

The Senate

Environment, Communications,
Information Technology and the
Arts Legislation Committee

Provisions of the Renewable Energy (Electricity)
Amendment Bill 2006

May 2006

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ISBN 0 642 71650 1

This document was printed by the Senate Printing Unit, Parliament House, Canberra

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Abbreviations

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|-------|--|
| COAG | Council of Australian Governments |
| ECITA | Environment, Communications, Information Technology and the Arts |
| EWP | Energy White Paper (<i>Securing Australia's Energy Future</i>) |
| GWh | Gigawatt hour |
| MRET | Mandatory Renewable Energy Target |
| MW | Megawatt |
| MWh | Megawatt hour |
| ORER | Office of the Renewable Energy Regulator |
| REC | Renewable Energy Certificate |
| REDI | Renewable Energy Development Initiative |
| REGA | Renewable Energy Generators Australia Ltd |
| REEA | <i>Renewable Energy (Electricity) Act 2000</i> |

Chapter 1

Background

Referral and conduct of the inquiry

1.1 On 30 March 2006, the Senate referred the provisions of the *Renewable Energy (Electricity) Amendment Bill 2006* to the Environment, Communications, Information Technology and the Arts (ECITA) Legislation Committee for inquiry and report by 9 May 2006.

1.2 In accordance with its usual practice, the committee advertised the inquiry in *The Australian*, calling for submissions by Wednesday 19 April. The committee also directly contacted a number of relevant organisations and individuals to invite submissions.

1.3 Submissions were received from eight organisations and individuals, as listed in Appendix 1.

Acknowledgments

1.4 The committee thanks all those who contributed to its inquiry by preparing submissions. The committee is grateful to the Parliamentary Library for its work in the Bills Digest, which assisted greatly in the committee's work.

Notes on references in this report

1.5 References in this report are to individual submissions as received by the committee rather than a bound volume of submissions.

Background to the bill

The Mandatory Renewable Energy Target (MRET)

1.6 In Australia fossil fuels are the basis for the majority of the country's electricity supply. The following 2004 figures provide a breakdown of electricity generation (excluding non-grid private generation) by fuel type:

- Black coal – 59.8 per cent
- Brown coal – 25.7 per cent
- Hydro – 7.2 per cent
- Gas – 7.0 per cent

- Oil and other – 0.3 per cent.¹

1.7 Emissions from fossil fuels used in electricity generation make up approximately one third of Australia's total greenhouse emissions. In response to this, the Mandatory Renewable Energy Target (MRET) was introduced as a greenhouse gas abatement measure. The MRET has been designed to accelerate the uptake of renewable energy in grid-based power applications, in turn reducing fossil fuel emissions. The MRET originally established a target of 2% of renewable energy, which was later fixed at 9500 GWh, to be sourced by electricity retailers and other large electricity buyers by 2010.²

1.8 The MRET is part of a suite of national greenhouse response measures, *Safeguarding the Future: Australia's Response to Climate Change*, announced by the Prime Minister, the Hon. John Howard MP, in November 1997.

The Renewable Energy (Electricity) Act 2000 (REEA)

1.9 The *Renewable Energy (Electricity) Act 2000* (the REEA) provides the legislative framework for the MRET. The REEA is supported by the *Renewable Energy (Electricity) (Charge) Act 2000*³ and the *Renewable Energy (Electricity) Regulations 2001*. The Acts and regulations are administered by the Office of the Renewable Energy Regulator (ORER).

1.10 Australian electricity retailers and other large buyers of electricity (known as liable parties or entities) are required by the REEA to collectively source an additional 9500 GWh of electricity from renewable sources per annum by 2010. The amount contributed to the target by each liable entity is determined on a proportional basis. The target of 9500 GWh is being phased in up to 2010 with 9500 GWh per annum sustained from 2010 to 2020.⁴ Interim annual targets have been set to ensure there is consistent, incremental progress towards achieving the 2010 9500 GWh target.

1 Department of the Parliamentary Library, Bills Digest No. 109 2005-06, *Renewable Energy (Electricity) Amendment Bill 2006*, 27 March 2006, p. 2.

2 MRET Review Panel, *Renewable Opportunities: A Review of the Renewable Energy (Electricity) Act 2000*, the Australian Greenhouse Office, 2003, p. 2.

3 The *Renewable Energy (Electricity) Bill 2000* and the *Renewable Energy (Electricity) (Charge) Bill 2000* were referred to the Environment, Communications, Information Technology and the Arts References Committee for inquiry on 29 June 2000. The Committee tabled its report in August 2000.

4 MRET Review Panel, *Renewable Opportunities: A Review of the Renewable Energy (Electricity) Act 2000*, the Australian Greenhouse Office, 2003, p. 2.

1.11 Eligible renewable energy sources include: 'solar, wind, ocean, wave and tidal, hydro, geothermal, biomass, specified wastes, solar water heating, renewable stand alone power systems and renewable fuels when co-fired with fossil fuels'.⁵

Renewable Energy Certificate

1.12 Renewable Energy Certificates (RECs) are created by accredited power stations that generate energy from renewable sources. Each certificate corresponds to one megawatt hour (MWh) of renewable energy generated on top of a baseline amount. RECs are tradeable; they can be bought and sold.

1.13 Under the REEA, liable parties must annually surrender RECs to cover their required renewable energy purchases or pay a shortfall charge of \$40 per MWh.⁶

Office of the Renewable Energy Regulator

1.14 The Office of the Renewable Energy Regulator (ORER) was established on 12 February 2001 to oversee the implementation of the MRET. ORER is a statutory authority under the environment and heritage portfolio.

1.15 The principal responsibilities of the ORER are to:

- accredit renewable energy power stations to allow them to participate in the scheme;
- oversee the creation and registration of valid renewable energy certificates;
- assess Annual Energy Acquisition Statements, Renewable Energy Shortfall Statements and Annual Electricity Generation Returns;
- impose any penalties for non-compliance within the provisions of the legislation;
- allow liable parties to redeem any renewable energy shortfall charges if shortfalls are made up within three years; and
- ensure the integrity of the measure by undertaking audits of participants including renewable energy power stations, agents and liable parties.⁷

5 Department of the Parliamentary Library, Bills Digest No. 109 2005-06, *Renewable Energy (Electricity) Amendment Bill 2006*, 27 March 2006, p. 4.

6 Department of the Parliamentary Library, Bills Digest No. 109 2005-06, *Renewable Energy (Electricity) Amendment Bill 2006*, 27 March 2006, p. 3.

7 ORER website, www.orer.gov.au/about/index.html (accessed 12 April 2006).

The Energy Market Review⁸

1.16 In June 2001, COAG endorsed the need for a national energy policy and agreed to commission an independent review of the strategic directions for energy market reform in Australia (the Energy Market Review). The Hon. Warwick R Parer, the chair of the review panel, presented the report *Towards a Truly National and Efficient Energy Market* to the Minister for Industry, Tourism and Resources on 20 December 2002.

1.17 The key finding of the report was that serious energy market deficiencies remain. It argued that these deficiencies must be promptly addressed if Australia is to achieve a 'genuinely national and efficient' energy market, particularly in relation to the following areas of the industry:⁹

- governance and regulation;
- transmission and financial market development (electricity); and
- 'upstream competition and barriers to the construction of new pipelines' (gas).

1.18 The detailed findings of the report did not support the expansion of, or an increase to, the MRET target. It commented that the MRET scheme focuses too heavily on developing the renewable energy industry, rather than on reducing both greenhouse emissions and energy consumption, and that in its current form, it diverts investment away from 'more efficient carbon reducing options'.¹⁰

The Renewable Energy (Electricity) Amendment Bill 2002

1.19 In 2002, the government introduced into Parliament the *Renewable Energy (Electricity) Amendment Bill 2002*. This bill was designed to implement changes to the list of eligible renewable energy sources and establish significant new penalties. In September 2002 the ECITA Legislation committee commenced an inquiry into the provisions of the *Renewable Energy (Electricity) Amendment Bill 2002*, and reported on them in December of that year.

1.20 At the same time as the ECITA committee was concluding its deliberations, a review of the *Renewable Energy (Electricity) Act* was getting underway. This review was required by the original legislation. The ECITA Legislation committee recommended that a number of matters be referred for more detailed consideration by the legislation review, whilst also suggesting:

8 Commonwealth of Australia, *Towards a Truly National and Efficient Energy Market*, Council of Australian Governments' Independent Review of Energy Market Directions, 2002

9 Commonwealth of Australia, *Towards a Truly National and Efficient Energy Market*, Council of Australian Governments' Independent Review of Energy Market Directions, 2002, p. 9.

