Australian National Audit Office did not release any performance audits specific to our agency in 2019–20.

Freedom of information

We are required to publish information to the public as part of the Information Publication Scheme established under the *Freedom of Information Act 1982* (FOI Act). This requirement is in Part II of the FOI Act and has replaced the former requirements to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the Information Publication Scheme. This information is available on our website²⁸.

Notifiable data breaches

Under the Notifiable Data Breaches scheme, any organisation or agency covered by the *Privacy Act 1988* must notify affected individuals and the Office of the Australian Information Commissioner when a data breach is likely to result in serious harm to an individual whose personal information is involved.

In 2019–20, there were no notifiable data breaches.

Asset management

We manage assets in accordance with our asset management framework, the Accountable Authority Instructions and relevant accounting standards. During 2019–20 we undertook:

- a stocktake of our asset base, and we engaged an independent expert to conduct a valuation of our agency's assets (excluding intangibles) in accordance with the requirements of *Australian Accounting Standards Board (AASB) 13 Fair Value Measurement*, and
- asset impairment testing and review of 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 *Australian Accounting Standards 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 in *Part six: Finances*.

²⁸ <http://www.cleanenergyregulator.gov.au/About/Pages/Information%20Publication%20Scheme/Information-Publication-Scheme.aspx>

Environmental performance

Our sole tenancy at 5 Farrell Place holds a National Australian Built Environment Rating System (NABERS) Energy Tenancy Rating of 5.5 stars. This rating has decreased from 6 stars in the previous reporting year. This is due to a new assessment regime that incorporates the entire physical premises rather than just the tenancy that we manage.

Despite this decrease, our ongoing workplace initiatives include:

- encouraging and educating staff to be a part of minimising our environmental impact
- contracting services to recycle organic waste, paper and cardboard
- reducing electricity use through more efficient use of technology and staff interaction, particularly in regard to lighting and workplace equipment and devices
- purchasing electricity from 100 per cent renewable sources, and
- developing and implementing more efficient heating and cooling practices.

Digital capabilities

In 2019–20, we continued to build our digital capabilities, with a focus on automation and updating business systems, aligned with the Australian Government’s Digital Transformation Agenda. This included:

- introducing single sign-on across the Australian National Registry of Emissions Units, Emissions and Energy Reporting System and Client Portal online systems, which provides scheme participants with a streamlined experience
- upgrading the Australian National Registry of Emissions Units to provide better information on the provenance of Australian carbon credit units, which assists the market to incorporate the value of co-benefits when purchasing units
- replacing our aging data infrastructure with modern data analysis capabilities, and
- transitioning all systems, data and applications to the cloud, which provides more secure, robust and accessible services.

These enhancements, in conjunction with the rapid rollout of new equipment to all employees facilitated our quick transition to remote working arrangements due to the COVID-19 pandemic.

We continued to be conscious of the increased risk of cyber-attacks facing government and other organisations. Our agency significantly matured our cyber-security capability by complying with the Government’s Essential Eight security strategies. This work provides a solid foundation for our Cyber-Resilience Framework.

Purchasing

As a non-corporate Commonwealth entity, our purchasing and procurement policies and practices are consistent with:

- all relevant Commonwealth legislation
- the Australian Government financial framework, including the Commonwealth Procurement Rules
- the Accountable Authority Instructions and relevant agency policies, and
- all connected policies including the Indigenous Procurement Policy.

All open tender opportunities of \$80,000 and above (inclusive of GST) are advertised on the AusTender website²⁹. We review of all procurements of \$10,000 and above (inclusive of GST) to ensure they are completed in accordance with the procurement framework.

Our tender evaluation processes are designed to be fair and equitable and to enable potential suppliers to compete for our business. Before proceeding to a substantive evaluation, we check against all mandatory requirements listed in the tender documentation.

Our procurement methods aim not to discriminate against small and medium-sized enterprises.

Our Annual Procurement Plan is available on the AusTender website³⁰ and is updated as required. This gives prospective suppliers the opportunity to prepare for potential work with our agency.

Consultants

We engage consultants through fair and equitable processes, selecting multiple providers through panel or open tender processes and conducting a value for money assessment. We conduct all procurement activities in accordance with policies, regulations and legislative requirements. We procure consultancy services to undertake a variety of tasks, with the contracted consultants engaged to apply professional, independent and expert skill to:

- investigate or diagnose a defined issue or problem
- provide independent advice, information or creative solutions, and
- provide specialised services, including assistance with asset valuations, probity services and legal advice.

During 2019–20, eight new consultancy contracts were entered into involving total actual expenditure of \$834,481 (inclusive of GST). In addition, one ongoing consultancy contract was active during the period, involving total actual expenditure of \$37,730 (inclusive of GST).

²⁹ www.tenders.gov.au/

³⁰ www.tenders.gov.au/App/Show/99047963-c49d-b366-f3db-b14a982996fe

All consultancy contracts valued at \$10,000 (inclusive of GST) or more awarded in 2019–20 are published on the AusTender website³¹. Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of individual contracts for consultancies is available on the AusTender website³².

Australian National Audit Office access clauses

All contracts of \$100,000 (inclusive of GST) or more awarded during 2019–20 included a provision for the Auditor-General to have access to the contractor's premises.

Exempt contracts

In 2019–20, the Chair did not exempt any standing offer or contract in excess of \$10,000 (inclusive of GST) from being published on the AusTender website³³. Emissions Reduction Fund carbon abatement contracts are exempt.

Procurement initiatives to support small business

We support small business participation in the Commonwealth Government procurement market. Small and medium enterprises and small enterprise participation statistics are available on the Department of Finance website³⁴.

Consistent with paragraph 5.4 of the Commonwealth Procurement Rules, we use the following initiatives and practices to support small and medium enterprises:

- the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000 (inclusive of GST)
- Australian Industry Participation Plans in whole-of-government procurement where applicable
- 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, and
- electronic systems or other processes used to facilitate on-time payment performance, including the use of payment cards.

31 www.tenders.gov.au

32 www.tenders.gov.au

33 www.tenders.gov.au

34 www.finance.gov.au/government/procurement/statistics-australian-government-procurement-contracts-

We comply with the requirements set out in the Indigenous Procurement Policy. In 2019–20 we entered into three contracts and nil sub-contracting arrangements for the supply of goods and services from Indigenous suppliers.

Advertising and market research

We did not undertake any market research or advertising campaigns in 2019–20. Our expenditure on advertising was under the reportable threshold of \$13,000.

Legal expenditure

Paragraph 11.1(ba) of the Legal Services Directions 2005 requires all non-corporate Commonwealth entities regulated by the PGPA Act to publicly report their legal services expenditure (Table 19).

Table 19: Legal services expenditure summary, 2019–20

Description	Amount GST exclusive
Total (external + internal) expenditure	\$2,022,794
Total internal legal services expenditure	\$1,811,315
Total external legal services expenditure	\$211,479
Summary of external legal services	
Total value of brief to Counsel (junior) (A)	\$13,284
Total value of disbursements (excluding counsel) (B)	\$0
Total value of professional fees paid (C)	\$198,195
Total external legal services expenditure (A + B + C)	\$211,479
Senior counsel	
Number of direct briefs to male senior counsel	0
Number of direct briefs to female senior counsel	0
Total number of direct briefs to senior counsel	0
Number of indirect briefs to male senior counsel	0
Number of indirect briefs to female senior counsel	0
Total number of indirect briefs to senior counsel	0
Junior counsel	
Number of direct briefs to male junior counsel	1
Number of direct briefs to female junior counsel	0
Total number of direct briefs to junior counsel	1
Number of indirect briefs to male junior counsel	2
Number of indirect briefs to female junior counsel	0
Total number of indirect briefs to junior counsel	2
Total value of briefs to junior counsel (A)	\$13,284
Disbursements	
Total value of disbursements (excluding counsel) (B)	\$0
Professional Fees	
Total value of professional fees	\$198,195

PART SIX

FINANCES



Financial overview

The agency continued the successful delivery of its schemes including undertaking the ninth and tenth auctions under the Emissions Reduction Fund and the collection of \$ 437.6 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.

