AUSTRALIAN CONSERVATION FOUNDATION

Anthea Harris
Chief Executive Officer
Climate Change Authority
Level 10, 90 Collins St
Melbourne 3000

13 November 2012

Dear Anthea

Re: ACF response to the RET Review discussion paper

I write to congratulate you on the recent RET Review discussion paper, and the Authority's recognition of the critical role that renewable energy has to play, both in Australia's energy future and in the domestic reduction of greenhouse emissions. In particular, we warmly welcome the Authority's recognition that now is not the time to be taking backwards steps on renewable energy investment and decreasing or weakening our target.

While the commencement of the carbon price has changed Australia's policy landscape significantly since the commencement of the RET, the fact remains that while the carbon price is low the RET will be the biggest driver of domestic action to address climate change. This is especially true following the scrapping of the floor price in the carbon pricing scheme. It is therefore vital that the RET provides investment confidence for the renewable energy industry in the decades to come, and works efficiently with Australia's other renewable energy support policies to unlock a boom in clean energy.

Our interest and involvement with the RET Review is principally guided by this conviction. I would therefore like to submit the following responses to specific recommendations for your consideration in the finalisation of the report.

1. <u>The Large-scale Renewable Energy Target</u>

ACF is very pleased by the Authority's recognition of the potential for post-2020 targets in light of the potential of the Clean Energy Finance Corporation. Recent modelling undertaken by WWF and the Australian Solar Council demonstrates that the CEFC has the potential to unlock up to 11,000MW of large-scale solar energy by 2030, creating approximately $54 billion in investments and a total of 28,000 jobs, while having no impact on retail energy prices.

However if the CEFC is not additional to the 20% target, by 2030 Australia will have missed out on 7,800GWh of renewable energy generation (the equivalent of 1300 wind turbines), $8 billion in private investment and 2000 jobs. Perversely, the major impact of the CEFC if its projects are <u>not</u> additional to the 20% target, is that wind energy will be displaced from the RET.

It is therefore important that CEFC projects are additional to the 20% target from the outset to encourage greatest additional generation (and the benefits it brings) from renewable energy, and minimise distortion of the market for existing projects.

The Treasury modelling undertaken for the carbon price indicated that Australia could meet approximately 46% of total generation from renewables in 2030 from the carbon price and the RET alone. With the addition of the 11,000MW predicted to be delivered by the CEFC (equating to approximately 15% of total demand by 2030), ACF supports the adoption of a 60% by 2030 renewable energy target.

2. <u>Frequency of Reviews</u>

ACF supports the principle of reducing uncertainty for renewable energy developers. However we are concerned that delaying the next review until 2016 will mean that consideration of post-2020 targets occurs too late to avoid a downturn in the industry. Delaying discussion of post-2020 targets until 2016 will threaten renewable energy investment, as the industry will have no confidence about the industry in 2021 and beyond after a major ramp up to meet the RET targets in preceding years. Without the certainty of post-2020 targets prior to 2017 (when the actual legislative changes from 2016 Review recommendations will be made), the industry will stall.

This is further evidence that CEFC projects must be additional to the 20% target from the outset, by recommending a 60% by 2030 target in the current Review. If this change is made, no review will be necessary in four years. If CEFC projects are not made additional to the RET from the outset, ACF supports retaining the next Review in 2014, explicitly including consideration of post-2020 targets.

3. <u>Small-scale Renewable Energy Scheme</u>

While ACF supports the recommendations to leave the SRES uncapped, and not to change the clearing price, we are concerned by the Authority's proposal to drop the system-size eligibility for PV systems. Decreasing the eligibility to 10kW, forcing all larger demand-side solar projects into the LRET, will recreate the problem that the SRES was introduced to remedy – market distortions by requiring large-scale technologies to compete with demand-side units that have the benefit of deeming provisions to give them a leg up. For this reason, we believe it is short-sighted to lower the system size to less than 100kW and do not support this recommendation.

4. <u>Liability and Exemption Framework</u>

We are very pleased that the Climate Change Authority has recognised the importance of assessing whether exemptions are still warranted to big businesses through EITEs assistance as we transition to a clean energy economy. We therefore strongly support the recommendation to include reviews of the levels of exemption under the RET in the Productivity Commission review of the Jobs and Competitiveness program.

5. <u>Eligibility</u>

ACF does not support the continued inclusion of waste coal mine gas projects in the RET. These projects were included as an interim measure, with the closure of the NSW Greenhouse Gas Abatement Scheme in anticipation of the CPRS. Now that Australia has a price on carbon, it is appropriate that these emissions-avoidance technologies now be migrated back to compete in the appropriate market.

Please do not hesitate to contact me on 03 9345 1133 or c.maries@acfonline.org.au if you require any further information.

Kind Regards,

Claire Maries
Climate Change Campaigner