10 Commonwealth of Australia, *Towards a Truly National and Efficient Energy Market*, Council of Australian Governments' Independent Review of Energy Market Directions, 2002, p. 230.

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- changes to the definition of renewable energy sources in section 17 of the REEA;¹¹
 - inclusion of anti-gaming provisions; and¹²
 - consideration to be given at an appropriate time to the possibility of raising the MRET.¹³

1.21 The bill lapsed in 2004.¹⁴

The Renewable Energy Act review¹⁵

1.22 Section 162 of the REEA requires the Minister for the Environment and Heritage to commission an independent review of the operation of the Act. It also outlines a range of issues that must be considered as part of the review:

- 'extent to which the Act has contributed to reducing greenhouse gas emissions;
- extent to which the Act has encouraged additional generation of electricity generated from renewable energy sources; and
- mix of technologies that had resulted from the implementation of the Act; and level of the overall target and interim target'.¹⁶

1.23 On 29 November 2002, the then Minister for the Environment and Heritage, Dr David Kemp, announced the commencement of preparations for the independent review. The MRET review panel, chaired by the Hon Grant E J Tambling, was announced in March 2003 and the report, *Renewable Opportunities, A Review of the Operation of the Renewable Energy (Electricity) Act 2000* (the Tambling Report), was presented in September 2003. The review had the Bill and the submissions to the ECITA committee before it, as well as seeking submissions of its own.

1.24 The review concluded that, at August 2003, MRET had contributed substantially to additional renewable energy generation, with a total of 190 power

11 Senate ECITA Legislation Committee, *Provisions of the Renewable Energy (Electricity) Amendment Bill 2002*, December 2002, p. 16.

12 Senate ECITA Legislation Committee, *Provisions of the Renewable Energy (Electricity) Amendment Bill 2002*, December 2002, pp 17–18.

13 Senate ECITA Legislation Committee, *Provisions of the Renewable Energy (Electricity) Amendment Bill 2002*, December 2002, p. 28.

14 Department of the Parliamentary Library, Bills Digest No. 109 2005-06, *Renewable Energy (Electricity) Amendment Bill 2006*, 27 March 2006, p. 20.

15 MRET Review Panel, *Renewable Opportunities: A Review of the Renewable Energy (Electricity) Act 2000*, The Australian Greenhouse Office, 2003

16 Mandatory Renewable Energy Target Review website, www.mretreview.gov.au/about.html (accessed 11 April 2006).

stations accredited.¹⁷ However, the review made a number of recommendations to improve the efficiency and transparency of the MRET scheme. It was further recommended that the MRET scheme be extended from 2010 to 2020 with an increased target of 20 000 GWh to be achieved by 2020. The review recommendations and the Government's response to these recommendations are listed in Appendix 2.

1.25 The review supported several amendments to the REEA, including many that were in the *Renewable Energy (Electricity) Amendment Bill 2002*.

The Government's energy white paper

1.26 The Government released its Energy White Paper (EWP), *Securing Australia's Energy Future*, on 15 June 2004. The EWP outlined the Government's strategy for Australia's future energy development.

1.27 The EWP was developed by a whole-of-government Energy Task Force that included members from the Department of Prime Minister and Cabinet, the Department of the Treasury, the Department of the Environment and Heritage, the Department of Transport and Regional Services, and the Department of Industry, Tourism and Resources.¹⁸

1.28 The EWP explained that the Government's objectives are to ensure that:

- Australians have reliable access to competitively priced energy;
- the value of energy resources is optimised; and
- environmental issues are well-managed.¹⁹

1.29 The EWP maintained that 'renewable energy will play an important part in Australia's long-term greenhouse response'.²⁰ However, the EWP argued that to achieve this, it would be more effective to invest in promoting the development of a broader range of low-emission technologies than to increase the MRET.²¹ Accordingly, the Government's approach to renewable energy would involve:

- the continuation of the MRET to 2020, without any target increase; and
- a commitment of \$134 million to address barriers impeding the uptake of renewable energy.²²

17 MRET Review Panel, *Renewable Opportunities: A Review of the Renewable Energy (Electricity) Act 2000*, the Australian Greenhouse Office, 2003, p. xvi.

18 Senate ECITA References Committee, *Lurching forward, looking back: budgetary and environmental implications of the Government's Energy White Paper*, May 2005, p. 3.

19 Australian Government Energy Task Force, *Securing Australia's Energy Future*, 2004, p. 2.

20 Australian Government Energy Task Force, *Securing Australia's Energy Future*, 2004, p. 30.

21 Australian Government Energy Task Force, *Securing Australia's Energy Future*, 2004, p. 148.

22 Australian Government Energy Task Force, *Securing Australia's Energy Future*, 2004, p. 30.

Senate inquiry

1.30 On 24 June 2004 the Senate referred an inquiry into the budgetary and environmental implications of the EWP to the Senate Environment, Communications, Information Technology and the Arts References Committee. The committee tabled its report²³ in May 2005.

1.31 As noted above, the review of the Renewable Energy (Electricity) Act recommended that the timeframe of the MRET scheme be extended from 2010 to 2020 with the target for renewable sources set at 20 000 GWh by 2020. Counter to this recommendation, the EWP stated that while the Government would continue to support the MRET to 2020, the target would not be increased.

1.32 The Senate report noted that the Government rejected the review recommendation because it was believed that the expansion of the MRET would 'impose significant economic costs through higher electricity prices'.²⁴ The Government proposed alternative measures to accelerate the uptake of renewable energy: the Renewable Energy Development Initiative (REDI), Intermittent Energy Storage and Wind Forecasting.

Outline of the bill

1.33 The *Renewable Energy (Electricity) Amendment Bill 2006* was introduced into the House of Representatives on 2 March 2006. The purpose of the bill is to implement the Government's agreed response to the review of the *Renewable Energy (Electricity) Act 2000*, which was conducted in 2003.

1.34 In his second reading speech the Parliamentary Secretary to the Minister for the Environment and Heritage, the Hon. Mr Gregory Hunt MP noted that:

Following the 2003 review of the act, the government agreed to make improvements to the legislation that enhance market transparency and improve business certainty in the measure. The government also agreed to increase opportunities for bioenergy and solar technologies, encourage innovation through recognising emerging renewable electricity generation technologies and make a range of administrative amendments to improve the effectiveness and efficiency of operation of the scheme. This includes adopting provisions of the Renewable Energy (Electricity) Amendment Bill 2002 that sought to improve the administrative integrity, effectiveness and efficiency of the measure.²⁵

23 Senate ECITA References Committee, *Lurching forward, looking back: budgetary and environmental implications of the Government's Energy White Paper*, May 2005.

24 EWP cited in Senate ECITA References Committee, *Lurching forward, looking back: budgetary and environmental implications of the Government's Energy White Paper*, May 2005, p. 11.

25 The Hon. Mr Gregory Hunt, Second Reading Speech, *House of Representatives Hansard*, 2 March 2006, p. 4.

1.35 The Government agreed to the majority of recommendations in the review, which sought to improve the efficiency and transparency of the MRET scheme (see Appendix 2). However, as noted above, the Government did not agree to increase the MRET. Consequently, the bill does not include amendments to the MRET target.

1.36 The explanatory memorandum states that the bill:

- Sets time-limits for the creation of renewable energy certificates and provides the opportunity to voluntarily surrender certificates.
- Provides for provisional accreditation of proposed generation projects and establishes timeframes for determining the eligibility of proposed projects.
- Allows for the publication of additional data on baselines and renewable electricity generation.
- Clarifies the provisions and definitions in the Act for Eligible Renewable Energy Sources and provides increased opportunities for bioenergy.
- Clarifies the provisions with respect to the claiming of renewable energy certificates associated with solar water heaters and small generation units.
- Clarifies the provisions in relation to the eligibility of solar water heaters and expedites the process by which certificates can be claimed for new solar water heater models.
- Allows for recent reforms in the National Electricity Market and potential new market operators.
- Clarifies the provisions in relation to a relevant acquisition of electricity to ensure that only one entity is made liable in relation to the purchase of a particular quantum of electricity.
- Provides the Renewable Energy Regulator with the power to vary a number of assessments and determinations under the Act including the acquisition statement, the shortfall statement and baselines for accredited power stations.
- Provides the Renewable Energy Regulator with information gathering powers to enable effective monitoring and compliance.
- Allows for the suspension of an accredited power station in certain circumstances – for example, where gaming is suspected.²⁶

Committee for the Scrutiny of Bills

1.37 The Senate Standing Committee for the Scrutiny of Bills provided commentary on the *Renewable Energy (Electricity) Amendment Bill 2006* on 29 March 2006.²⁷

26 *Renewable Energy (Electricity) Amendment Bill 2006, Explanatory Memorandum*, p. 1.