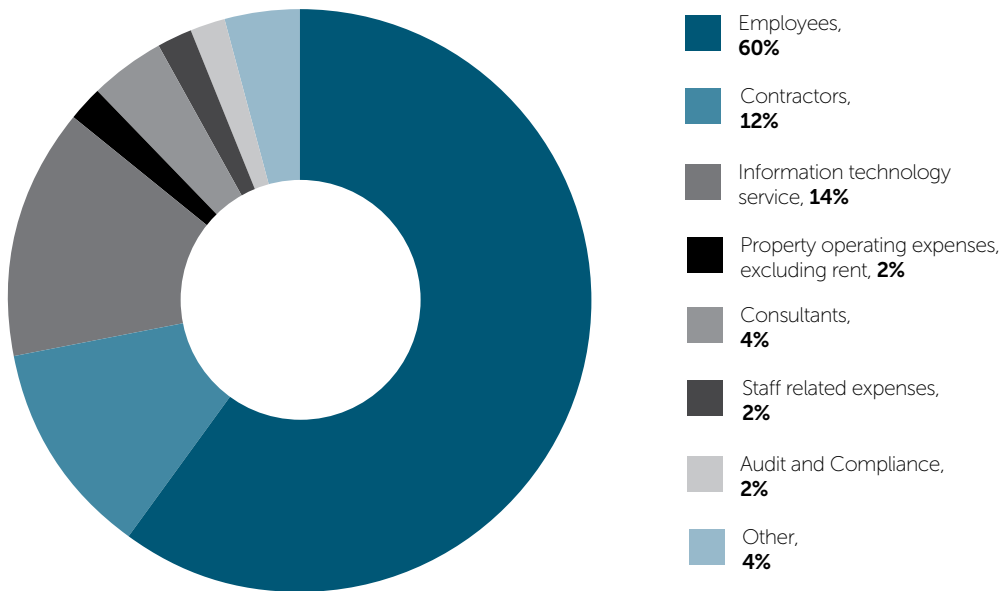
Summary of financial performance

Departmental finances

Expenses

Operating expenditure for 2019–20 was \$66.888 million excluding depreciation and amortisation.

Figure 8: Operating expenditure 2019–20



Refer to notes 1.1 and 1.2 of the financial statements.

Our agency incurred total employee expenses of \$39.835 million in 2019–20 compared to \$40.205 million in 2018–19. The consistent expenditure between the years is a result of staff levels largely remaining consistent at 313 ASL (315 ASL in 2019) and no increases in salaries under the Enterprise Agreement in response to the COVID-19 pandemic.

With the application of the new accounting standard *AASB 16 Leases*, supplier expenses no longer include operating lease rentals. Supplier expenses in 2019–20 of \$26.780 million remained on par with the previous year (\$27.4 million excluding rental expense). Depreciation and amortisation expense for 2019–20 increased from \$5.806 million to \$7.631 million, predominantly due to implementation of AASB 16 and the recognition of depreciation on the right of use leased asset (office accommodation).

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 reduced slightly to \$69.737 million from \$69.879 million.

Own source revenue in 2019–20 was \$0.473 million, a decrease from 2018–19 due to the completion of projects funded under the Data Integration Partnership Initiative.

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 2020, the agency had total equity of \$13.7 million, represented by \$35.6 million assets offset by \$21.9 million of liabilities.

The majority of assets relate to appropriation and other receivables (\$19.6 million), leasehold improvements (\$8.9 million) and intangibles (\$5.1 million). The majority of liabilities relate to employee provisions (\$12.4 million) and leases (\$6.6 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 2019–20 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 2019–20 was \$2.9 million.

We continue to invest in the development of our systems to further improve the experience of scheme participants, reduce burden and improve efficiency of the agency. We also invested in a 100% refresh of our laptop fleet and telephony hardware.

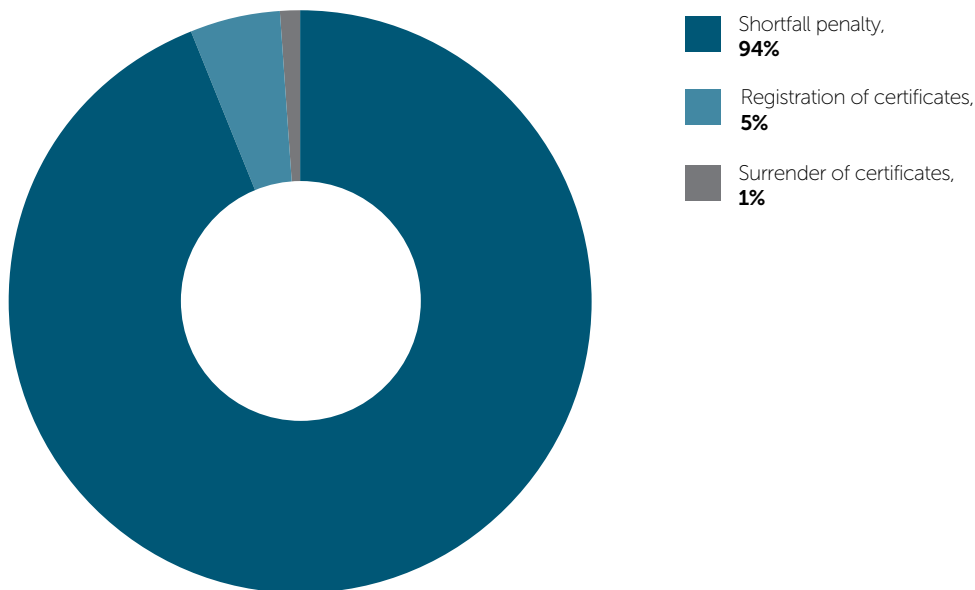
Administered finances

Our agency administered the Emissions Reduction Fund, Renewable Energy Target and residual items relating to the carbon pricing mechanism on behalf of the Australian Government in 2019–20.

Administered income

Administered income was \$437.7 million and came entirely from the administration of the Renewable Energy Target.

Figure 9: Administered income 2019-20

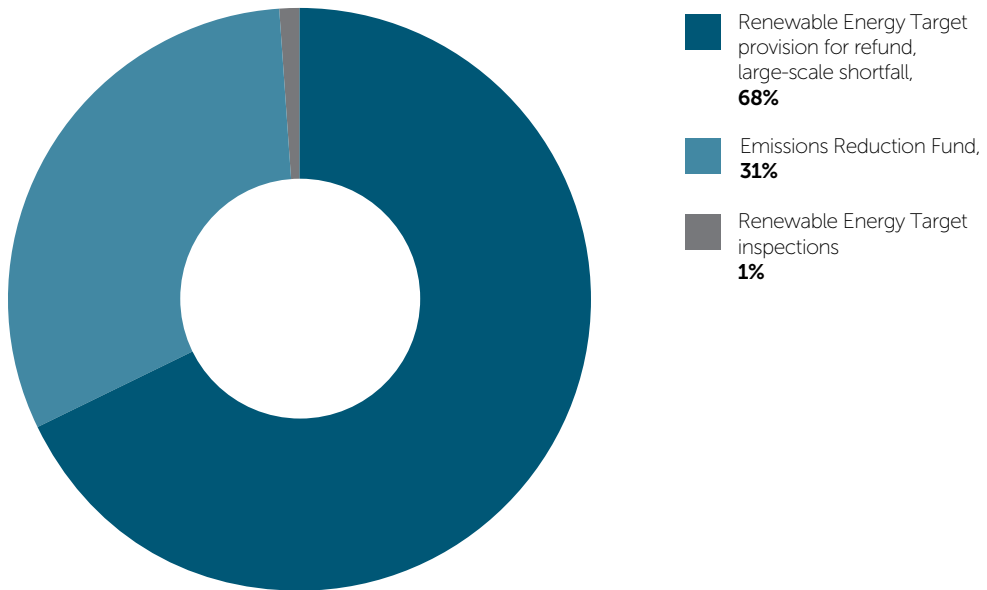


Refer to the Administered Schedule of Comprehensive Income and Note 2.2 of the financial statements.

Administered expenses

Administered expenses were \$583.1 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.

Figure 10: Administered expenses 2019–20



Entity resource statement

The entity resource statement provides additional information about the various funding sources that the agency may draw upon during the year. Appendix B details the resources available to the agency during 2019–20 and sets out the agency’s summary of total expenses for Outcome 1.



Financial statements

The Clean Energy Regulator received an unqualified audit report from the Australian National Audit Office for its 2019–20 financial statements.

The Clean Energy Regulator’s 2019–20 financial statements from page 86 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 2020:

- (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 2020 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 2020 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

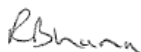
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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



Rita Bhana

Audit Principal

Delegate of the Auditor-General


Canberra

25 September 2020

**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 2020 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

25 September 2020



Sue Knox
Chief Financial Officer

25 September 2020

CLEAN ENERGY REGULATOR
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	39,835	40,205	39,457
Suppliers	1.1B	26,780	30,230	31,021
Depreciation and Amortisation	3.2A	7,631	5,806	3,382
Finance Costs		78	-	-
Impairment Loss Allowance on Financial Instruments		-	19	-
Write-Down and Impairment of Other Assets	1.1C	195	-	-
Total expenses		74,519	76,260	73,860
Own-Source Income				
Own-source revenue				
Revenue from Contracts with Customers		-	19	-
Other Revenue	1.2A	466	967	-
Total own-source revenue		466	986	-
Gains				
Other Gains	7.2B	7	-	385
Total gains		7	-	385
Total own-source income		473	986	385
Net cost of services		(74,046)	(75,274)	(73,475)
Revenue from Government	1.2B	69,737	69,879	70,093
Deficit on continuing operations		(4,309)	(5,395)	(3,382)
OTHER COMPREHENSIVE LOSS				
Items not subject to subsequent reclassification to net cost of services				
Changes in Asset Revaluation Reserve		(25)	-	-
Total Other Comprehensive Loss		(25)	-	-
Total comprehensive loss		(4,334)	(5,395)	(3,382)

