Renewable Energy Target Review

Comments from Climate Action Network Australia on the discussion paper Oct 2012

CANA is a network of around 70 organisations[1] from across Australia working to minimise dangerous climate change. In this process a number of CANA's members have supplied individual submissions and this paper does not supersede these. The following members have made separate submissions: 100% Renewables; ACF; TCI; AYCC; CAHA; Conservation Council of South Australia; Climate Action Hobart; Get Up; WWF.

Maintain the LRET at 41,000 GWh

CANA fully supports the Authority's view that the form of the target should be expressed as a fixed gigawatt hour level within the legislation. This simplifies decisions on how to meet the target by relevant bodies and increases investment confidence.

CANA agrees with Professor Garnaut's view that with uncertainty about the future of carbon pricing, the Renewable Energy Target has to play a more central role in the reduction of emissions in the Australian electricity sector than would otherwise be necessary.

CANA considers that the RET target needs to be expanded for the following reasons:

1) Expanding the RET target is a simple way of redressing the impact of instances where the Government has backtracked on other measures to reduce the pollution levels and carbon intensity of Australia's energy supply through the Clean Energy Futures package, such as Contracts for Closure.
2) Retaining the 41,000 GWh target between 2020 and 2030 will block our capacity to benefit from emerging renewable technologies. Generation levels could peak rather than continue to expand which would undermine the objective of the RET. The renewable energy market must expand substantially in order to meet the targets for 2020, but this it will be followed by an investment cliff if the target remains unchanged.
3) RET is not expected to be made redundant by carbon pricing until well after 2020.
4) To ensure that investment from the CEFC does not distort the RET market. The renewables from CEFC projects must be made additional to the 20% target – either by an increase in GWh terms or by having a replacement REC scheme. Whilst we recognise the Authorities view that "it is difficult to predict the impact of CEFC investment on the RET before the CEFC's investment mandate has been set" CANA's view is that it is important to send a clear signal now that the RET will ensure additionality and so incentivise investment.
5) CANA is of the view that leaving post-2020 expansion of the LRET to a review in 2016 which would not be legislated until 2017 would not create an appropriate signal for investment.

For these reasons most CANA members are advocating for a RET above 60% by 2030 although see individual submissions for variations from this.

[1] For a complete list see: http://cana.net.au/hot-topics/cana-member-organisations

We note that research commissioned by WWF and the Australian Solar Council[2] suggests that making CEFC projects additional is unlikely to have additional cost to consumers as it may add a small amount to retail tariffs but this is likely to be offset by lower wholesale prices.

CANA would like to note that around 85 countries have some form of renewable energy target.[3] In this context, it is interesting to contrast the response in Australia to the likely outcome of exceeding the original percentage target (where some large electricity generators have called for the fixed target to be reduced) to the situation in Scotland where over-achievement of the target has been seen an indicator of the effectiveness of the policy and resulted in targets being extended and expanded.

Lack of forward targets will make it far harder and more costly to reach the long term carbon emissions reductions target of 80% by 2050[4] which Australia committed to as part of international agreements. Alternative sources are dirty – causing health and pollution problems and the cost is unpredictable – even for countries with fossil fuel resources with extractions costs increasing substantially.

Small-scale Renewable Energy Scheme (SRES)

CANA agrees with the Authority that the Small-scale Renewable Energy Scheme should remain separate to the Large-scale Renewable Energy Target. We consider that reducing the threshold for a small-scale solar PV system risks repeating the problem of cheap demand side technology (i.e. installed by domestic or commercial users) crowding out investment in large scale supply side. CANA has some concerns over the possibility of further changes to multipliers – especially given the recent speed and scale of changes to incentives for small scale systems, but would welcome clear criteria and procedures for proposed changes. We note that these should consider how to phase in changes to reduce shocks to industry so not to repeat some instances of changes to feed-in tariffs and grants.

Review of exemptions under the Renewable Energy Target

CANA supports the likely recommendation that the level of the emissions-intensive, trade-exposed exemption under the Renewable Energy Target should be considered by the Productivity Commission as part of its broader review of the carbon pricing mechanism Jobs and Competitiveness Program in 2014-15.

Treatment of waste coal mine gas

CANA does not support the inclusion of waste coal mine gas in the RET – whilst welcoming the likely recommendation that no new waste coal mine gas be eligible. Using waste coal mine gas is avoided emissions and so now fully covered under carbon price scheme – these projects should not gain benefit from the RET.

Wood waste from native forests

CANA supports the likely recommendation that wood waste from native forests should not be reintroduced to the RET.

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[2] awsassets.wwf.org.au/downloads/fs063_modelling_of_the_clean_energy_finance_corporation_13nov12.pdf
[3] www.cleanenergyfuture.gov.au/why-we-need-to-act/what-others-are-doing/ accessed 11/11/2012
[4] Reduction of 80% by 2050 on 2000 levels anchored under the Cancun agreements.

Submitted on behalf of CANA by:

Anna Malos

Director

Climate Action Network Australia

Mob: 0407 227633

anna@cana.net.au

Level 1, 60 Leicester St,

North Carlton

VIC 3053