27 Senate Standing Committee for the Scrutiny of Bills, *Alert Digest*, No. 3 of 2006, 29 March 2006, pp 8-11.

1.38 The committee has sought advice from the Minister on two provisions of the bill:

- Schedule 1, item 57 – the bill proposes to add a new subsection to empower the regulator to make written determinations regarding the number of renewable energy certificates able to be created for a particular solar water heater installation. The committee has requested clarification on whether the written determination would be legislative or administrative in character.²⁸
- Schedule 1, item 100 – proposed new subsections 44(5), 44(6), 44(7) and 44(8) provide for the payment of a fee for the surrender of renewable energy certificates within a period of 28 days from an entity receiving a notice from the Regulator following the lodgement of an energy acquisition statement. Proposed new subsection 44(9) declares that such a notice is not a legislative instrument. The committee has requested clarification on whether the proposed new subsection would be legislative in character or declaratory only.²⁹

1.39 The ECITA Legislation Committee notes the concerns raised by the Scrutiny of Bills Committee, and expects that these matters will be addressed through the minister's response.

28 Senate Standing Committee for the Scrutiny of Bills, *Alert Digest*, No. 3 of 2006, 29 March 2006, p. 9.

29 Senate Standing Committee for the Scrutiny of Bills, *Alert Digest*, No. 3 of 2006, 29 March 2006, p. 10.

Chapter 2

Issues

Support for the bill

2.1 There was general support for the majority of amendments to the Renewable Energy Bill, which can be attributed to the administrative – and fairly uncontentious – nature of the amendments. Submitters pointed to some of the important changes that can be expected from the amendments, including:

...the move to greater transparency of the Renewable Energy Certificate (REC) market and the ability of the Regulator to provide provisional accreditation.¹

.....

...increase the transparency of the MRET scheme and will simplify the administration of The Act.²

.....

...enabling the Regulator to provide provisional accreditation (without this replacing the need for the required accreditation process) for generation projects before they become operational, will strengthen stakeholder confidence in proposed renewable energy projects, and make project development somewhat more certain.³

2.2 The Office of the Renewable Energy Regulator also stated its support for the bill, commenting:

The Office welcomes those effectiveness and efficiency improvements identified by the MRET Review of September 2003 and adopted by the Commonwealth Government in its statement of 15 June 2004 ‘MRET: adding muscle, not fat’.⁴

Expanding the Mandatory Renewable Energy Target

2.3 The majority of evidence to the inquiry expressed strong views about the failure of this bill to propose amendments to the Mandatory Renewable Energy Target (MRET) scheme. The key changes proposed in submissions were:

- an extension to the 2010 target date for the scheme; and
- an increase to the 9500 GWh renewable energy base currently set.

1 Hydro Tasmania, *Submission 6*, p. [1].

2 Renewable Energy Generators Australia Ltd, *Submission 1*, p. 1.

3 Australian Wind Energy Association, *Submission 8*, p. 1.

4 Office of the Renewable Energy Regulator, *Submission 2*, p. 1.

2.4 Submitters referred to the importance of the MRET scheme in promoting investment in renewable energy technologies in Australia, and in responding to global warming.⁵ The Australian Wind Energy Association commented on the achievements of the MRET scheme to date:

Industry growth has also led to the establishment of manufacturing facilities to support wind farm installations. These facilities have included a nacelle factory in Tasmania, blade manufacturing in Victoria and tower manufacturing in Tasmania, Victoria and South Australia. The local manufacturing industry now employs several hundred people in regional centres.⁶

2.5 It was argued that the decision to not increase the MRET target is jeopardising the ongoing development of renewable energy sources in the marketplace:

For example, Roaring 40s' proposed Heemskirk Wind Farm in Tasmania is now under threat due to a lack of demand for the renewable energy certificates (RECs) associated with the project.⁷

2.6 Evidence submitted to the inquiry urged the federal government to adopt recommendations 8 and 9 of the Tambling Report, which propose an increase to, and expansion of, the MRET target.⁸ A submitter argued that the number of projects needed to meet the cumulative MRET target set for 2010 is already almost fully subscribed, and the industry is 'already seeing evidence of Australian companies moving offshore as the market declines in Australia', resulting in a loss of skills, employment opportunities and knowledge.⁹ This view was shared by the Australian Wind Energy Association.¹⁰

2.7 The Australian Business Council for Sustainable Energy painted a grimmer view of the current state of the market, commenting that the new investment in renewable energy projects 'has now effectively stalled'.¹¹

2.8 Bioenergy Australia commented on the limitations currently imposed by the MRET target of 2010:

The project life of a bioenergy plant would typically be in excess of twenty years and capital recovery is typically fifteen years or more. The longer the period for capital recovery, the less this cost affects the electricity selling

5 See for example, Hydro Tasmania, *Submission 6*, p. [1]; Renewable Energy Generators Australia Ltd, *Submission 1*, p. 1; Australian Business Council for Sustainable Energy, *Submission 7*, p. 1.

6 Australian Wind Energy Association, *Submission 8*, p. 1.

7 Roaring 40s, *Submission 3*, p. 2.

8 *Submission 3*, p. 2.

9 *Submission 1*, pp 2–3.

10 *Submission 8*, p. 2.

11 *Submission 7*, p. 1.

price. As the target only reaches 9,500 GWh/a in 2010, many proponents see this 'cliff' at 2020 as being a disincentive for a project with an economic life of 20 to 30 years.¹²

2.9 However, the findings of the Energy Market Review do not support the expansion of the MRET target:

The MRET is a more costly measure to reduce greenhouse gas emissions than it needs to be as it focuses exclusively on renewable energy sources rather than least cost greenhouse gas abatement, such as reducing energy consumption through improving energy efficiency.¹³

2.10 The report argued that the MRET scheme focuses on expanding the renewable energy industry to conserve non-renewable sources, which in reality is 'not an issue' for Australia given our abundant supply of coal and large natural gas resources, and may result in unnecessary cost escalations in the price of energy.¹⁴ This, it stated, detracts from the true target of reducing greenhouse gas emissions, and diverts 'investment away from more efficient carbon reducing options' and could lead to 'entrenchment in a particular fuel source, technology or production technique'.¹⁵

2.11 The Energy Market Review supported the introduction of a national economy wide emissions trading system to abate the same level of emissions as intended through a number of separate schemes currently in operation.¹⁶ Following announcement of agreement to implement the new emission trading system, these existing schemes, including the MRET, would cease to operate. The report commented that any form of a compensatory subsidy to support the renewable energy market following cessation of the scheme should be provided outside of the energy market, thus avoiding distortion of the energy market to support the growth of a particular section of the industry.¹⁷

12 Bioenergy Australia, *Submission 4*, pp. 3–4.

13 Energy Market Review, *Towards a Truly National and Efficient Energy Market*, Council of Australian Governments, 2002, p. 230.

14 Energy Market Review, *Towards a Truly National and Efficient Energy Market*, Council of Australian Governments, 2002, p. 230, p. 7.

15 Energy Market Review, *Towards a Truly National and Efficient Energy Market*, Council of Australian Governments, 2002, pp 230–231.

16 Emission reduction schemes are: the MRET; Generator Efficiency Standards; the Greenhouse Gas Abatement Program – Stationary Energy Projects; the NSW Electricity Retailer Greenhouse Benchmarks; and, the Queensland 13 per cent Gas Scheme. See Energy Market Review, *Towards a Truly National and Efficient Energy Market*, Council of Australian Governments, 2002, p. 233.

17 Energy Market Review, *Towards a Truly National and Efficient Energy Market*, Council of Australian Governments, 2002, p. 234.

