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Investment funds riding green energy gift horse

Brad Thompson

An arm of the West Australian government has joined the Future Fund in cashing in on the nation's renewable energy policies and gas production bans in other states.

The Insurance Commission of Western Australia, which has total investments of more than \$5 billion, has joined superannuation funds and investment banks "piling into" renewable energy assets receiving heavy support from the public purse.

ICWA chief executive Rod Whithear said his previous roles as a senior executive in the Commonwealth Department of Finance, the Office of Assets Sales and with the West Australian Treasury meant he had mixed feelings about making money out of the sector.

Mr Whithear said he used to struggle with renewable energy assets because he knew "how much they cost taxpayers".

"Now I realise that if governments are going to make those [policy] decisions, you just invest in them and take the return," he said.

Mr Whithear said the ICWA, through investment fund managers that include AMP and QIC, was making money through state government moratoriums on gas and Commonwealth policies, which have pushed the price of RET certificates up to \$89 per megawatt hour in recent times.

"We just make money as they shift it north and they shift it south through pipelines and storage facilities," he said.

"If governments are going to do these things, those of us who have



Renewable energy assets receive heavy taxpayer support.

a responsibility to try to make a return will do it.

"Renewable energy assets are pretty well supported by taxpayers and RET certificates and they don't have much in the way of operating costs, so there's super funds, investment banks and us all lining up to make money.

"We are all expecting a 10 per cent per annum return. That is probably not a good story for energy prices, but it is a better story for investors."

Mr Whithear's comments echo those of Future Fund chairman Peter Costello in defending the move to tip \$400 million into AGL Energy's renewable energy fund.

Mr Costello referenced the fact that returns on renewable energy were guaranteed by state and federal legislation.

ICWA's return on investments across the board was 10.4 per cent in 2016-17 after the tweak towards renewables. It has money in solar panels and wind farms.

The investments are understood to include a small exposure to the Powering Australian Renewables Future Fund run by AGL and QIC.