Renewable Energy Target Review – Discussion Paper Response – CSR Limited

CSR Limited is an ASX 200 company with interests in Aluminium smelting via a shareholding in the Tomago Aluminium smelter and a manufacturer of building products. The company produces and fabricates glass (Viridian™ is an Energy Intensive Trade Exposed operation), plasterboard, insulation and bricks and roofing products. The Company has established a Clean Energy Solutions business delivering audit and assessment services and energy efficiency retrofit projects to manufacturing, commercial and residential housing sectors. A component of the offering is the installation of solar PV systems.

Draft Recommendation	**Comment**
1. Review frequency every 4 years	Improves the bankability of the RET scheme – supported.
2. Fixed Gwh Target	Improves the bankability of the RET scheme – supported.
3. Targets maintained in current form	Improves the bankability of the RET scheme – supported.
4. RET review in 2016 is an appropriate time to consider future target adjustment	Improves the bankability of the RET scheme – supported.
5. LRET and SRES to remain separate	Supported. Each scheme is well developed and understood – further change will continue to undermine confidence in the stability of Government policy.
6. Lower threshold for solar pv – 10kw	Not supported. Systems within CSR's business interests are in the 30-40kw capacity. Lowering the threshold will push these systems into the LRET. This is likely to increase the regulatory burden on owners or installers and is shifting a well-established and proven business model. The evidence to support a change appears weak. There is little evidence to support such a change. While the scale relative to domestic installation might seem like a large multiple, in terms of power station capacity it is miniscule. Considerable effort has been undertaken to make the SRES work effectively with appropriate regulation. Such a move is likely to stifle development of solar pv for commercial application. If the multiplier is used effectively the Minister can exercise appropriate judgement in relation to how the market eventually rolls out.
7. SRES Capped at $40	Over time and with inflation the real cost of the cap is reducing. While panel costs have fallen this is not so with inverters to the same extent and labour cost are likely to escalate.

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8. Discounted multiplier	Now that the states have pulled back on their feed-in tariffs and other government incentives and multipliers have been wound back the market should reach some kind of policy induced equilibrium. Should the market run “out of control” in future then a discounted multiplier is probably the most effective way to make adjustments. Supported with simple criteria as to what considerations will be when making a decision. (But not those proposed ion recommendation 9).
9. Lower discount factors	These are interesting concepts, but unlikely to be pragmatic solutions. They might work in a perfect world where all data was known or all costs were uniform. In reality these methods are unlikely to provide any transparency or inform the market any better than making a judgement on multipliers. Retain the first and last criteria for ministerial decision making. However the Minister should make clear and publicise the reasons for any change in multiplier. Otherwise not supported
10. Amend Clearing House Rules	CSR realises all its certificates through the market and is satisfied with that approach. However the recommendation is supported as a small potential improvement to the scheme and as a better alternative to the other suggestions in the paper.
Deeming changes for <100kw PV	Current deeming arrangements are clear and up front. Reducing deeming on the basis of multiple other criteria under LRET is not supported. This is too complex for such small investments. CSR supports retention of deeming at 15 years.
11. No change to point of liability	Supported
12. Opt-in for large consumers	Strongly supported. Would complement capability for Clean Energy Futures and allow more determination of own costs. It would also strengthen the market by introducing more participants.
13. No changes to individual liability	Supported
14. RPP and small scale percentage set prior to compliance year	No comment
15. Surrender time frames unchanged	Supported
16. Shortfall charges and review	Supported
17. EITE Exemption	CSR is disappointed that this has not been addressed in this review, where electricity intensive industries suffer

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	a considerable burden from RET when international commodity prices are extremely low and competing economies do not have such Government imposts. The matter should be addressed now, not in two years. The effective rate of transitional assistance for CSR's EITE facilities is 79%, not 94.5%. It would be appropriate if the PEC assistance met the Government's 94.5% objective and limits on price and the first 9.5Twh hurdle were removed.
18. Partial Exemption	This is supported as it will make it easier to negotiate new power contracts and to obtain more transparent pricing for certificates. It sits alongside recommendation 12 – opt-in.
19. Align with JCP	All efforts to remove red tape and streamline processes are supported.
20. Self-generation	Self-generation exemptions underpin the scheme and are the basis for projects which may have already been approved, but not yet commenced construction or are in the planning phase. Removal of these provisions would seriously reduce the prospects for self-generation projects which provide not only for reduce emission but for a more efficient grid
21. No change to Accreditation for LRET	Support. This is also a reason to include >10kw PV in SRES as accreditation is covered under that scheme via the CEC program.
22. Waste coal gas arrangements - existing	No comment
23. Waste coal gas - new	No comment
24. Wood from native forests	
25. New small scale technologies inclusion in SRES	Support
26. No new SRES technologies to be included	No comment
27. Displacement Technologies	No comment
28. No change to REE Act to allow additional	No comment

Draft Recommendation	Comment
displacement technologies	
29. No change for diversity	Support
30. Small scale open to bodies other than CEC	**Not supported**. Experience with building codes enforcement and the proliferation of private assessors suggests that broadening the accreditation is likely to weaken and not strengthen accreditation based on CSR experience. Building industry enforcement of codes is now beyond the ability of Government and a “super” enforcement model is unlikely to be successful with solar. The CEC should be required to strengthen its enforcement program nationally before alternative models are considered. Government has only one point of contact today and that is the great strength of the present model.
31. Wind and hydro should require accreditation	Support
32. Existing deeming arrangements are appropriate.	Support
33. Shortening of deeming period for PV in the LRET system	This is not supported and the arguments are not convincing that there should be a change. The mere fact that technology moves from one scheme to another does not warrant a change in treatment. It is CSR’s contention that PV systems below 100kw should remain in SRES>
34. Remove returns for SHW	No comment
35. Out of pocket expense data for a small generation unit should be removed	In principle CSR supports reduced administrative burdens, subject to sufficient transparency being maintained.

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