Eligible renewable energy sources

2.12 The Renewable Energy (Electricity) Amendment Bill 2006 proposes to make changes to the list of eligible renewable energy sources, which includes removing those items from the definition described as 'redundant and/or not sources, but rather processes or technologies for transforming energy sources into electricity'.¹⁸ The revised list of renewable energy sources in section 17 of the Act is:

- (a) hydro;
- (b) wave;
- (c) tide;
- (d) ocean;
- (e) wind;
- (f) solar;
- (g) geothermal-aquifer;
- (h) hot dry rock;
- (i) energy crops;
- (j) wood waste;
- (k) agricultural waste;
- (l) waste from processing of agricultural products;
- (m) food waste;
- (n) food processing waste;
- (o) bagasse;
- (p) black liquor;
- (q) biomass-based components of municipal solid waste;
- (r) landfill gas;
- (s) sewage gas and biomass-based components of sewage;
- (t) any other energy source prescribed by the regulations.

2.13 Concern was raised that although the new section 17 effectively consolidates 'various solar energy and hydro energy sources into a simpler, more coherent list', it has not adequately addressed the diversity of biomass energy resources.¹⁹ Bioenergy Australia commented that biomass is captured in items (i) to (s) of the proposed amendment, but does not include, for example, 'high lipid content algae, capturing carbon dioxide from power station stacks'.²⁰

18 *Renewable Energy (Electricity) Amendment Bill 2006, Explanatory Memorandum*, p. 22.

19 Bioenergy Australia, *Submission 4*, p. 3.

20 *Submission 4*, p. 3.

2.14 The Australian Business Council for Sustainable Energy echoed this view:

By requiring amendments to the Act every time a new bioenergy technology is developed imposes a considerable degree of inflexibility...that will inhibit innovation and potentially increase the cost of the MRET scheme (and any scheme modelled on the Renewable Energy Act) as it artificially restricts the potential supply of renewable energy.²¹

2.15 It was noted that paragraph 17(t) allows for regulations to add to the list of eligible renewable energy sources, however, a reliance on modification to the Regulations can pose an avoidable administrative burden.

2.16 The committee notes that the Tambling Report considered this issue at some length, and did not favour consolidation of the definitions of biomass, but was supportive of reforms to section 17 of the act along the lines proposed in the current bill. The committee also notes that under section 140(da) of the Act, energy sources for renewable energy certificates are attached to those certificates. Any consolidation of the definitions in section 17 may reduce the information available in the renewable energy market.

Anti-gaming provisions

2.17 The new section 30D is intended to prevent collusive behaviour between power stations which may seek to create additional Renewable Energy Certificates (RECs) without an increase in the amount of energy generated from renewable sources. The Australian Business Council for Sustainable Energy expressed concern at this provision, arguing that:

Due to the unique processing and harvesting demands of the sugar industry it may in the future find itself inadvertently in breach of this clause of the Act.²²

2.18 However, the Explanatory Memorandum to the bill describes measures taken to manage such cases:

New section 30D also requires the Regulator to take into account information that demonstrates that specified indicators of gaming were not the result of a gaming arrangement, in deciding on whether to suspend the accreditation of a power station. This means that the Regulator must have regard to any operational or industry restructuring factors when considering suspending the accreditation of a power station.²³

21 Australian Business Council for Sustainable Energy, *Submission 7*, p. 4.

22 *Submission 7*, p. 2.

23 *Renewable Energy (Electricity) Amendment Bill 2006, Explanatory Memorandum*, p. 30.

2.19 The committee reiterates the observation in made in 2002, that:

There is no reason to consider that the legitimate operations of sugar mills would be classified as gaming by the Regulator, but it must also be recognised that gaming could occur in the sugar industry, by reason of their use of a readily transportable fuel source and multiple linked power stations. The Committee is not convinced of the necessity to limit or further define the powers envisaged by the bill.²⁴

2.20 It is the opinion of the committee that there is sufficient recourse to ensure that the legitimate operations of sugar industry are not inadvertently penalised by the anti-gaming provisions of the bill.

Powers of the Regulator

2.21 Amendments or 'guiding parameters' that limit the power of the Regulator have been proposed for inclusion in the bill.²⁵ The Renewable Energy Generators Australia Ltd (REGA) commented that these should legislate to:

... ensure the Regulator acts reasonably in making decisions; that those decisions are based on reliable evidence; that the reasons for the decision are provided to the affected party; and that the affected party has an avenue to request the regulator to reconsider the decision.²⁶

2.22 Hydro Tasmania extended this approach, suggesting the provisions should also include that the Regulator 'must notify the affected party within a specified period of time'.²⁷ They also recommended the inclusion of additional provisions which relate to specific sections of the bill:

the decision must be based upon expert opinion regarding what constitutes a power station's assets (section 12)²⁸

the time period within which the Regulator may initiate a change must be the same as that within which a generator may request a change, ie. 12 months, to provide generator capacity (section 20A)²⁹

2.23 Hydro Tasmania was of the view that, in relation to the new time limit imposed on generators creating RECs under section 19 of the Act, a time limit should also be applied to the Regulator to provide:

24 Senate Environment, Communications, Information Technology and the Arts Legislation Committee, *Provisions of the Renewable Energy (Electricity) Amendment Bill 2002*, December 2002, pp 17–18.

25 Hydro Tasmania, *Submission 6*, pp [5–7].

26 Renewable Energy Generators Australia Ltd, *Submission 1*, p. 2.

27 *Submission 1*, pp 5, 6, 7.

28 *Submission 1*, p. 5.

29 *Submission 1*, p. 6.

...all required information to generators by 15 November, including, but not limited to, confirmation of annual generation returns and notification of interconnected power stations.³⁰

2.24 The committee notes the concerns relating to powers of the Regulator. However, decisions by the regulator are subject to judicial review. It would be legally redundant to amend the act to require the regulator to 'act reasonably', and the committee is surprised at the criticism implicit in such suggestions, which do not seem to be matched by any evidence of concerns about the work of the regulator. The committee does not consider there to be sufficient justification to propose amendments to the relevant sections of the Act.

Conclusion

2.25 The bill seeks to streamline elements of the energy industry and promote market transparency. Whilst it was clear from evidence to the inquiry that the bill does not address a key concern of submitters – that is, changes to the MRET scheme – the amendments proposed will implement small, but important changes to the operation of the energy market in Australia.

Recommendation

2.26 The committee recommends that the bill be passed.

Senator Alan Eggleston
Chair

30 Hydro Tasmania, *Submission 6*, p. [4].

Minority Report from Labor Senators

The Bill is a huge missed opportunity to ensure our children have a clean, healthy energy future

When our children look back, they will judge the Howard Government very harshly for not taking stronger action to support clean energy and avoid dangerous climate change.

True to form, the Howard Government's *Renewable Energy Amendment Bill 2006* does very little to help avoid dangerous climate change.

The Bill is another missed opportunity for clean energy, and another example of the Howard Government fiddling while Australia burns.

While this Committee has been considering this Bill, the Howard Government has once again shown it does not support renewable energy.

Over the last month the Minister for the Environment, Senator Ian Campbell, has blocked a wind farm in Victoria because one parrot every 667 years was threatened, and then the Minister tried to stymie a Western Australian wind farm which his own Department had given the green light to.

Instead of blocking clean energy projects and presenting Bills such as this one which do very little to help avoid dangerous climate change, the Howard Government should seize the economic opportunities of the worldwide push to clean, renewable energy.

Sadly, the Howard Government's approach to wind farms specifically and renewable energy more generally is all about politics and not about the environment.

The Howard Government is taking Australia down the wrong path.

By not taking stronger action in this Bill to support clean energy and avoid dangerous climate change, the Howard Government has shown that its own political interests are a higher priority than providing a clean, healthy environment for our children.

Labor Senator's main concern is that the Bill is a missed opportunity for renewable energy, but we are also concerned with one specific and unintended consequence of the Bill, namely that the anti-gaming provisions in Clause 30D of the Bill are quite likely to have some unintended consequences for the sugar industry.

Section 30D creates considerable risk and uncertainty for some renewable industry sectors. It is particularly the case for the sugar industry, where a number of sugar

mills operate in a local area. It is important that the definition of gaming be clarified in the legislation and not to be left to the Regulator by doing so has the potential to put at risk future investment in renewable cogeneration in the sugar industry.

Cane transfers between sugar mills (which are also renewable generators) are a normal operating practice. The practice is likely to increase over the coming years as the industry restructures to optimise operations and reduce costs to compete internationally. Under the proposed changes this has the potential to be defined as gaming.

It is disappointing that the Committee has not accepted the clear and cogent arguments made in submissions by industry on this matter.

Recommendation 1

To address the unintended consequences of the anti-gaming provisions, Clause 30D should be amended to ensure the definition of a gaming arrangement focuses on arrangements where the predominant outcome is to create more renewable energy certificates without an increase in total electricity generated.

