Dear Sir/Madam,

I would like to provide comments to the **Renewable Energy Target Review – Issues Paper, August 2012.**

General Comments

My comments relate to the overall Renewable Energy Target (RET) and the Small-scale Energy Scheme (SRES). My main points are:

1. I would like to advocate policy stability for the RET, i.e. there should be no cuts and radical changes to the RET because this triggers boom/bust cycles for particular technologies.

2. Small scale renewable energy technologies such as solar and heat pump water heaters are particularly valuable, as they displace electricity consumption at the user's end and provide energy storage at the same time.

3. The Small-scale Renewable Energy Scheme (SERS) should not be capped and the success in ordinary households participating in the RET, should not be seen as an opportunity to cut the relatively small 4,000 GWh implied SRES target.

I believe the RET has performed well and the Issue Paper suggests similar targets are now in place overseas. My comments and answers to the questions raised in the Issues Paper (including some to the Large-scale Renewable Energy Target - LRET) are as follows:

Large-scale Renewable Energy 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? (Page 25)

> I support the 2020 and interim targets and I am against changing them, as they create uncertainty for LRET projects.

In the context of other climate and renewable policies, is there a case for the target to continue to rise after 2020? (Page 25)

> Yes, rising world population and carbon emission will require increased use of renewable energy and increases driven by other policies may not be sufficient. Australia should increase the target after 2020.

Should the target be a fixed gigawatt hour target, for the reasons outlined by the Tambling Review, with the percentage being an outcome? (Page 25)

> I believe the 2003 Tambling Review is absolutely right in saying: "… any changes to MRET that would reduce market certainty would also reduce the prospect of attracting the required financial backing for projects." I support a fixed target.

Should the target be revised to reflect changes in energy forecasts? If so, how can this best be achieved – as a change in the fixed gigawatt hour target, or the creation of a moving target that automatically adjusts to annual energy forecasts?
How should changes in pre-existing renewable generation be taken into account? What are the implications in terms of economic efficiency, environmental effectiveness and equity? (Page 25)

> No, the target should remain at a fixed level.

Is a list approach to 'eligible renewable sources' appropriate?
Are there additional renewable sources which should be eligible under the REE Act?
Should waste coal mine gas be included in the RET?
Should new capacity of waste coal mine gas be included in the RET?
What would be the costs and benefits of any recommended changes to eligible renewable sources? (Page 31)

> Waste coal mine gas generation is not renewable and should not be included in the RET.

Small-scale Renewable Energy Scheme (SRES)

What do you consider to be the costs and benefits of having a separate scheme for small-scale technologies?
Should there continue to be a separate scheme for small-scale technologies? (Page 33).

> Small-scale technologies can be employed at the user's end, which means they do not suffer from transmission and distribution losses. Moreover, electricity displacement technologies such as solar and heat pump water heaters have the extra advantage that they can store energy and thereby smooth electricity use. Small-scale technologies also enable ordinary households to participate in the RET, which in my opinion creates support for the RET and spreads the benefits of the scheme. I believe there should definitely be a continuation of the small-scale technology scheme.

Is the uncapped nature of the SRES appropriate?
What do see as being the costs and benefits of an uncapped scheme in terms of economic efficiency, environmental effectiveness and equity?
Is the SRES driving investment in small scale technologies?
Is it driving investment in skills? (Page 34).

> I believe an uncapped SRES is appropriate, as the implied 2020 target of 4,000 GWh is relatively small compared to the much larger 41,000 GWh target for the LRET. An uncapped SRES ensures that households can continue participating in the RET and thereby partly finance it through the purchase of renewable energy appliances. A cap for the SRES could lead to a collapse of many small businesses and see some users return to inefficient devices such as electric storage water heaters. SERS is driving demand for skilled installers and some investment into R&D.

What is the appropriate process for considering and admitting new technology to the SRES?
Should any additional small scale technologies be eligible to generate STCs?
Is it appropriate to include displacement technologies in the SRES?

Should additional eligible technologies be limited to generation technologies? (Page 36)

> Any small scale technology that uses renewable energy to reliably generate electricity or uses a renewable energy source to displace conventional energy sources should be eligible to generate STCs.

Is deeming an appropriate way of providing certificates to SRES participants?
Are the deeming calculations for different small-scale technology system reasonable? (Page 37)

> Deeming for SRES participants overcomes upfront capital cost problems and reduces the need for monitoring and reporting outcomes. The AS/NZS 4234 solar and heat pump water heater deeming calculations are reasonable as they are based on laboratory tests and annual performance simulations and the STC allocation depends on the performance of the heater.

What are the lessons learned from the use of multipliers in the RET? Is there a role for multipliers in the future? (Page 38)

> Multipliers and feed in tariffs have enabled the wider use of PV systems and showed that significant cost reductions could be achieved, if a renewable energy technology is allowed to grow. However, multipliers should not inflate the actual renewable contribution towards the RET and should only be used short term.

Are the SRES administration arrangements appropriate and working efficiently? (Page 41)

> Yes, from what I know the SRES administration arrangements are very good.

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 the most cost-effectively addressed through other means?
What would be the costs and benefits of of driving more diversity through changes to the RET design? (Page 45)

> As already said, I believe the RET should remain fixed and any changes to the RET scheme should only be minor, as the scheme appears to be working well. However, some new renewable energy technologies displacing conventional energy sources, such as solar assisted air-conditioning, should be considered for inclusion.

Review Frequency

What is the appropriate frequency for reviews of the RET?
What should the review focus on? (Page 46)

> The RET design appears mature and it may not be required to have such frequent reviews.

Sincerely, Harry Suehrcke

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