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

**CLEAN ENERGY REGULATOR
STATEMENT OF FINANCIAL POSITION**
as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and Cash Equivalents	3.1A	391	558	117
Trade and Other Receivables	3.1B	19,600	19,592	21,387
Accrued Revenue		-	-	129
Total financial assets		19,991	20,150	21,633
Non-financial assets¹				
Leasehold Improvements	3.2A	8,856	3,272	2,149
Plant and Equipment	3.2A	929	634	118
Intangibles	3.2A	5,052	5,821	3,425
Prepayments		642	1,343	1,189
Total non-financial assets		15,479	11,070	6,881
Assets Held for Sale		140	-	-
Total Assets		35,610	31,220	28,514
LIABILITIES				
Payables				
Suppliers	3.3A	2,366	3,928	7,278
Other Payables	3.3B	653	2,381	390
Total payables		3,019	6,309	7,668
Interest bearing liabilities				
Leases	3.4A	6,556	-	-
Total interest bearing liabilities		6,556	-	-
Provisions				
Employee Provisions	6.1A	12,368	11,099	10,564
Total provisions		12,368	11,099	10,564
Total liabilities		21,943	17,408	18,232
Net assets		13,667	13,812	10,282
EQUITY				
Contributed Equity		84,416	82,288	83,449
Reserves		9,598	9,623	9,622
Retained Accumulated Deficit		(80,347)	(78,099)	(82,789)
Total equity		13,667	13,812	10,282

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 2020

	Retained Deficit		Asset Revaluation Reserve		Contributed Equity		Total Equity	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	(78,099)	(72,704)	9,623	9,623	82,288	81,127	13,812	18,046
Adjustment on initial application of AASB16	2,061	-	-	-	-	-	2,061	-
Adjusted opening balance	(76,038)	(72,704)	9,623	9,623	82,288	81,127	15,873	18,046
Comprehensive loss								
Deficit for the period	(4,309)	(5,395)	-	-	-	-	(4,309)	(5,395)
Other comprehensive loss	-	-	(25)	-	-	-	(25)	-
Total comprehensive loss	(4,309)	(5,395)	(25)	(25)	-	-	(4,334)	(5,395)
Transactions with owners								
Contributions by owners								
Equity injection - Appropriations	-	-	-	-	1,000	-	1,000	-
Departmental capital budget	-	-	-	-	1,155	1,161	1,155	1,161
Lapsing appropriations ¹	-	-	-	-	(27)	-	(27)	-
Total transactions with owners	-	-	-	-	2,128	1,161	2,128	1,161
Closing balance as at 30 June	(80,347)	(78,099)	9,598	9,623	84,416	82,288	13,667	13,812

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. This appropriation was part of the opening balance of 2018-19. 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 2020

	2020	2019	Original Budget
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	71,231	72,431	70,093
Rendering of services	-	19	-
Other revenue	37	738	-
Net GST received	3,295	3,004	-
Total cash received	74,563	76,192	70,093
Cash used			
Employees	37,777	38,976	39,457
Suppliers	30,394	34,276	30,636
Finance costs	78	-	-
GST paid	290	225	-
Section 74 receipts transferred to OPA	1,702	1,189	-
Total cash used	70,241	74,666	70,093
Net cash from operating activities	4,322	1,526	-
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment and intangibles	2,898	2,246	1,161
Total cash used	2,898	2,246	1,161
Net cash used by investing activities	(2,898)	(2,246)	(1,161)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	1,775	1,161	1,161
Total cash received	1,775	1,161	1,161
Cash used			
Principal payments of lease liabilities	3,366	-	-
Total cash used	3,366	-	-
Net cash (used by)/from financing activities	(1,591)	1,161	1,161
Net (decrease)/ increase in cash held	(167)	441	-
Cash and cash equivalents at the beginning of the reporting period	558	117	117
Cash and cash equivalents at the end of the reporting period¹	391	558	117

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 2020

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

Audit and compliance inspections were significantly impacted by Covid-19 resulting in reduced activity and suppliers expense. Staff training costs were also significantly impacted by Covid-19. On adoption of AASB 16 *Leases*, the CER recognised lease payments as a reduction of the lease liability and not as suppliers expense. This was not known at the time of preparing the budget.

Expenses: Depreciation and amortisation expense

Depreciation on right-of-use assets was incurred for the first time in 2019-20 as a result of the application of AASB 16 *Leases* from 1 July 2019. This was not known at the time of preparing the budget.

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: Cash and cash equivalents

The value of cash holdings changes from time to time in the normal course of business.

Assets: Trade and other receivables

Trade and other receivables are under budget by \$1.787 million mainly due to differences between the actual and budgeted opening balances for appropriation receivable.

Assets: Leasehold improvements

On adoption of AASB 16 *Leases*, the CER recognised right-of-use assets and lease liabilities in relation to leases of office space, which had previously been classified as operating leases. This was not known at the time of preparing the budget.

Assets: Plant and equipment

The closing position for plant and equipment was more than the budgeted amount due to the purchase of IT hardware including laptops and telephony headsets that had been initially planned for purchase in a later year.

Assets: Intangibles

The CER received an equity injection later after the original budget to develop Climate Solution Fund software applications. Work was also accelerated to implement cloud-based capabilities.

Assets: Prepayments

With the move to cloud-based capabilities, the CER has reduced spending on software licences and hosting costs for on-premise capabilities.

Liabilities: Suppliers payable & other payables

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 changes from time to time in the normal course of business.

Interest Bearing Liabilities: Leases

On adoption of AASB 16 *Leases*, the CER recognised right-of-use assets and lease liabilities in relation to leases of office space, which had previously been classified as operating leases. This was not known at the time of preparing the budget.

CLEAN ENERGY REGULATOR*for the period ended 30 June 2020***BUDGET VARIANCES COMMENTARY (continued)****Cash Flow Statement***Operating activities: cash received - Rendering of services and other revenue; 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.

Operating activities: cash received - Net GST received

The budget was prepared net of GST whereas the financial statement numbers are GST inclusive.

Investing activities: cash used - purchase of property, plant and equipment and intangibles

The CER budgeted for an increase in intangibles consistent with its known Departmental Capital Budget. Work was accelerated to implement cloud-based capabilities. IT hardware was also purchased during the year that had been initially budgeted for purchase in a later year.

The CER received an equity injection of \$1.0 million to develop additional functionality for existing IT applications as part of the climate solutions budget measure. This was not known at the time of preparing the budget.

Financing activities: cash received - Contributed equity

The CER received an equity injection of \$1.0 million to develop additional functionality for existing IT applications as part of the climate solutions budget measure. This was not known at the time of preparing the budget.

Financing activities: cash used – Principal payments of lease liabilities

Refer *Interest Bearing Liabilities: Leases* for explanation.

Statement of Changes in Equity*Opening Balance Adjustment*

On transition to AASB 16 *Leases*, the CER recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. This was not known at the time of preparing the budget.

Deficit for the Period

A number of intangible assets under development were moved to production in the year resulting in an increased amortisation expense.

Contributions by Owners : Equity Injections

Refer *Financing activities: cash received - Contributed equity* for explanation.

**CLEAN ENERGY REGULATOR
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME**

for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Suppliers		3,077	3,719	4,219
Purchase of Australian Carbon Credit Units	2.1A	183,653	158,498	252,861
RET Refunds	2.1B	396,328	273,434	-
Remission of Prior Year Carbon Pricing Mechanism Surplus Surrender		-	29	-
Impairment Loss Allowance on Financial Instrument		-	433	-
Total expenses		583,058	436,113	257,080
Income				
Revenue				
Taxation revenue				
Other taxes (RET Shortfall Charges and Interest)	2.2A	411,891	219,927	824
Total taxation revenue		411,891	219,927	824
Non-taxation revenue				
Fees and Fines	2.2B	25,743	20,390	17,432
Other Revenue		4	-	-
Total non-taxation revenue		25,747	20,390	17,432
Total revenue		437,638	240,317	18,256
Gains				
Other Gains		95	-	-
Total gains		95	-	-
Total income		437,733	240,317	18,256
Net cost of services and comprehensive loss		(145,325)	(195,796)	(238,824)

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

CLEAN ENERGY REGULATOR ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES				
<i>as at 30 June 2020</i>				
	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and Cash Equivalents	4.1A	167	144	1,129
Taxation Receivables	4.1B	394	152	-
Trade and Other Receivables	4.1C	114	34	6,983
Total financial assets		675	330	8,112
Total assets administered on behalf of Government		675	330	8,112
LIABILITIES				
Payables				
Suppliers	4.2A	781	201	831
Other Payables	4.2B	91,553	78,153	46,367
Total payables		92,334	78,354	47,198
Provisions				
Other Provisions	4.3A	699,969	421,884	245,372
Total provisions		699,969	421,884	245,372
Total liabilities administered on behalf of Government		792,303	500,238	292,570
Net liabilities		(791,628)	(499,908)	(284,458)
The above schedule should be read in conjunction with the accompanying notes.				