The Bill is a huge missed opportunity for clean energy

Announced in 1997 and implemented in 2001, the Mandatory Renewable Energy Target has been responsible for the deployment of renewable energy projects and technologies.

This has meant the 2010 MRET target of 9500 GWh of generation is likely to be achieved by the end of 2006.

The Government should have taken advantage of the *Renewable Energy Amendment Bill 2006* to increase and extend the MRET target to 2020.

When MRET was first announced the Government's stated intention was to increase the market share of renewable energy generation as a percentage – to increase market share by 2%. This is what the Government said:

*On the eve of the third Conference of the Parties (COP3) under the framework convention on climate change, the Prime Minister announced that 'targets will be set for the inclusion of renewable energy in electricity generation by the year 2010. **Electricity retailers and other large electricity buyers will be legally required to source an additional 2% of their electricity from renewable or specified waste-product energy sources by 2010**'.*

(Senator Ian Campbell, Second Reading Speech, Renewable Energy (Electricity) Bill 2000, Hansard 14 August 2000).

Senator Campbell on MRET (Hansard 14 Aug 2000):

And what else does this mean for Australia? It means jobs, particularly in regional areas.

However in its design MRET became a Gigawatt Hour (GWh) target rather than a percentage of market share. That is, by making the target in GWh rather than as a percentage of electricity generated, the target became a dead target.

The result is that market share of renewable energy in 2010 will be approximately 10.5% - exactly the same as it was in 1997.

In other words, MRET hasn't increased the market share of renewable energy, it has simply enabled it to keep pace with our growing demand for energy.

Implications of the Government's current 'dead' MRET target

The renewable energy industry is currently facing a significant down turn in project activity and investment. Without an increase in MRET, Australia is at risk of 'stranding' industry capability, technology, skills and intellectual property. This will come at a time when the world increases global constraints on greenhouse emissions.

In other words, while MRET helped build industry capacity in the face of greenhouse constraints, its ability to respond in the future will be diminished.

By making the MRET target a dead target in GWh rather than as a percentage of electricity generated, the Howard Government will be allowing the potentially huge greenhouse friendly renewable energy industry fall over.

The importance of industry stimulus measures such as the Mandatory Renewable Energy Target (MRET)

All around the world governments are putting in place policies to facilitate the growth of the renewable energy industry.

The future for United Kingdom wind power was brightened with the July 2003 approval of up to 6000MW of offshore wind by 2010. In Spain, Denmark and Germany alone the expansion of the renewable energy sector has created about a quarter of a million new jobs in the last few years.

John Howard's refusal to ratify the Kyoto Protocol has meant Australian companies such as Macquarie Bank are investing in massive renewable energy projects in Europe and Britain.

Wind continues to be the world's fastest growing energy source. Yet at home we must do better.

According to Business Review Weekly, Australia is missing out on \$3 billion worth of investment due to the inertia of the Howard Government.

If we are to grow our renewable energy industry effectively and reduce greenhouse gas emissions, we need a regulatory frame work that allows the market to operate with certainty. We need effective incentives to drive investment.

Mandatory Renewable Energy Targets (MRET) are part of this solution. MRET seeks to diversify our electricity mix and contribute towards greenhouse gas abatement in the long term. MRET is needed to ensure there is incentive and viability for the renewable energy industry.

The theory behind MRET is right and it works. The incentive is an effective subsidy provided by the market. But the Howard Government has set the target too low, and the Bill is a missed opportunity to increase the MRET.

As the current Mandatory Renewable Energy Target is expected to be reached within by the end of 2006, we are essentially capping our capabilities.

Avoiding further dangerous climate means long term vision, ambitious targets and multiple solutions. Small targets mean small returns.

Quickly achieved outcomes may look good for government, but short-sightedness is killing our potential and with it our environment. Our renewable energy market needs long term vision if we are to see the rewards, to boasts in jobs and investment. We need far reaching goals.

Why the Bill should have increased the MRET

Climate change is the greatest environmental challenge facing the global community. However, in Australia there is still no national climate change strategy and, because of the Howard Government's complacency, Australia is on track to *increase* its greenhouse pollution by 23% by 2020.

The Howard Government's complacency over climate change is placing our environment, economy and vital infrastructure at risk.

There is overwhelming scientific evidence that climate change caused by carbon pollution is making Australia hotter, the ocean warmer and more acidic, and that this directly threatens every city and town's water supply and the Great Barrier Reef and Kakadu.

The science says that climate change increases the intensity of cyclones and hurricanes. Climate change means we'll have more category 4 and 5 cyclones. If climate change is unchecked it will severely damage Australia's agricultural and

tourism industries, while also affecting many Australians with more severe weather events and further water restrictions.

2005 was the hottest year on record and the five hottest years have been in the last seven. The Bureau of Meteorology says this is because carbon pollution is changing our climate.

Climate change poses a challenge for Australia and the world, and Australians must rise to that challenge. All of us — industry, governments, communities and individuals — must do our fair share.

With this challenge comes opportunity: to enhance our health through cleaner air, and an opportunity to strengthen our competitiveness by transforming our economy to make it more efficient and more sustainable.

Doing so means drawing on the ingenuity and innovation of all Australians.

Our region holds many exciting investment possibilities yet only with a global mindset can there be the necessary transfer of know how and technical expertise to see a world-wide wind energy network.

Partnerships in our region have the potential to unlock huge economic and environmental opportunities for our nation. With the necessary mechanisms and support it is clear that the renewable energy can become the focal point for our region. Indeed, our full participation in the global network is essential to unlocking environmental and economic growth opportunities.

The Howard Government has so far failed to take up this opportunity. The Bill is another example of the Howard Government's slothful approach to supporting renewable energy and avoiding dangerous climate change.

We have the potential for a stronger renewable energy industry, yet the government's inaction has instead seen our jobs go overseas and our market isolated. The Government is deliberately frustrating the expansion of clean energy technologies which are already available – solutions that are already tried and tested – such as solar and wind energy.

The Bill is merely tinkering with the issues when stronger action is needed.

What is needed from Government are drivers of technology change and policies which promote the take up of renewable energy.

The Howard government's selective and isolationist attitude continues to inhibit further development of the renewable energy sector and subsequently our ability to avoid dangerous climate change.

Greater support for renewable energy and a national emissions trading scheme are necessary components of any serious policy to address Climate Change.

Leadership and vision is already being provided by state and territory governments around this country. Design propositions for an emissions trading market have been agreed to as the basis for further development and investigation.

If we deliver the right price signals, and provide the right incentives within a well developed and supported regulatory framework, Labor believes Australia can play its role in helping the world avoid dangerous climate change.

Recommendation 2

That the Bill be amended to:

- (a) Provide strong incentives for industry to move to clean energy,
- (b) Deliver a genuine and substantial increase in the percentage of Australia's energy generated from renewable sources and, in doing so, set the MRET at more than 5%, and
- (c) Highlight the important role clean, renewable energy will play in cutting Australia's greenhouse gas emissions.

Senator Kate Lundy
Australian Labor Party

Senator Dana Wortley
Australian Labor Party

Minority Report Australian Greens

The *Renewable Energy (Electricity) Amendment Bill* fails to incorporate the most important recommendation of the 2003 review of the *Renewable Energy (Electricity) Act 2000*, namely, that the MRET be extended from 2010 to 2020 with an increased target of 20 000 GWh to be achieved by 2020.

This recommendation for an extended timeframe and increased target has received very widespread support from the renewables industry since 2003. Each of the industry's submissions reflected this, as acknowledged in the Committee's report.

The Government's arguments against extending the MRET, as presented in the Committee's report, are flawed.

The Committee's report makes it clear that the Government's decision not to extend the MRET is based on the recommendations of the 2002 Energy Market Review *Towards a Truly National and Efficient Energy Market* (aka the Parer report), which argued that:

1. *The MRET is a more costly measure to reduce greenhouse gas emissions than it needs to be as it focuses exclusively on renewable energy sources rather than least cost greenhouse gas abatement, such as reducing energy consumption through improving energy efficiency.* [para 2.9]

This argument fails to recognise that the purpose of MRET is to support the development of a domestic renewable energy industry so that greenhouse gas emissions can be reduced over the long term, something that will not happen in the absence of viable renewable energy sources. One third of Australia's greenhouse gas emissions come from fossil fuels used in electricity generation. How can these emissions be reduced without a cost effective viable renewable energy sector? MRET has demonstrated that it is an effective tool to encourage investment in that sector. Nothing prevents the government from also implementing energy efficiency at the same time. In fact it is essential that it does so.

