



100% Renewable Campaign

Submission to the Renewable Energy Target Review

Friday, 14th September, 2012

INTRODUCTION

The 100% Renewable campaign welcomes the opportunity to submit to the Climate Change Authority's Renewable Energy Target Review (the Review).

Our campaign works with and represents over 10,000 Australians from every state and territory. These citizens want to see an Australia powered entirely by renewable energy and many of them are part of local groups who actively campaign in their own communities to bring this vision to fruition.

Renewable energy has the potential to support new jobs, transition our energy supply to cleaner safer sources, serve the nation's future competitiveness and meet our greenhouse gas reduction targets. Given the high levels of public support for renewable energy¹ it is important that the Review considers the community desire for a fast transition to a renewable energy future as it makes decisions about the future direction of the Renewable Energy Target (RET).

These Australians strongly support the RET. It has played a pivotal role in driving deployment and bringing down the cost of locally installed renewable energy. We believe it should be strongly increased in ambition and extended over time to ensure it continues to perform this valuable role.

The RET's role should be to harness our second-to-none natural resources of sun, wind, wave and geothermal heat and encourage a broad range of renewable technologies – some already commercially available and cost competitive and others still emerging - to bring about the energy transition Australia needs. Other countries with vastly inferior renewable resources to ours such as Germany and Scotland are already moving strongly in this direction.

Greater levels of electricity generation with free fuel sources bring certainty for consumers by guarding against rising fuel prices. Swiftly transitioning our highly emissions-intensive electricity sector to clean, safe renewables also prepares our economy for greenhouse gas abatement targets as they rise in response to increased urgency in tackling climate change.

A strong endorsement of the RET by this Review and a clear path for its strengthening will be welcomed by thousands of people around the country. Conversely, any decisions to reduce the amount of renewable energy in Australia through a watering down of the RET will be of great concern to the Australians we work with.

¹ 100% Renewable's [14,000 Conversations Report](#) and [Australia's Vision for Big Solar](#), backed up by other polling evidence, including [Essential Research](#)

RESPONSES TO REVIEW QUESTIONS

We have provided answers to those questions in the Issues Paper which we see as most pertinent to the renewable energy work we do.

5.1 The large-scale target

Are the existing 41,000 GWh LRET 2020 target and the interim annual targets appropriate? What are the implications of changing the target in terms of economic efficiency, environmental effectiveness and equity?

- 100% Renewable believes the 41,000 GWh target, and interim targets leading up to it, should be increased owing to developments in other energy policy areas that intersect with the RET. In particular:
 - Projects supported by the Clean Energy Finance Corporation should be made additional to the existing LRET target to ensure that the government's \$10 billion investment in this fund delivers more renewable energy than would otherwise be the case under RET (see response to the question regarding the LRET target for Clean Energy Finance Corporation-funded activities, below).
 - The recent failure of the government's negotiations to close coal-fired power stations under the Contracts for Closure program shows these generators are not under significant cost pressure to close any time soon. The \$5.5 billion compensation package offered to coal generators through the Clean Energy Future package, delivered against the explicit advice of Climate Advisor, Ross Garnaut's advice, should be withdrawn. Revenue derived from the auction of \$4.5 billion of free permits should be redirected to the purchase of Renewable Energy Certificates (REC's).
- In the light of these two additions to overall RET capacity as well as the likely rise in small-scale capacity through SRES identified in the Issues Paper, we would like to see the percentage 'outcome' figure of 20% by 2020 significantly increased, with interim annual targets correspondingly increased. The target should continue to be expressed as a fixed gigawatt hour target.

In the context of other climate and renewable policies, is there a case for the target to continue to rise after 2020?