**CLEAN ENERGY REGULATOR
ADMINISTERED RECONCILIATION SCHEDULE**

Notes	2020 \$'000	2019 \$'000
Opening assets less liabilities as at 1 July	(499,908)	(222,807)
Net cost of services		
Income	437,733	240,317
Expenses		
Payments to entities other than corporate Commonwealth entities	(583,058)	(436,113)
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	173,027	131,393
Special appropriations (unlimited)		
<i>Renewable Energy (Electricity) Act 2000</i> , section 157 refunds	118,999	35,272
Refund of administered receipts - section 77 <i>PGPA Act</i>	237	186
Appropriation transfers to OPA		
Transfers to OPA	(438,658)	(248,156)
Closing assets less liabilities as at 30 June	(791,628)	(499,908)

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 2020

	Notes	2020 \$'000	2019 \$'000
OPERATING ACTIVITIES			
Cash received			
Taxes (RET shortfall Charges)		411,744	225,449
Fees and Fines		25,799	21,245
Other		4	-
Net GST received		159	396
Total cash received		437,706	247,090
Cash used			
Suppliers		2,708	4,776
Purchase of Australian Carbon Credit Units		170,309	126,722
RET Refunds		118,271	35,272
Total cash used		291,288	166,770
Net cash from/(used by) operating activities		146,418	80,320
Cash and cash equivalents at the beginning of the reporting period		144	1,129
Cash from Official Public Account			
Appropriations		292,263	166,851
Total cash from official public account		292,263	166,851
Cash to Official Public Account			
Appropriations		(438,658)	(248,156)
Total cash to official public account		(438,658)	(248,156)
Cash and cash equivalents at the end of the reporting period¹	4.1A	167	144

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 2020

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 2019-20, including the completion of the ninth and tenth auctions. The budget profile was updated during 2019-20 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 2019-20 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 repayment of their shortfall payments, 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 repayment of shortfall are not reflected in the 2019-20 budget position.

Administered Schedule of Comprehensive Income

Expenses: 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 repayment of their shortfall payments, subject to satisfying legislative requirements. As noted in the commentary above, the 2019-20 budget did not reflect this provision and corresponding expense.

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 2019-20 a large number of entities elected to pay a shortfall charge rather than surrender Renewable Energy Certificates.

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.

CLEAN ENERGY REGULATOR

for the period ended 30 June 2020

BUDGET VARIANCES COMMENTARY – ADMINISTERED (continued)

Administered Schedule of Assets and Liabilities

Assets: Cash and cash equivalents

The CER operates the small-scale technology certificate clearing house to facilitate the purchase and sale of certificates between liable entities and individuals or agents installing small-scale solar, wind and hydro systems. The budget variance is predominantly due to the difference between the actual and budgeted opening balances for cash and cash equivalents.

Assets: Taxation receivables

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

Assets: Trade and other receivables

The budget variance is predominantly due to the difference between the actual and budgeted opening balances for trade and other receivables.

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 entity established under the *Clean Energy Regulator Act 2011*. It is a not-for-profit entity. The Clean Energy Regulator is responsible for the 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.

Impact of Covid-19 on Going Concern

Management has assessed the impact on the financial statements including the potential for movements in the fair value of non-current assets. Covid-19 is not expected to have a significant impact on transactions and balances recorded in the financial statements.

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

New Accounting Standards

AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-For-Profit Entities* are applicable to the current reporting period. Both standards did not have a material impact on the CER's financial statements on initial application.

AASB 16 Leases

AASB 16 became effective on 1 July 2019. This new standard has replaced AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases - Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed in the relevant notes to the financial statements.

Application of AASB 16 Leases

The CER adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 17 and related interpretations.

The CER elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

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

Overview (continued)

As a lessee, the CER previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the CER recognises right-of-use assets and lease liabilities for most leases. However, the CER has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying assets when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, the CER recognised right-of-use assets and lease liabilities in relation to leases of office space, which had previously been classified as operating leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the CER's incremental borrowing rate at 1 July 2019. The CER's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted average rate applied was 0.96%.

Lease finance costs are treated as borrowing costs and are expensed as incurred.

The right-of-use assets for office space were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Impact on transition

On transition to AASB 16, the CER recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 July 2019
Departmental	<u>\$'000</u>
Right-of-use assets – leasehold improvements	10,203
Lease liabilities	9,917
Retained earnings	2,061

The following table reconciles the Departmental minimum lease commitments disclosed in the CER's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
	<u>\$'000</u>
Minimum operating lease commitments (undiscounted lease payments) at 30 June 2019	11,370
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(1,453)
Lease liabilities recognised at 1 July 2019	<u>9,917</u>

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 all 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)

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 2020.

1.1 Expenses

	2020 \$'000	2019 \$'000
1.1A: Employee Benefits		
Wages and salaries	30,399	29,256
Superannuation		
Defined contribution plans	3,546	3,297
Defined benefit plans	1,924	2,133
Leave and other entitlements	3,684	5,071
Separation and redundancies	230	371
Other	52	77
Total employee benefits	39,835	40,205

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	9,473	9,342
Contractors	8,360	6,794
Consultants	2,451	3,148
Audit and compliance	1,611	2,385
Staff related expenses	1,408	1,866
Property operating expenses	1,189	1,235
Industry contributions	770	512
Travel and accommodation	432	578
Remuneration of auditors	445	405
Legal expenses	212	336
Other goods and services	254	618
Total goods and services supplied or rendered	26,605	27,219
Goods supplied	150	236
Services rendered	26,455	26,983
Total goods and services supplied or rendered	26,605	27,219
Other suppliers		
Operating lease rentals ¹	-	2,889
Workers compensation expenses	175	122
Total other suppliers	175	3,011
Total suppliers	26,780	30,230

¹ The CER has applied AASB 16 *Leases* using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The CER had no short-term lease commitments or leases of low-value assets (less than \$10,000) as at 30 June 2020.

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.

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

1.1 Expenses (continued)

	2020	2019
	\$'000	\$'000
1.1C: Write-Down and Impairment of Other Assets		
Impairment on intangible assets	195	-
Total write-down and impairment of other assets	195	-

1.2 Own-Source Revenue and gains

	2020	2019
	\$'000	\$'000
Own-Source Revenue		
1.2A: Other Revenue		
Resources received free of charge		
Remuneration of auditors	445	405
Solar program inspection services	-	372
Data integration partnership for Australia	21	190
Total other revenue	466	967

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 Emissions Reduction Fund (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 all 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	2020	2019
	\$'000	\$'000
<u>2.2B: Fees and fines</u>		
Renewable energy fees	25,676	20,311
Other	67	79
Total fees and fines	25,743	20,390

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

	2020	2019
	\$'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

	90	506
--	-----------	-----

Total services receivables

	90	506
--	-----------	-----

Appropriations receivables

Appropriation receivable

	19,298	18,737
--	---------------	--------

Total appropriations receivables

	19,298	18,737
--	---------------	--------

Other receivables

Statutory receivables

	224	368
--	------------	-----

Total other receivables

	224	368
--	------------	-----

Total trade and other receivables (gross)

	19,612	19,611
--	---------------	--------

Less impairment loss allowance

	(12)	(19)
--	-------------	------

Total trade and other receivables (net)

	19,600	19,592
--	---------------	--------

Credit terms for goods and services were within 30 days (2019: 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 2019				
Gross book value	5,514	1,706	49,819	57,039
Accumulated depreciation, amortisation and impairment	(2,242)	(1,072)	(43,998)	(47,312)
Total as at 1 July 2019	3,272	634	5,821	9,727
Additions				
Purchase	-	737	-	737
Internally developed	-	-	2,161	2,161
Right-of-use asset	10,203	-	-	10,203
Revaluations and impairments recognised in other comprehensive income	-	(25)	-	(25)
Impairments recognised in net cost of services	-	-	(195)	(195)
Transfer of assets held for sale	-	(140)	-	(140)
Depreciation and amortisation	(1,121)	(277)	(2,735)	(4,133)
Depreciation on right-of-use-assets	(3,498)	-	-	(3,498)
Total as at 30 June 2020	8,856	929	5,052	14,837
Total as at 30 June 2020 represented by				
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 30 June 2020	8,856	929	5,052	14,837
Carrying amount of right-of-use assets	6,705	-	-	6,705

Revaluations of non-financial assets

There were no revaluations conducted in 2019-20. On 30 June 2020, 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.

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.

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)

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.

Following initial application, an impairment review is undertaken for any lease ROU assets 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:

	2020	2019
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.

Impairment

All assets were assessed for impairment at 30 June 2020. 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.

**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)***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 (2019: 2 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2020.

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

3.3 Payables

	2020	2019
	\$'000	\$'000

3.3A: Suppliers

Settlement of supplier payables is usually made within 30 days.

3.3B: Other Payables

Salaries and wages	568	279
Superannuation	85	41
Lease liability	-	2,061
Total other payables	653	2,381

Accounting Policy

Refer to the Overview section for the accounting policy on the application of AASB 16 *Leases*.