2. *The MRET scheme focuses on expanding the renewable energy industry to conserve non-renewable sources, which in reality is 'not an issue' for Australia given our abundant supply of coal and large natural gas resources, and may result in unnecessary cost escalations in the price of energy.* [para 2.1]

The complete failure to acknowledge that the issue is not the extent of Australian fossil fuel, coal and gas reserves, but rather the imperative to reduce their use because of dangerous climate change, is a reflection on the narrow economic parameters of the Parer report. While the supply of coal is abundant, it is widely accepted that that future of the coal industry will depend on the price that will be placed on carbon and the capacity of the industry to develop 'clean-coal' technology, something which to date has proved impractical, unachievable and not cost-effective. With regards to gas, Australian gas reserves may last several decades at current usage rates, however, gas

extraction may increase substantially as oil prices increase and as coal becomes a less favoured fuel for electricity generation. Overall, the case for developing a domestic renewable energy industry for both greenhouse gas mitigation and energy supply security reasons is overwhelming.

3. *The Energy Market Review supported the introduction of a national economy wide emissions trading system to abate the same level of emissions as intended through a number of separate schemes currently in operation. Following announcement of agreement to implement the new emission trading system, these existing schemes, including the MRET, would cease to operate. The report commented that any form of a compensatory subsidy to support the renewable energy market following cessation of the scheme should be provided outside of the energy market, thus avoiding distortion of the energy market to support the growth of a particular section of the industry. [para 2.11]*

It is agreed that the MRET and similar schemes should be replaced by an emissions trading system (with compensating subsidies), but the government has made it clear that they will not be implementing such a scheme – hence the ongoing need for the MRET.

The streamlining of elements of the energy industry and the promotion of market transparency are minor changes to the energy market. This Bill fails by omission. It fails to address the elephant in the room, the need to increase the target and extend the timeframe of the MRET scheme. Most of the submissions to the Committee supported this proposition.

The Bill should be passed with amendment to provide for the extension of MRET from 2010 to 2020 with a target of 20 000 GWh by 2020.

Senator Christine Milne
Australian Greens

Senator Rachel Siewert
Australian Greens

Australian Democrats Dissenting Report

Introduction

The Government's failure to implement recommendations 8 and 9 of the Tambling report (to increase and extend MRET) in this Bill is economically, socially and environmentally irresponsible and short-sighted.

Every business or industry representative in their submission to this inquiry unequivocally stated that renewable energy development had now stalled, because sufficient projects now exist or are under development to fully deliver the 9500 GWh target; more than three years ahead of the target date of 2010.

The predominance of existing hydro schemes in generating the MRET renewable energy certificates (RECs) in the first three years of operation (due to generous baseline arrangements) has meant that the value of RECs is now well below the \$40 anticipated in the design of MRET and, as a result, wind power makes up a mere 15% of MRET's energy mix.

The original aim of MRET was to increase the proportion of Australia's energy generated from renewables from 10.5% to 12.5% by 2010 but the conversion of this proportion to a GWh target, based in inaccurate forecasts of energy use, means that by 2010 renewables will make up only 10.5% of power generated and by 2020 it will have dropped to a mere 8.5% without an extension of the target.

All submissions called for an increase in the target and extension of MRET beyond 2010 to facilitate ongoing growth in wind power development.

The majority report defends the Government's decision to not increase and extend MRET by citing only one report, The Energy Market Review, 2002, that recommended that MRET not be expanded because:

- (a) Australia has abundant coal and natural gas, and a focus on renewable energy diverts investment away from 'more efficient carbon reducing options'.
- (b) Increasing renewable energy may lead to unnecessary cost escalation in the price of energy.
- (c) A national economy wide trading system should be introduced instead.

There are several significant problems with the majority report arguments.

There have been a raft of other reports, research and industry representation, including the Government's own independent review of the Renewable Electricity Act in 2003 – the *Tambling Report* - that recommends that MRET be increased and expanded.

The Government's obvious preference for relying on 'clean coal' technology is highly risky as the technologies are unproved in the context of stationary energy generation, it is not expected to be developed and available for implementation until the middle of the next decade, and it is unlikely that the costs can be brought down sufficiently to make the process viable. It is worth noting here that Australia has the 3rd lowest electricity prices for industry and 2nd lowest for households in the OECD¹.

Whilst MRET is a market-based mechanism that has certainly driven investment in renewable energy, at least until now, a nation-wide carbon trading scheme would better account for greenhouse gas emission and provide a level playing field in which truly clean technologies could compete. The Australian Democrats have called for emission trading for many years². However, despite such a scheme being developed by the Australian Greenhouse Office some years ago, it was mothballed by the Government in favour of mechanisms and funding that continue to allow coal-based energy generation to evade the environmental costs of its operation.

The consequences of the Government failure to increase and extend MRET include:

- Reduction in investment in renewable energy in Australia
- Loss of potential export industry
- Loss of jobs and failure to create more jobs (especially in regional areas)
- Increase in greenhouse emissions
- Increase long-term costs

These issues are explored in more detail below.

Reduction in investment in renewable energy in Australia

Many of the submission to this inquiry noted that the MRET scheme to date has been very successful, but went on further to comment that it would be unfortunate if the past successes, including job creation were partially lost.

Investment has already stalled

The Australian Business Council for Sustainable Energy in their submission noted that investments have stalled because the current MRET target of 9500 has essentially been met:

We would also highlight that new investment in renewable energy projects has now effectively stalled as sufficient projects now exist to fully deliver the 9500 GWh target.³

¹ OECD 2004, *Electricity Information 2004*. Table 32 - Electricity prices for industry in US dollars/kWh and Table 34 - Electricity prices for households in US dollars/kWh.

² See Senate Inquiry report *The Heat Is On: Australia's Greenhouse Future*; Senate inquiry report *Lurching Forward, Looking Back*; and the Democrats *Greenhouse and Energy Issue Sheet*

³ Australian Business Council for Sustainable Energy, *Submission 7*, p. 1.

This sentiment was also stated by another industry association, Renewable Energy Generators Australia:

Most of the projects needed to meet the cumulative MRET target have already been built or committed and in the advanced planning stages.⁴

The wind association body, Auswind, noted that there were projects in the pipeline but they had not been taken to the next stage:

This investment cliff is clearly evident in the number of projects and associated investments that have now banked up in Australia. These projects, nineteen wind farms with a total capacity of 1369 MW, have received planning approval and yet have not been taken to the next stage.⁵

The sentiments of the industry associations were also echoed by companies themselves:

The ‘cliff’ at 2020 for bioenergy projects remains, and the non-expansion of MRET has resulted in several bioenergy projects under development struggling to go ahead without an expanded and extended MRET scheme.⁶

While the Roaring 40s has been an active developer in Australia to date, its development activities have stalled due to the Government's decision not to increase the MRET.⁷

Investment in new renewable energy is likely to stall by 2007 due to a restricted market and subsequent lack of commercial viability.⁸

Loss of jobs and failure to create more jobs

A number of submissions noted how valuable the renewable energy industry had been to date in generating jobs, especially in regional areas.

The Renewable Energy Industry as a whole provides around 15,000 direct and indirect jobs across Australia... The activity from upgrading existing infrastructure and developing new projects has also contributed to significant levels of investment in regional Australia which has also generated increased levels of employment in areas of significant need.⁹

Industry growth has also led to the establishment of manufacturing facilities to support wind farm installations. These facilities have included a nacelle factory in Tasmania, blade manufacturing in Victoria and tower manufacturing in

⁴ Renewable Energy Generators Australia Ltd, *Submission 1*, p. 2.

⁵ Australian Wind Energy Association, *Submission 8*, p. 2.

⁶ Bioenergy Australia, *Submission 4*, p. 4.

⁷ Roaring 40s, *Submission 3*, p. 2.

⁸ Hydro Tasmania, *Submission 6*, p. 1.

⁹ Renewable Energy Generators Australia Ltd, *Submission 1*, p. 1.

Tasmania, Victoria and South Australia. The local manufacturing industry now employs several hundred people in regional centres.¹⁰

Concern was expressed that, without an increase and expansion of MRET, jobs would be lost.

This [stalling of investments] will also put pressure on the associated manufacturing industry that has developed to support the industry.¹¹

The investment (much of it in regional areas) will stop and the established jobs and knowledge will be dissipated.¹²

Moving offshore and a loss to the export industry

In addition to potential job losses submitters also indicated that because of the Government's failure to provide business certainty companies and investors are moving offshore resulting in billions of dollars of lost investment in Australia. This is criminal given Australians widening trade and current account deficit gap.

