Submission in response to the 2012 Renewable Energy Target review Issues Paper
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Submission to the Review of the Renewable Energy Target

While the costs of generation from renewables is expected to be competitive with fossil fuels within about the next 10 years (and in some cases is already) (as noted by organisations such as the International Energy Agency, the European Academies Sciences Advisory Council and the Energy Efficiency and Renewable Energy division in the US Department of Energy), there is inertia in the electricity generation industry. The low costs of renewables that will emerge over the next 10 years cannot be relied upon to drive sufficient investment. The renewable energy target (RET) should be set to drive investment that capitalises on the growing competitiveness of the costs of solar, wind and other renewables. The current renewable energy target should be increased and extended to at least 30% by 2030.

Even though the annual use of electricity has dropped in the last few years and the RET is likely to be more than 20% of the national use of electricity by 2020, the absolute amount of the current target should be retained or increased through to 2020. This will promote local industries and prepare Australia for the likely increasing global push for low emission technologies. The cost of the RET to homeowners is reasonable. While electricity prices are high, the industry regulators (such as AEMC) show that the RET is only a small component of total electricity prices.

If we are to reduce our national greenhouse emissions to levels that are safe, we will have to implement near zero emission electricity generation by 2050. Different renewable roadmap studies have shown that the costs of moving strongly toward energy systems that are mostly based on renewable energy may be less than or similar to existing policy settings or business as usual (IPCC, 2011, see pp. 849-850; European Commission, 2011; Rocky Mountain Institute, 2011; Mathiesen, Lund, & Karlsson, 2011). The European Commission's (EC, 2011) 'Energy Roadmap 2050' notes (p.5, italics in source), "*Decarbonisation is possible – and can be less costly than current policies in the long-run…* the costs of transforming the energy system do not differ substantially from the Current Policy Initiatives (CPI) scenario."

The slightly higher costs of electricity due to a RET now can actually save us financially in the long run (without including the costs of climate change) due to savings in the costs of fuel and the cost of new fossil fuel generation plants.

In order to effectively promote industry sectors that will be important to our transition to a clean energy economy, the RET should assign a certain amount of the target to solar thermal plants that have storage. In addition to clean energy generation, such plants

provide important balancing services to the grid. These balancing services can complement the variability of wind and solar pv, enabling greater penetration of these more variable renewable sources.

The RET has been a very effective system (with the 20% target) and the positive momentum that this has brought should be built upon.

References

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