3.4 Interest Bearing Liabilities

3.4A: Leases

Lease liability	6,556	-
Total other payables	6,556	-

Total cash outflow for leases for the year ended 30 June 2020 was \$3,366,000.

Accounting Policy

Refer to the Overview section for the accounting policy on the application of AASB 16 *Leases*. 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**

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

	2020	2019
	\$'000	\$'000

4.1A: Cash and Cash Equivalents

Cash in special accounts	82	74
Cash on hand or on deposit	85	70
Total cash and cash equivalents	167	144

4.1B: Taxation Receivables

Other taxes

Carbon price revenue - shortfall charges and penalties	3,261	3,261
Renewable energy - shortfall charges and interest	2,161	3,998
Total taxation receivables (gross)	5,422	7,259

Less Impairment loss allowance

(5,028) (7,107)

Total taxation receivables (net)

394 152

4.1C: Trade and Other Receivables

Other receivables

Fines and Fees	2	1
Statutory receivables	112	33
Total other receivables	114	34

Less impairment loss allowance

- -

Total trade and other receivables (net)

114 34

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 (2019: 30 days).

4.1D: Reconciliation of the Impairment Allowance

Movements in relation to 2020

	Taxation Receivables
	\$'000
As at 1 July 2019	7,107
Amounts recovered and reversed	(2,079)
Increase recognised in net cost of services	-
Total as at 30 June 2020	5,028

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		
	2020	2019
	\$'000	\$'000
4.2A: Suppliers		
Trade creditors and accruals	781	201
Total Suppliers	781	201
Settlement of supplier payables is usually made within 30 days.		
4.2B: Other Payables		
Purchase of Australian Carbon Credit Units	91,481	78,138
Other	72	15
Total Other Payables	91,553	78,153
4.3 Administered - Other Provisions		
4.3A: Other Provisions		
		Provision for renewable energy target shortfalls \$'000
As at 1 July 2019	421,884	
Additional provisions made	396,328	
Amounts used	<u>(118,243)</u>	
Total as at 30 June 2020	<u>699,969</u>	

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

Funding

This section identifies the CER's funding structure.

5.1 Appropriations

5.1.A: Annual Appropriations (Recoverable GST exclusive¹)

Annual Appropriations for 2020

	Annual Appropriation \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2020 (current and prior years) \$'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 Injections	1,000	-	1,000	620	380
Total departmental	71,892	1,702	73,594	73,230	364
Administered					
Ordinary annual services	256,678	-	256,678	172,678	84,000
Administered items ^{3,4}	256,678	-	256,678	172,678	84,000
Total administered					

1. The variance of (\$0.016m) reflects prior year appropriations applied.
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 \$84,000m 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)

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

Annual Appropriations for 2019

	Annual Appropriation \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2019 \$'000	Variance \$'000
Departmental					
Ordinary annual services ¹	69,879	1,189	71,068	71,998	(930)
Capital Budget ²	1,161	-	1,161	1,161	-
Total departmental	71,040	1,189	72,229	73,159	(930)
Administered					
Ordinary annual services Administered items ³	205,425	-	205,425	131,165	74,260
Total administered	205,425	-	205,425	131,165	74,260

1. The variance of (\$0.930m) 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 \$74.260m 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**

5.1B: Unspent Annual Appropriations (Recoverable GST exclusive)

	2020 \$'000	2019 \$'000
Departmental		
Appropriation Act (No. 2) 2016-17	-	27
Appropriation Act (No. 1) 2018-19	-	19,268
Appropriation Act (No. 1) 2019-20	19,309	-
Appropriation Act (No. 4) 2019-20	380	-
Total departmental	19,689	19,295
Administered		
Appropriation Act (No. 1) 2017-18	-	10,811
Appropriation Act (No. 1) 2018-19	79	137,096
Supply Act (No. 1) 2019-20	12,504	-
Appropriation Act (No. 1) 2019-20	143,074	-
Total administered	155,657	147,907

5.1C: Special Appropriations (Recoverable GST exclusive)

	2020 \$'000	2019 \$'000
Authority		
<i>Renewable Energy (Electricity) Act 2000</i> , section 157, Administered, Unlimited amount	118,999	35,272
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.		
<i>Public Governance, Performance and Accountability Act 2013</i> , section 77, Administered, Refund	237	186
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.		
<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	119,236	35,458

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

5.2 Special Accounts

	Renewable Energy Special Account (Administered)¹	
	2020	2019
(Recoverable GST exclusive)	\$'000	\$'000
Balance brought forward from previous period	69	32
Opening balance adjustment²	-	38
Adjusted balance brought forward from previous period	69	70
Increases - receipts from buyers	19,686	954
Available for payments	19,755	1,024
Decreases - payments to sellers	(19,673)	(955)
Total balance carried to the next period³	82	69
Balance represented by:		
Cash held in the CER bank accounts	82	69
Cash held in the Official Public Account	-	-
Total balance carried to the next period	82	69

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 2018-19 opening balance adjustment relates to the restatement of the 30 June 2018 balance to reflect the correct reclassification of cash available to purchase STCs from householders and registered agents through the STC Clearing House.

³ This balance is reflected in the \$82,448 cash in special accounts under Note 4.1A and is comprised of the following amounts:

- \$81,916 payable to sellers; and
- \$532 payable to the Official Public Account.

5.3 Regulatory Charging Summary

	2020	2019
	\$'000	\$'000
External Revenue		
Administered	25,743	20,390
Total external revenue	25,743	20,390
Regulatory charging activities:		
Registration, application, accreditation and renewable energy certificate fees.		

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

5.4 Net Cash Appropriation Arrangements		
	2020	2019
	\$'000	\$'000
Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations	(44)	411
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(4,133)	(5,806)
Plus: depreciation right-of-use assets	(3,498)	-
Less: principal repayments - leased assets	3,366	-
Deficit on continuing operations - as per the Statement of Comprehensive Income	(4,309)	(5,395)
Changes in asset revaluation reserve	(25)	-
Total comprehensive loss - as per the Statement of Comprehensive Income	(4,334)	(5,395)

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.

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

	2020 \$'000	2019 \$'000
6.1A: Employee Provisions		
Leave	12,368	10,960
Separations and redundancies	-	139
Total employee provisions	12,368	11,099

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:

	2020 \$'000	2019 \$'000
Short-term employee benefits	1,827	1,838
Post-employment benefits	276	281
Other long-term employee benefits	122	177
Termination benefits	-	-
Total key management personnel remuneration expenses	2,225	2,296

The total number of key management personnel that are included in the above table are 14 (2019: 11).

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.

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

	Claims for damages or costs	
	2020	2019
	\$'000	\$'000
Contingent liabilities		
Balance from previous period	-	(485)
Obligations expired	-	485
Total contingent liabilities	-	-

Quantifiable Contingencies

In 2019 the contingent liability was in respect of one request for an act of grace payment requested from the Department of Finance relating to the carbon pricing mechanism. The act of grace application was withdrawn in 2018-19.

Unquantifiable Contingencies

There were no unquantifiable contingent assets or liabilities as at 30 June 2020 (2019: 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.

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

7.1B Administered - Contingent Assets and Liabilities		
	Claims for damages or costs	
	2020	2019
	\$'000	\$'000
Contingent assets		
Balance from previous period	-	1,771
New contingent assets recognised	-	-
Re-measurement	-	(1,771)
Total contingent assets	-	-
Contingent liabilities		
Balance from previous period	-	(51,641)
New contingent liabilities recognised	-	-
Liabilities realised	-	51,641
Total contingent liabilities	-	-
Net contingent liabilities	-	-
<u>Quantifiable Administered Contingencies</u>		
<p>The contingent asset in 2018-19 related to a debt owed to the CER by an entity under the <i>Renewable Energy (Electricity) Act 2000</i>. In 2018-19 the contingent asset was re-measured to a nil value as the CER assessed the probability of recovering the debt as remote.</p> <p>The contingent liabilities in 2018-19 was in respect of large-scale generation shortfall charges incurred under the <i>Renewable Energy (Electricity) Act 2000</i> which may be refunded to entities if they meet certain conditions under the three-year rule. The estimates are based on the amount of the shortfall charges paid less an administration fee. In 2018-19 a change in market conditions has led to the opening contingent liability being either refunded or recognised as a provision in 2019.</p> <p>Of the \$51,641,000 transferred to the provision for renewable energy target shortfalls (note 4.3A), net refunds of \$19,505,000 were made during 2018-19. The remaining \$32,136,000 comprised part of the closing provision balance at 30 June 2019.</p>		
<u>Unquantifiable Administered Contingencies</u>		
<p>There were no unquantifiable contingent assets or liabilities as at 30 June 2020 (2019: Nil).</p>		

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

7.2 Financial Instruments

	2020 \$'000	2019 \$'000
7.2A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash and cash equivalents	391	558
Trade receivables (gross)	90	506
Total financial assets at amortised cost	481	1,064
Total financial assets	481	1,064
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	2,366	3,928
Total financial liabilities measured at amortised cost	2,366	3,928
Total financial liabilities	2,366	3,928

Accounting Policy

Financial assets

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.

