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November 9, 2012

Renewable Energy Target Review
Climate Change Authority
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RE: Feedback on Climate Change Authority Renewable Energy Target (RET) Review Discussion Paper

General Electric (GE) welcomes the Climate Change Authority's Renewable Energy Target (RET) Review Discussion Paper and the opportunity to participate in the industry round table in Sydney on November 5.

GE believes the CCA has considered, and in many cases adopted, the recommendations we made in response to the Review Issues Paper. The link to the GE submission on the Issues Paper is http://climatechangeauthority.gov.au/sites/climatechangeauthority.gov.au/files/SUB-RET-2012-65.pdf.

GE believes the Authority's draft recommendations are consistent with objects of the *Renewable Energy (Electricity) Act 2000*.

The Authority's final recommendations must aim to preserve investor confidence in the current bipartisan, legislated targets.

In order to prevent any future erosion of confidence in the value of Large-scale Generation Certificates (LGCs), GE would not support draft recommendation 6. GE expects small-scale commercial PV to boom in Australia in the near term, in line with international experience. We are concerned that this measure could not be implemented without a risk of significant unintended consequences which may require further remedial action as previously experienced with the Solar Credits multiplier.

Introducing a technology into the LRET with a deeming provision (even if only 5 years) "unlevels" the playing field, and could cause unintended consequences. With the separate Large-scale Renewable Energy Target (LRET) and Small-scale Renewable Energy Scheme (SRES), GE believes the current threshold for a small-scale solar PV system of 100 kW capacity is appropriate and to change would undermine the policy goal of RET segregation to "provide greater certainty for large-scale renewable energy projects and installers of small-scale renewable energy systems".

GE can see advantages for the diversity of the LGC market from consumers being able to "opt-in" in accordance with recommendation 12. However, we would note that large-scale renewable energy projects need long-term income certainty to obtain funding. Any amendment to the scheme that undermines the ability of liable parties to enter into long-term off-take agreements should be carefully considered before adoption. Adequate notice requirements for "opting out" or "opting back in" will be critical.

In terms of draft recommendation 15, GE believes the proposal for a quarterly surrender for the LRET does warrant further consideration by the Authority. The Authority stated there was a "potential for additional compliance costs for quarterly surrender" of LGCs, but it should also consider how a quarterly surrender could reduce the risk of LGC spot prices being influenced by small LGC trades outside of the annual surrender.

For further information or clarification, please contact GE Energy Infrastructure Policy Director (Australia and New Zealand) Kirby Anderson on 07 3001 4339 or kirby.anderson@ge.com.

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November 15, 2012

Mr John Krbaleski
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Dear John

RE: Additional comments on Climate Change Authority RET Review

Further my response dated November 9 2013 and discussions between you, Climate Change Authority CEO Anthea Harris and The Climate Institute's Climate Partners on November 14, I would like to add some additional comments on issues raised including the wind farm project development pipeline and the availability of construction resources, planning regimes and market conditions.

In terms of wind farm projects that could be developed to contribute to the current Large-scale Renewable Energy Target, the Australian Energy Market Operator (AEMO) 2012 Electricity Statement of Opportunities reported in August this year that:

> *"Current investment interest is focused on renewable and peaking generation, with publicly announced proposals involving over 13,000 MW of wind generation and over 11,000 MW of open-cycle gas turbine (OCGT) generation. Wind generation makes up the majority of new committed projects, with investments being primarily driven by the Large-scale Renewable Energy Target (LRET) and GreenPower schemes.... AEMO expects increased interest in wind generation investment around 2016, with a potential shortfall in capacity to meet the LRET emerging in the second half of the decade. "*

GE believes the AEMO report identifies a significant range of possible projects well in excess of the 8GW to 10GW of wind anticipated to deliver the 2020 LRET of 41,000GWh.

As previously discussed, GE also urges the Authority to consider the significant improvements and innovations in blades, pitch, main bearing and shaft, gear box, brake system, control, coupling and electrical systems that have enhanced performance, improved flexibility, increased reliability and availability. Significantly, this has broadened the scope of resource to be harnessed to generate wind energy to previously regarded sub-optimal or marginal resource for a wind farm, such as seven metres per second.

In terms of wind farm planning regimes, the same AEMO report also identified that *"publicly announced proposals for wind generation have decreased by around 2,200 MW since the 2011 ESOO, with 14 of the 18 previously publicly announced wind farm proposals that are now unlikely to proceed located in Victoria*". This follows the introduction of a new planning regime for wind farm projects by the Victorian Government with constraints on the development of new projects.

While the Victorian Government wind farm planning regime is a constraint of the development of wind farm projects in that State, the stability in the LRET, improvements in technologies, availability of resource, skills and other supplies are sustaining sufficient viable projects to contribute to the delivery of the LRET.

This view has been reinforced by other industry participants and partners, as well as the New South Wales Government's Draft Renewable Energy Action Plan, which reported in September that:

> *"NSW has around 2,000 MW of new wind generation proposals with development consent and an additional 6,700 MW under assessment through the planning system. Between now and 2013 wind projects with development consent or in the planning assessment phase have the potential to add between 875 – 1,085 MW of additional capacity, generating $1.9 – 2.3 billion in capital investment with associated employment and regional development benefits"*.

GE's view is that if the final report of the CCA recommends the re-affirmation of the 2020 GWh target, this will drive a significant new round of wind farm development. GE is aware of large tracts of land with good resource, within range of existing grid, and in areas with lesser planning constraints, which are yet to even enter the planning process.

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