- At present there is an effective cut-off date of 2020 for RET support between 2020 and 2030 in that all the generation capacity to receive RET support in that decade will have already been built by 2020.
- At present that RET quota is expected to be filled by a limited range of technologies - with wind being the mainstay. This 2020 cut-off date encourages an 'all eggs in one basket' approach, where developers of emerging technologies will be reluctant to invest heavily if they are not confident they will achieve cost competitiveness in time to deploy by 2020.
- A number of crucial emerging technologies such as solar thermal are likely to approach cost competitiveness towards the end of the decade but developers will be effectively

locked out of RET support if they are not able to reach this point by the end of this decade.

- Retaining the 41,000 GWh target between 2020 and 2030 will actively block our capacity to benefit from emerging renewable technologies.
- Increasing interim annual targets that build from a strong 2020 target to an even stronger 2030 target are needed to support the full range of technologies that Australians want to see converting our natural resources into renewable energy.
- This would bring Australia into line with many other countries around the globe which are now setting renewable energy targets well beyond 2020

Should the target be a fixed gigawatt hour target, for the reasons outlined by the Tambling Review, with the percentage being an outcome?

- Yes, the need for industry certainty identified by the Tambling Review continues to hold true.
- We note that 'gentailer' companies such as Origin and TRUenergy who have made investment decisions that would be threatened by a strong increase in renewable generation capacity have reversed previous support for the 41,000 GWh target to now call for its reduction.
- A reduction in the gigawatt hour target would drive up costs for consumers by making us more reliant on increasing prices for gas and coal generation.
- Such calls are opportunistic and should be strongly rejected by the Review.

What are the costs and benefits of increasing, or not increasing, the LRET target for Clean Energy Finance Corporation-funded activities? What are the implications in terms of economic efficiency, environmental effectiveness and equity?

- Australian taxpayers will be investing \$10 billion in the Clean Energy Finance Corporation. For this investment, Australians should be entitled to see a larger amount of renewable energy than what would have been installed under the RET.
- As the Issues Paper notes, this situation was left undone by the CEFC Expert Review Panel.
- We urge the Review to rectify this situation by increasing the RET to cover LGCs created by CEFC-supported projects.

6. Small-scale Renewable Energy Scheme

What do you consider to be the costs and benefits of having a separate scheme for small-scale technologies?

- The benefits of SRES scheme have been immense and have helped Australians begin to engage with renewable energy in a very positive way.
- It has stimulated more than \$20 billion in private investment in household and large-scale renewable energy since it was established.
- Four million Australians now have solar panels and solar hot water systems on the roofs of their homes and businesses, supported by the Renewable Energy Target.
- More than 20,000 Australians now work in the renewable energy sector.

6.3. Small-scale eligibility framework

What are the lessons learned from the use of multipliers in the RET? Is there a role for multipliers in the future?

- We support the idea floated by Hepburn Wind of a new 'Community Power Builder' (LGC multiplier of 1.5 with appropriate controls) to be applied to community-owned renewable energy projects. This simple mechanism would dramatically boost the growth of the community energy sector and provide more Australians with the opportunity to engage with clean energy. A multiplier at this modest level would recognise the value of community-owned generation but avoid the certificate glut produced by the artificially high solar PV multiplier.

8. DIVERSITY OF RENEWABLE ENERGY ACCESS

Should the RET design be changed to promote greater diversity, or do you think that, to the extent that there are barriers to the uptake of other types of renewable energy, these are more cost-effectively addressed through other means?

- As described above (in response to the question regarding whether LRET target should increase after 2020), significantly increasing the 2030 target is the best way to ensure that a diverse range of technologies that Australians want to see, many of them still emerging, are supported under the RET.

9. REVIEW FREQUENCY

What is the appropriate frequency for reviews of the RET?

- Biannual reviews, particularly where all parameters of the scheme are up for question, as this Review appears to be, place developers in a constant sense of uncertainty.
- Some period of review remains in order, however, to ensure that RET targets remain up to date with the latest scientific projections around climate change and the need for decarbonisation of our energy supply.
- In this light, three to four yearly reviews would seem more appropriate.

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