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).

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

7.2: Financial Instruments (continued)

	2020	2019
	\$'000	\$'000

7.2B: Net Gains or Losses on Financial Assets

Financial assets at amortised cost		
Impairment	7	(19)
Net gains/(losses) on financial assets at amortised cost	<u>7</u>	<u>(19)</u>

7.3 Administered - Financial Instruments

	2020	2019
	\$'000	\$'000
<u>7.3A: Categories of Financial Instruments</u>		
Financial assets at amortised cost		
Cash on hand or on deposit	167	144
Total financial assets at amortised cost	<u>167</u>	<u>144</u>
Total financial assets	<u>167</u>	<u>144</u>
Financial Liabilities		
Financial liabilities measured at amortised cost		
Supplier payables	781	201
Purchase of Australian Carbon Credit Units	91,481	78,138
Other payables	72	15
Total financial liabilities measured at amortised cost	<u>92,334</u>	<u>78,354</u>
Total financial liabilities	<u>92,334</u>	<u>78,354</u>

**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.

8.1 Aggregate Assets and Liabilities

	2020 \$'000	2019 \$'000
8.1A: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	20,823	22,065
More than 12 months	14,787	9,155
Total assets	35,610	31,220
Liabilities expected to be settled in:		
No more than 12 months	11,765	9,657
More than 12 months	10,178	7,751
Total liabilities	21,943	17,408

8.1B: Administered - Aggregate Assets and Liabilities

Assets expected to be recovered in:		
No more than 12 months	675	330
More than 12 months	-	-
Total assets	675	330
Liabilities expected to be settled in:		
No more than 12 months	163,970	205,589
More than 12 months	628,333	294,649
Total liabilities	792,303	500,238



PART SEVEN

APPENDICES

Appendix A: List of requirements

Appendix B: Entity resource statement
and expenses

Appendix C: Regulator Performance Framework
self-assessment 2019–20

Appendix D: Corrections to 2018–19 Annual Report

Appendix E: Executive remuneration disclosure



Appendix A: List of reporting requirements

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

Table 20: Annual report compliance index

PGPA Rule Reference	Description	Requirement	Page number
17AD(g)	Letter of transmittal		
17AI	A copy of the letter of transmittal signed and dated by 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	v
17AD(h)	Aids to access		
17AJ(a)	Table of contents.	Mandatory	ii
17AJ(b)	Alphabetical index.	Mandatory	157
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	155
17AJ(d)	List of requirements.	Mandatory	128
17AJ(e)	Details of contact officer.	Mandatory	iv
17AJ(f)	Entity's website address.	Mandatory	iv
17AJ(g)	Electronic address of report.	Mandatory	iv
17AD(a)	Review by accountable authority		
17AD(a)	A review by the accountable authority of the entity.	Mandatory	vi
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	2-5
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	6-8

PGPA Rule Reference	Description	Requirement	Page number
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity.	Mandatory	4
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan.	Mandatory	2-3
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority.	Mandatory	7, 60
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority.	Mandatory	60
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	60
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory	n/a
17AE(2)	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	n/a
17AD(c)	Report on the performance of the entity		
	Annual performance statements		
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	9-23

PGPA Rule Reference	Description	Requirement	Page number
17AD(c)(ii) Report on financial performance			
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	78-81
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	138-139
17AF(2)	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.	n/a
17AD(d) Management and accountability			
Corporate governance			
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	v, 68
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	v
17AG(2)(b)(ii)	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	v

PGPA Rule Reference	Description	Requirement	Page number
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	v
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	58-67
17AG(2)(d) – (e)	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.	If applicable, Mandatory	n/a
Audit committee			
17AG(2A)(a)	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	65
17AG(2A)(b)	The name of each member of the entity's audit committee.	Mandatory	65-66
17AG(2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	65-66
17AG(2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	65-66
17AG(2A)(e)	The remuneration of each member of the entity's audit committee.	Mandatory	65-66
External scrutiny			
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	70
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory	n/a

PGPA Rule Reference	Description	Requirement	Page number
17AG(3)(b)	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	n/a
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	n/a
Management of human resources			
17AG(4)(a)	An assessment of the entity’s effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	48-49
17AG(4)(aa)	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	52-55
17AG(4)(b)	Statistics on the entity’s APS employees on an ongoing and nonongoing basis; including the following: <ul style="list-style-type: none"> • statistics on staffing classification level • statistics on fulltime employees • statistics on parttime employees • statistics on gender • statistics on staff location • statistics on employees who identify as Indigenous. 	Mandatory	52-55

PGPA Rule Reference	Description	Requirement	Page number
17AG(4)(c)	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	50-51
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	51
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	51
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	50
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	51
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	n/a
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	n/a
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, Mandatory	n/a
Assets management			
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory	71
Purchasing			
17AG(6)	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	73

PGPA Rule Reference	Description	Requirement	Page number
Consultants			
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	73-74
17AG(7)(b)	<i>A statement that "During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]".</i>	Mandatory	73-74
17AG(7)(c)	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	73-75
17AG(7)(d)	<i>A statement that "Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."</i>	Mandatory	74

PGPA Rule Reference	Description	Requirement	Page number
Australian National Audit Office access clauses			
17AG(8)	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	n/a
Exempt contracts			
17AG(9)	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	74
Small business			
17AG(10)(a)	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	74-75

PGPA Rule Reference	Description	Requirement	Page number
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	74-75
17AG(10)(c)	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	n/a
Financial statements			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	83-125
Executive remuneration			
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory	149-152
17AD(f) Other mandatory information			
17AH(1)(a)(i)	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	n/a

PGPA Rule Reference	Description	Requirement	Page number
17AH(1)(a)(iii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	75
17AH(1)(b)	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, Mandatory	n/a
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	50
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	71
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	147-148
17AH(2)	Information required by other legislation	Mandatory	72, 75-76

Appendix B: Entity resource statement and expenses by outcome

Entity resource statement

Table 21: Clean Energy Regulator resource statement 2019-20

	Actual available appropriation for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance remaining 2019–20 \$'000
	(a)	(b)	(a) - (b)
Departmental			
Annual appropriations – ordinary annual services ^{35,36}	91,919	72,610	19,309
Annual appropriations – other services - non-operating ³⁷	1,000	620	380
Total departmental annual appropriations	92,919	73,230	19,689
Total departmental resourcing	92,919	73,230	19,689
Administered			
Annual appropriations – ordinary annual services	256,678	172,678	
Total administered annual appropriations	256,678	172,678	
Administered special appropriations			
<i>Public Governance, Performance and Accountability Act 2013 – s77</i>	237	237	
<i>Renewable Energy (Electricity) Act 2000 – section 157</i>	118,999	118,999	
Total administered special appropriations	119,236	119,236	
Total administered resourcing	375,914	291,914	
Total resourcing and payments for the Clean Energy Regulator	468,833	365,144	

35 Supply Act (No. 1) 2019–20 and Appropriation Act (No. 1) 2019–20. This may also include prior-year departmental appropriation and section 74 external revenue.

36 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'.

37 Appropriation Act (No. 4) 2019–20.

Expenses by outcome

Table 22: Clean Energy Regulator's summary of total expenses by Outcome 1, 2019-20

	Budget ³⁸ 2019–20 \$'000	Actual expenses 2019–20 \$'000	Variation 2019–20 \$'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)	250,031	186,730	63,301
Special appropriations	331	396,328	(395,997)
Departmental expenses			
Departmental appropriation ³⁹	69,913	69,941	(28)
Expenses not requiring appropriation in the budget year	3,787	4,578	(791)
Total for Program 1.1	324,062	657,577	(333,515)
Total expenses for Outcome 1	324,062	657,577	(333,515)
	2019–20	2018–19	
Average staffing level (number)	313	315	

³⁸ Full-year budget, including any subsequent adjustment made to the 2018–19 budget at Additional Estimates.


³⁹ Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1, 3 and 5) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

Appendix C: Regulator Performance Framework self-assessment 2019–20

Our 2019–20 self-assessment was conducted against measures published on our website⁴⁰. Some activities are relevant to more than one KPI, however, we have consolidated our reporting to avoid duplication.

● Target/Estimate met ● Target/Estimate substantially met

☐ Target/Estimate not met - refer to narrative

Regulator performance framework assessment	Result
<p>KPI 1: We do not unnecessarily impede the efficient operation of regulated entities</p> <p>Opportunities for improvement identified in 2018–19</p> <ul style="list-style-type: none"> Continue to build knowledge and understanding of industry through ongoing scanning activities, monitoring, data integration and monitoring of market parameters. Continue to streamline entry pathways and scheme compliance reporting requirements through information, communication and technology innovation. 	