The Australian Wind Energy Association cited in their submission a number of examples of investors going offshore as a result of Government inaction:

The investment cliff is also clearly demonstrated by the amount of investment that is proceeding offshore to countries and regions providing market incentives for the renewable energy sector. For example:

- Novera Energy withdrew from the Australian Stock Exchange on April 4th 2006, and relocated to the UK. The company expressed its disappointment at what it considered to be little incentive for market innovation in Australia's renewable energy industry, and it being a very difficult market for small companies, given competition by larger companies and the state-owned enterprises for limited renewable energy opportunities; and
- The Investec Bank (Australia) Ltd, in its submission to the Victorian Government's Paper "Driving investment in renewable energy in Victoria – options for a Victorian market-based measure", states that: *"The practical reality is that the Commonwealth MRET scheme delivered significant impetus to the nascent renewable energy in Australia and resulted in the development and construction of many landmark projects since its introduction in 2000. However, with the non-renewal of the MRET scheme and its targets, this momentum has stalled, with many renewable energy projects across Australia unable*

¹⁰ Australian Wind Energy Association, *Submission 8*, p. 1.

¹¹ Hydro Tasmania, *Submission 6*, p. 1.

¹² Renewable Energy Generators Australia Ltd, *Submission 1*, p. 3.

to be brought to construction and many renewable energy stakeholders leaving Australia for more conducive jurisdictions”.

This migration of business offshore is resulting in billions of dollars of lost investment in Australia, excluding the monetary value of the lost emissions reduction.¹³

AusWind's sentiments were shared by wind energy company the Roaring 40s:

Without this change [increasing and expanding MRET], the Australian Wind Industry is likely to stall and emerging capabilities in the industry will, in our view, locate off-shore.¹⁴

Business needs certainty

It is important in any business setting that business is given some degree of certainty. Most of the submissions indicated that because of the timeframe needed to establish energy projects, that investors and developers needed certainty that there would be demand for renewable energy.

In their submission Auswind stated:

Auswind and other organisations have emphasised, additional market incentives are needed for this growth to continue and for the current investment cliff, which, in the absence of government intervention will bring a halt to further wind energy developments by the end of 2006, to be averted.¹⁵

Bioenergy Australia said:

Greater impetus would be given to bioenergy projects under MRET if the ‘cliff’ at 2020 were softened or the MRET extended well beyond that date. The project life of a bioenergy plant would typically be in excess of twenty years and capital recovery is typically fifteen years or more. The longer the period for capital recovery, the less this cost affects the electricity selling price. As the target only reaches 9,500 GWh/a in 2010, many proponents see this ‘cliff’ at 2020 as being a disincentive for a project with an economic life of 20 to 30 years. MRET would have a greater impact in bringing forth bioenergy projects if the 2020 horizon were extended.¹⁶

The Renewable Energy Association said:

¹³ Australian Wind Energy Association, *Submission 8*, p. 2.

¹⁴ Roaring 40s, *Submission 3*, p. 2.

¹⁵ Australian Wind Energy Association, *Submission 8*, p. 2.

¹⁶ Bioenergy Australia, *Submission 4*, p. 3.

No further investment is likely to be committed from that time under current policy settings and the Bill contains no provisions to reverse this reality.¹⁷

The Tambling Report realised the importance of creating business certainty, concluding that:

The Review Panel...considers that there is a strong case for an increase in the target post-2010. Such an approach would help maintain the momentum created by the first decade of MRET without adversely affecting electricity users in the short term...

...steady progress towards a target of 20,000 GWh in 2020 will:

- Maintain the momentum established by the 9500 GWh target and provide ongoing certainty and industry development.
- Provide a minimum critical mass of investment needed to enable the industry to demonstrate its commercial viability, including the possible domestic manufacture of components for renewable energy projects.
- Provide a domestic demand base to allow the development of further export markets.
- Provide a more managed investment framework that will promote cost effective technology improvements and industry learning.

The need for a target to reduce long-term costs

In the past 2 months two reports have been released that have looked at economic costs of reducing greenhouse gas emissions – *The Business Case for Early Action* by the Australian Business Roundtable on Climate Change; and *Options for Moving Towards a Lower Emissions Future* by AGL, Frontier Economics and WWF.

The Business Case for Early Action showed that if action on climate change is delayed it becomes more expensive for business and the wider Australian economy to reduce greenhouse gas emissions. The report concluded that you need long-term aspirational goals coupled with short-term binding targets as a milestone. That we need to accelerate efforts to manage energy and reduce emissions – not stall them.

The *Options for Moving Towards a Lower Emissions Future* showed that costs can be minimised by immediately setting an emissions target, that results can be achieved with today's electricity generation technology and knowledge about energy efficiency, and that the cost would be between \$0.43 - \$2 week per person each year to 2030. The report again emphasised the importance of setting targets.

Both reports emphasise the need to act now to prevent greater cost in the long-term and critical to this is the need for market mechanisms and targets.

¹⁷ Renewable Energy Generators Australia Ltd, *Submission 1*, p. 2.

The submission by the Roaring 40s noted that China had set a renewable energy target of 15% by 2020, and the Victorian government proposes to build on the existing MRET to achieve a state renewable energy target of 10% by 2012.¹⁸

Renewable energy vs other energy sources

Nuclear Power

There has been talk lately amongst some Government members that Australia should go down the path of nuclear energy to address climate change. Nuclear industry in Australia would be dangerous, costly and would still contribute to greenhouse emissions. According to Friends of the Earth:

Nuclear power could at most provide a very partial and problematic 'solution' to climate change. To double nuclear power output by the middle of the century would require the construction of about 1,000 reactors with a capital cost of several thousand billion dollars. The reactors would produce 1.5 million tonnes of high-level nuclear waste over a 50-year lifespan, and they would produce enough plutonium to build 1.5 million nuclear weapons. The climate dividend? A lousy 5% reduction in greenhouse emissions - about one-tenth of the reduction required to stabilise atmospheric concentrations of greenhouse gases. That meagre 5% climate dividend assumes that the comparison is with fossil fuels. If the comparison is with renewables and energy efficiency measures, nuclear power results in *increased* greenhouse emissions in addition to the legacy of nuclear waste and plutonium. A US study found that, per dollar invested, energy efficiency measures yield greenhouse emission reductions seven times greater than nuclear power.¹⁹

Even if a nuclear power station was built today, it would be at least 15 years before the first one could deliver electricity.²⁰ There is also a limited supply of uranium in the world, so by the time a plant was built its life span would be very short.

Most of the world is rejecting nuclear in favour of renewable energy. The rate of increase is nearly 30% for wind, 20% for solar, and only 0.6% for nuclear.²¹

In contrast to nuclear power, renewable energy development is cheaper, cleaner and more flexible.

¹⁸ Roaring 40s, *Submission 3*, p. 2.

¹⁹ <http://www.foe.org.au/bni.htm#power>

²⁰ Professor Ian Lowe AO, ACF President, Is nuclear power part of Australia's global warming solutions? http://www.acfonline.org.au/news.asp?news_id=582

²¹ Professor Ian Lowe AO, ACF President, Is nuclear power part of Australia's global warming solutions? http://www.acfonline.org.au/news.asp?news_id=582

Clean Coal Technology

The Government have signalled that they are looking to carbon capture and storage from coal fired power as a primary means to address greenhouse emissions, and earlier this year the Government announced major funding for 'clean coal technology'.

The Senate ECITA References Committee report *Lurching Forward, looking back: budgetary and environmental implications for the Government's Energy White Paper*, cited evidence stating that there are problems with the Government relying on clean coal technology:

- There is not a single operational coal-fired power plant in the world, even at a pilot level, the sequesters its greenhouse emissions;²²
- The technologies are unproven in the context of stationary energy;²³
- will not help reduce CO2 emissions by any significant amount for at least the next 25 years - far too late to contribute to the immediate problem of controlling CO2 output;²⁴
- that it is not zero emission technology, you might get 80 to 90% emission reduction;²⁵
- that the development of geosequestration would be costly around \$50 to capture one tonne of CO2.²⁶

A Discussion Paper produced by the Australia Institute in September 2004 concludes with:

Over the next two decades, however, a policy that neglects or excludes other low emission technologies, in favour of coal with CCS (CO2 Capture and Storage), will place Australia on an unnecessary high-cost path to reducing emissions. This is not an economically optimal policy for reducing greenhouse gas emissions from the energy sector.²⁷

Renewable Energy

Renewable energy sources are diverse and numerous including solar, wind, hydro, wave, ocean, tide, geothermal-aquifer, hot dry rocks, and numerous forms of bioenergy.