⁴⁰ www.cleanenergyregulator.gov.au/About/Accountability-and-reporting/Regulator-Performance-Framework

Regulator performance framework assessment	Result
<p>Actions in 2019–20</p> <p>Throughout 2019–20, we continued to engage with our stakeholders, build our understanding of industry and implement ways to improve participant’s experience when interacting with us. Examples to demonstrate achievement include:</p> <ul style="list-style-type: none"> • publishing a Quarterly Carbon Market Report that consolidates information across the three national carbon markets we administer, to provide a richer understanding of market opportunities • completing 99.4 per cent of all scheme applications within statutory or administrative timeframes, which highlights that our processes for collecting participant information and registering them are both efficient and effective • improving online applications to make accreditation processes more efficient and scheme compliance reporting requirements easier for participants to submit, and • building on our digital capabilities including: <ul style="list-style-type: none"> – introducing single sign-on across several agency systems to simplify participant access – upgrading the Australian National Registry of Emissions Units to provide better information on the provenance of Australian carbon credit units, and – transitioning systems, data and applications to the cloud. <p>See pages 17, 36 and 72 for more information.</p>	
<p>Opportunities for improvement in 2020–21</p> <ul style="list-style-type: none"> • Continue to enhance entry pathways to improve user experience and reduce transaction costs for scheme participants. • Enhance geospatial tools and capability for faster and more accurate assessment of claims for Australian carbon credit units and renewable energy certificates. 	

Regulator performance framework assessment	Result
<p>KPI 2: We communicate with regulated entities in a clear, targeted and effective manner</p>	
<p>Opportunities for improvement identified in 2018–19</p> <ul style="list-style-type: none"> Continue to improve on timely and informative communication across the schemes to improve user experience and understanding. 	●
<p>Actions in 2019–20</p> <p>We regularly review and update our communication material in the context of emerging activities and the maturing of our schemes, to ensure it is useful, tailored and targeted to its audience. Examples to demonstrate achievement include:</p> <ul style="list-style-type: none"> publishing simple method guides for the Emissions Reduction Fund to improve the access and quality of information on scheme eligibility, participation and project requirements making available a webinar on participating in Australia’s carbon markets to inform participants who may be new to carbon markets, as well as those exploring new options for further participation ensuring our website was available to participants 99.6 per cent of the time, excluding planned outages, and exceeding our target for participant satisfaction with our engagement and guidance. <p>Further examples are provided under KPI 1 above.</p> <p>See pages 15, 21, 38 and 40 for more information.</p>	
<p>Opportunities for improvement identified in 2020–21</p> <ul style="list-style-type: none"> Improve the availability, transparency and accuracy of our market data. 	

Regulator performance framework assessment	Result
KPI 3: Our actions are proportionate to the regulatory risk being managed	
<p>Opportunities for improvement identified in 2018–19</p> <ul style="list-style-type: none"> Continue to review compliance activities and approach to managing risk to ensure we are meeting our intended outcomes, including use of the full suite of enforcement tools with a focus on harm reduction. 	●
<p>Actions in 2019–20</p> <p>Our documented risk management framework is updated biennially and engages with risk in a positive and transparent way, consistent with the Commonwealth Risk Management Policy. Examples to demonstrate our actions are proportionate to risk include:</p> <ul style="list-style-type: none"> targeting education activities to engage with agents under the Small-scale Renewable Energy Scheme (SRES), who had not completed the SRES Smart requirements drawing on data analytics and enhanced data matching capabilities to target non-compliance and fraud, and tightening our resubmission policy and strengthening our regulatory responses under the National Greenhouse and Energy Reporting scheme where the data underpins Safeguard Mechanism obligations. <p>Further examples are provided under KPI 4 and 5 below.</p> <p>See pages 40–44 for more information.</p>	
<p>Opportunities for improvement identified in 2020–21</p> <ul style="list-style-type: none"> 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. 	

Regulator performance framework assessment	Result
<p>KPI 4: Our compliance and monitoring approaches are streamlined and coordinated</p>	
<p>Opportunities for improvement identified in 2018–19</p> <ul style="list-style-type: none"> • Continue to streamline processes and tools through reviewing performance data in terms of processing time, requests for information. • Continue to improve on timeframes for investigations. 	●
<p>Actions in 2019–20</p> <p>In 2019–20, we continued our strong emphasis on enhancing processes and building staff capability as well as information sharing with other regulators. Examples to demonstrate our achievement include:</p> <ul style="list-style-type: none"> • introducing fast-track processing of small-scale technology certificate claims that use solar panel validation • continuing to enhance our data matching program and our information sharing under Small-Scale Renewable Energy Scheme with the Clean Energy Council and the relevant state and territory electrical safety regulators and fair-trading bodies, and • establishing further information sharing arrangements with our regulatory partners, including: <ul style="list-style-type: none"> – the Department of Home Affairs to facilitate collaboration in preventing, detecting and responding to breaches of our legislation – other agencies, departments and law enforcement bodies, under Sections 49 and 55 of the <i>Clean Energy Regulator Act 2011</i>, and – the Department of Industry, Science, Energy and Resources, under Section 46 of the <i>Clean Energy Regulator Act 2011</i>. <p>See page 42 for more information.</p>	
<p>Opportunities for improvement identified in 2020–21</p> <ul style="list-style-type: none"> • Continue to expand the use of analytics and data matching to detect non-compliance. 	

Regulator performance framework assessment	Result
<p data-bbox="168 293 1002 321">KPI 5: We are open and transparent in our dealings with regulated entities</p> <p data-bbox="168 344 771 373">Opportunities for improvement identified in 2018–19</p> <ul data-bbox="168 396 1013 455" style="list-style-type: none"> • Continue to publish and disseminate information about our approach to risk and compliance, and compliance and enforcement outcomes. 	●
<p data-bbox="168 491 391 519">Actions in 2019–20</p> <p data-bbox="168 542 1036 674">We continue to promote a strong risk management culture by embedding the risk management framework into our business planning cycle, our compliance priorities and our day-to-day operations. During 2019–20, we improved communication about our regulatory approach and compliance priorities by:</p> <ul data-bbox="168 696 1013 1011" style="list-style-type: none"> • reviewing and publishing our compliance priorities and outcomes each year to increase transparency and accountability of our activities • introducing quarterly compliance updates featuring information on activities related to our compliance priorities and other important information to promote and support scheme compliance • enhancing capability to share real-time data on rooftop solar PVs with New South Wales Fire and Rescue to inform first responders at a site, and • publishing details about enforceable undertakings accepted by us. <p data-bbox="168 1033 1029 1130">Our annual performance statement demonstrates transparency of our performance results. Our KPIs are reviewed annually to ensure they remain fit-for-purpose and are effective in measuring our performance.</p> <p data-bbox="168 1153 717 1182">Further examples are provided under KPI 2 above.</p> <p data-bbox="168 1205 686 1233">See pages 39 and 45–46 for more information.</p>	
<p data-bbox="168 1252 774 1281">Opportunities for improvement identified in 2020–21</p> <ul data-bbox="168 1304 995 1363" style="list-style-type: none"> • Continue to publish and disseminate information about our approach to risk and compliance, and compliance and enforcement outcomes. 	

Regulator performance framework assessment	Result
<p>KPI 6: We actively contribute to the continuous improvement of regulatory frameworks</p>	
<p>Opportunities for improvement identified in 2018–19</p> <ul style="list-style-type: none"> • Continue to engage with participants to develop additional resources to facilitate effective participation in our schemes. 	●
<p>Actions in 2019–20</p> <p>We continued to work closely with our participants and stakeholders to enhance trust, reduce compliance costs and enhance our frameworks and processes. Examples to demonstrate achievement include:</p> <ul style="list-style-type: none"> • piloting an optional delivery contract under the Emissions Reduction Fund, giving the seller the security of a contracted price for ACCUs in order to invest in a new carbon abatement project • publishing the <i>Small-scale Renewable Energy Scheme residual systemic safety risks report</i> which provided opportunities for state and territory governments and industry bodies to address the residual risks related to DC isolators • linking ACCUs with their source project in the Australian National Registry of Emissions Units, assisting the market to appropriately value ACCUs from projects with co-benefits, and • establishing a new Partnerships section in our agency, dedicated to working closely with scheme participants and industry to develop new and innovative ways to reduce emissions and secure abatement. <p>See pages 30 and 34 for more information.</p>	
<p>Opportunities for improvement identified in 2020–21</p> <ul style="list-style-type: none"> • Seek legislative change where necessary to enable administration of agency schemes to adapt to new business models, technology changes. 	

Appendix D: Corrections to the 2018–19 Annual Report

Correction to Appendix C: Workforce profile

Page 166—Salary ranges for EL1, EL2 and Principal Legal Officer EL2 classifications listed in *Table 13: Salary Ranges as at 30 June 2019* have been corrected.

	2017–18		2018–19	
	Minimum \$	Maximum \$	Minimum \$	Maximum \$
APS1	46,302	52,517	47,228	53,567
APS2	55,146	58,844	56,249	60,021
APS3	61,374	66,437	62,601	67,766
APS4	68,968	72,764	70,347	74,219
APS5	75,295	79,092	76,801	80,674
APS6	82,256	93,644	83,901	95,517
Legal Officer (APS 3.2)	63,590	93,644 (APS 6.3)	64,862 (APS 3.2)	95,517 (APS 6.3)
Senior Legal Officer EL1	101,236	115,157	103,261	117,460
Senior Legal Officer EL2	120,852	131,607	123,269	134,239
Principal Legal Officer EL2	N/A	142,364	N/A	145,211
EL1	101,236	128,976	103,261	128,976
EL2	120,852	159,448	123,269	159,448

Correction to Part 1: 2018–19 highlights

Page 3—There were four material errors in ‘2018–19 highlights’ of the 2018–19 Annual Report.

Under *scheme compliance*, it incorrectly stated:

- 380 audits completed across our schemes
- 100 per cent compliance for the first Safeguard Mechanism compliance period, and
- 96.1 per cent of National Greenhouse and Energy Reporting scheme reports submitted on time.

The correct information is:

- 332 audits completed across our schemes
- 100 per cent compliance for the second Safeguard Mechanism compliance period, and
- 96.9 per cent of National Greenhouse and Energy Reporting scheme reports submitted on time.

Under *our agency*, it incorrectly stated:

- 326 employees with 87 per cent representing diversity groups.

The correct information is:

- 326 employees, inclusive of 147 female, 1 gender X, 106 non-English speaking background, 10 Indigenous and 8 people with disability.

Appendix E: Executive remuneration disclosure

The categories of officials covered by the disclosure are:

- key management personnel
- senior executives
- other highly paid employees, whose total remuneration exceeds the threshold remunerations amount of \$225,000 for the reporting period. There were no employees who reached this threshold in 2019-20.

Key management personnel

During the reporting period ended 30 June 2020, 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 in Table 23 below.

Table 23: Key management personnel, 2019–20

Name	Position title	Period in position
David Parker	Chair/Accountable Authority	1 July 2019 – 30 June 2020
Shayleen Thompson	Executive General Manager	1 July 2019 – 30 June 2020
Mark Williamson	Executive General Manager	1 July 2019 – 30 June 2020
Geoffrey Purvis-Smith	General Counsel	1 July 2019 – 30 June 2020
Karen Najjar	Chief Operating Officer	1 July 2019 – 30 June 2020
Virginia Malley	Regulator Member	1 July 2019 – 30 June 2020
Michael D'Ascenzo	Regulator Member	1 July 2019 – 30 June 2020
Anne Brown	Regulator Member	1 July 2019 – 30 June 2020
Peter Davis	Regulator Member	1 July 2019 – 30 June 2020
Mary-Anne Wilson	Acting Executive General Manager	9 March 2020 – 20 March 2020
Sue Knox	Acting Chief Operating Officer	10 March 2020 – 20 March 2020
Rizwan Akhund	Acting General Counsel	8 July 2019 – 2 August 2019
Daniel Bartlett	Acting General Counsel	17 February 2020 – 25 February 2020
Sarah Todd	Acting General Counsel	20 December 2019 – 10 January 2020

In the notes to the financial statements for the period ended 30 June 2020, the we have disclosed key management personnel expenses on an accruals basis (Table 24).

Table 24: Key management personnel remuneration for the reporting period

Note 6.2: Key management personnel remuneration for the reporting period	2020 \$
Short-term benefits	
Base salary	1,810,768
Bonus	-
Other benefits and allowances	16,588
Total short-term benefits	1,827,356
Superannuation	275,912
Total post-employment benefits	275,912
Other long-term benefits	
Long service leave	121,507
Total other long-term benefits	121,507
Termination benefits	-
Total key management personnel remuneration	2,224,775

This information has been further disaggregated as follows.

Table 25: Total remuneration by key management personnel, 2019–20

Name	Position title	Short-term benefits			Post-employment benefits		Other long-term benefits	Termination benefits \$	Total remuneration ¹ \$
		Base salary \$	Bonuses \$	Other benefits and allowances including FBT \$	Superannuation contributions \$	Long service leave ² \$			
David Parker	Chair/Accountable Authority	482,876	-	5,472	71,064	40,823	-	600,235	
Shayleen Thompson	Executive General Manager	312,481	-	2,736	54,290	21,279	-	390,786	
Mark Williamson	Executive General Manager	303,836	-	2,736	39,663	14,133	-	360,368	
Geoffrey Purvis-Smith	General Counsel	231,043	-	2,736	40,839	8,955	-	283,573	
Karen Najjar	Chief Operating Officer	222,359	-	2,736	31,906	35,819	-	292,820	
Virginia Malley	Regulator Member	55,678	-	-	8,574	-	-	64,252	
Michael D'Ascenzo	Regulator Member	55,678	-	-	8,574	-	-	64,252	
Anne Brown	Regulator Member	55,678	-	-	8,574	-	-	64,252	
Peter Davis	Regulator Member	55,678	-	-	5,429	-	-	61,107	
Mary-Anne Wilson	Acting Executive General Manager	7,849	-	90	1,313	571	-	9,823	
Sue Knox	Acting Chief Operating Officer	4,718	-	82	903	241	-	5,944	
Rizwan Akhund	Acting General Counsel	12,324	-	-	2,211	444	-	14,979	
Daniel Bartlett	Acting General Counsel	3,799	-	-	728	93	-	4,620	
Sarah Todd	Acting General Counsel	6,771	-	-	1,844	851	-	7,764	
Total		1,810,768	-	-	275,912	121,507	-	2,224,775	

Notes:

- Some of the figures are impacted by the duration of service as a key management personnel. Table 23 provides details of the length of service for officers that were classified as key management personnel.
- Regulator Members are not entitled to long service leave benefits under the relevant Remuneration Tribunal Determination.

Table 26: Remuneration paid to Senior Executives, 2018–19

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 \$			
\$0 - \$220,000	7	11,973	-	80	1,521	(4,444) ³	-	9,130	
\$220,001 - \$245,000	1	187,717	-	2,183	27,584	24,987	-	242,471	
\$245,001 - \$270,000	1	224,813	-	2,736	35,794	5,889	-	269,232	
\$270,001 - \$295,000	2	217,099	-	2,691	38,504	23,976	-	282,270	
\$295,001 - \$320,000	1	242,249	-	4,324	40,218	10,937	-	297,728	
\$320,001 - \$345,000	2	262,786	-	1,368	38,924	22,988	-	326,066	
Total	14								

Notes:

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

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GLOSSARY, ABBREVIATIONS AND ACRONYMS

ACCU	Australian carbon credit unit
ANREU	Australian National Registry of Emissions Units
APS	Australian Public Service
Carbon abatement contracts	A contract to sell ACCUs to the Australian Government. Carbon abatement contracts are standard commercial, payment-on-delivery contracts.
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.
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.
Displaced	The estimated reduction in demand for electricity from the grid that results from the installation of a solar water heater or air source heat pump.
Enforceable undertaking	Enforceable undertakings are written statements from a person or organisation that they will do or stop doing certain things in order to resolve breaches or improve compliance with the legislation.
Gigawatt	A gigawatt is a measurement of power. Power is the rate at which the energy is generated or used. One gigawatt is equal to 1000 megawatts.
Greenhouse gas emissions	Greenhouse gas emissions refers to 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. The greenhouse effect is created by naturally occurring gases such as water vapour (H ₂ O) that insulate the earth, preventing the sun's heat from escaping and keep the earth at liveable temperatures.

Issuance	The act of issuing units including ACCUs under the <i>Carbon Credits (Carbon Farming Initiative) Act 2011</i> and international units in accordance with United Nations Framework Convention on Climate Change directions.
LGC	Large-scale generation certificate
Megawatt	A megawatt is a measurement of power. Power is the rate at which the energy is generated or used. One megawatt is equal to 1000 kilowatts.
Megawatt hour	A megawatt hour is a measure of electrical energy equivalent to a power consumption of 1000 kilowatts for one hour.
Non-ongoing employee	A non-ongoing employee is engaged for a specified term, or for the duration of a specified task.
Petajoules	A petajoule is a standard unit of energy. For electricity, one petajoule equals 277.78 million kilowatt hours.
PGPA	<i>Public Governance, Performance and Accountability Act 2013</i>
PV system	A photovoltaic system, also known as a solar PV system or PV system, is a power system designed to convert sunlight into usable electrical power by means of photovoltaic cells.
REC Registry	Renewable Energy Certificate Registry
Renewable energy certificate	Renewable energy certificate refers to both large-scale generation certificates and small-scale technology certificates.
Scope 1 emissions	The release of greenhouse gas into the atmosphere as a direct result of an activity or series of activities (including ancillary activities) that constitute the facility. For example, the emissions produced when coal is burned at a power station are scope 1 emissions.
Secondary market	The market for units or certificates issued by the Clean Energy Regulator that occurs between two entities, not including the Clean Energy Regulator.
SES	Senior Executive Service
STC	Small-scale technology certificate
Surrender	This transaction allowed eligible units to be surrendered from an ANREU account.

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