Used in a mix or with gas, renewable energy is flexible, reliable and can meet spiking energy demands.

²² Senate ECITA References Committee, *Lurching Forward, looking back: budgetary and environmental implications for the Government's Energy White Paper*, May 2005, p.28.

²³ Senate ECITA References Committee, *Lurching Forward, looking back: budgetary and environmental implications for the Government's Energy White Paper*, May 2005, p.28.

²⁴ Senate ECITA References Committee, *Lurching Forward, looking back: budgetary and environmental implications for the Government's Energy White Paper*, May 2005, p.48.

²⁵ Senate ECITA References Committee, *Lurching Forward, looking back: budgetary and environmental implications for the Government's Energy White Paper*, May 2005, p.49.

²⁶ Senate ECITA References Committee, *Lurching Forward, looking back: budgetary and environmental implications for the Government's Energy White Paper*, May 2005, p.48.

²⁷ The Australia Institute, *Geosequestration*, Discussion Paper 72, September 2004, p. xii, website, 31 March 2005 at: <http://www.tai.org.au>.

Renewables now account for a quarter of the installed capacity of California, a third of Sweden's energy, half of Norway's and three-quarters of Iceland's.²⁸

The Majority report reiterated the Government's previously stated view that MRET would impose significant economic costs through higher electricity prices. However as pointed out in the evidence to the Senate ECITA References Committee into the Government's Energy White Paper, the costs of renewable energy are small and decrease significantly as the industry gets bigger:

Several submissions disagreed with the Government's assessment of the cost of increasing the MRET after 2010. For example, the ACF stated that:

....most studies, except those commissioned by the mining and coal industry and those quoted by the Federal government, indicate only small costs for increasing renewable energy targets. For example McLennan Magasanik Associates forecast that costs due to an increase in target size in 2010 are projected to be some \$180 million per annum with a 5% renewable target. In addition, as the size of the renewable energy industry increases, the costs of renewable energy decrease significantly.

Hydro Tasmania also disagrees with the Government's assessment, arguing: The 2003 Charles River Associates Report found that a 5% MRET target would have no change on GDP or employment. The Governments commissioned McLennan Magasanik Associates 2003 Report found that a 5% target would result in an increase in GDP of [only] 0.08%.

Hydro Tasmania also analysed the cost of the increased MRET proposed in the Tambling Report, and concluded that:

[it] will result in residential electricity price increases of only 0.5% per year above the current target costs... It is estimated that there would be approximately a \$5 increase per quarter on the average household electricity bill representing an increase of just over 3% per annum (not 27% as claimed by Senator Abetz).

The Committee notes the results of the study commissioned by REGA and conducted by Charles River Associates to assess the industry and economy-wide impacts of different levels of MRET:

The study found that electricity prices would rise 1% under a 5% MRET (relative to the current MRET) and 2.1% under a 10% MRET. These percentage increases are small relative to those seen in the wholesale contract market for electricity over recent years.²⁹

²⁸ Professor Ian Lowe AO, ACF President, Is nuclear power part of Australia's global warming solutions? http://www.acfonline.org.au/news.asp?news_id=582

²⁹ Senate ECITA References Committee, Lurching Forward, looking back: budgetary and environmental implications for the Government's Energy White Paper, May 2005, pp 24–26.

It is also important to note that clean coal technology and nuclear power all come at additional costs and will inevitably lead to an increase in electricity prices. The difference is that renewable energy is safe, plentiful, lasts forever and most importantly renewable energy is clean.

Increase in Greenhouse Emissions

Failure to increase and expand MRET has already led to stalling of investment and development of renewable energy projects. Given that at present there aren't other viable greenhouse gas emission technologies in place, Australia will struggle to reduce greenhouse gas emissions in the short to medium term, without renewable energy sources and will in fact risk increasing the level of greenhouse gas emissions.

A report released on 2nd of May 2006, found that greenhouse gas emissions continue to increase worldwide in 2005.

The single largest contributor to human induced gas emission is the burning of fossil fuels to create energy.³⁰ On a per capita basis, Australia is one of the highest emitters in the world. Australia's high emissions levels are largely due to the country's abundant coal reserves which are used to produce electricity and other forms of energy.³¹ The stationary energy sector is the largest and fastest growing emissions sector in Australia, with the stationary energy sector contributing 51.4% of Australia's total CO2 emissions in 2003. The Australian Greenhouse office predicts that electricity generation will contribute nearly 70% of the sector's emissions by 2010.³²

As the majority report notes, MRET was originally established as a greenhouse gas abatement measure; and that it was designed to accelerate the uptake of renewable energy in grid-based power applications, in turn reducing fossil fuel emissions. It also established at 2% target. Yet as Hydro Tasmania noted in their submission, the MRET target has been diluted over time due to higher than expected electricity demand growth. This means that the intended target of an additional 2% of renewable generation by 2010 is very unlikely to be reached.³³

Conclusion

Renewable Energy Generators Australia argued in their submission that the ongoing rate of growth requires action now in terms of deploying existing clean energy technologies and enabling the deployment of yet to be developed technologies and reducing the upwards trend. The MRET has been an effective deployment mechanism

³⁰ AGL, Frontier Economics and WWF-Australia (2006) Options for Moving Towards a Lower Emission Future, p. 8.

³¹ AGL, Frontier Economics and WWF-Australia (2006) Options for Moving Towards a Lower Emission Future, p. 12.

³² Australian Wind Energy Association, *Submission 8*, p. 2.

³³ Hydro Tasmania, *Submission 6*, p. 4.

and has enabled the deployment of renewable energy technologies into the electricity market at the lowest cost.³⁴

The fact is that the Government has no valid justification for not increasing and expanding MRET. The Minister for Environment, Senator Ian Campbell, recently invoked the Environment Protection Biodiversity Conservation Act to reject a wind farm at Bald Hills, Victoria, using the spurious argument that there was a 1 in 1,000 chance that an endangered orange bellied parrot could be killed. This is despite the fact that there had never been a sighting of the bird there. This rejection was soon followed by a threat to withdraw previously provided approval and funding for three small wind turbines proposed by a community-based group in Denmark, WA under the remote area power generation scheme negotiated by the Democrats to bring renewable energy to off-grid communities. These moves suggest a growing antagonism on the part of the Government towards renewable energy, of which refusal to address the inadequacies of MRET is a part.

The Democrats concur with the statement made by the Clean Energy Crisis Meeting Group in their submission to the Senate ECITA References Committee into the Government's Energy White Paper:

The failure to increase the [MRET], the only measure that drives industry growth for the renewable energy industry, defies international trends, is out of step with community expectations and signals the end of growth for the clean energy industry in Australia.³⁵

The Renewable Energy (Electricity) Amendment Bill 2006 is somewhat pointless without increasing and expanding MRET.

Senator Lyn Allison
Australian Democrats

³⁴ Renewable Energy Generators Australia Ltd, *Submission 1*, pp 3-4.

³⁵ Senate ECITA References Committee, *Lurching Forward, looking back: budgetary and environmental implications for the Government's Energy White Paper, May 2005*, p. 25.

Appendix 1

Submissions

1. Renewable Energy Generators Australia Ltd
2. Australian Government – Office of the Renewable Energy Regulator
3. Roaring 40s
4. Bioenergy Australia
5. Ace Waste Pty Ltd
6. Hydro Tasmania
7. Australian Business Council for Sustainable Energy
8. Australian Wind Energy Association
9. Queensland Government (confidential) – *received 3 May 2006*

Appendix 2

Recommendations of the Tambling report and Government response¹

| Recommendations | | Government Response |
|-----------------|---|---|
| 1 | The MRET measure to continue to operate. | Government reconfirmed its commitment to the MRET at the current level of 9500 GWh in <i>Securing Australia's EnergyFuture</i> . |
| 2 | Australian Government and State and Territory Ministers to investigate impediments to the inclusion of more renewable energy in National Electricity Markets. | <p>The Government announced in <i>Securing Australia's EnergyFuture</i> that it will work with the states and territories to identify by December 2005 and respond to specific rule changes required in the National Electricity Market to maximize the benefits of distributed generation, including distributed renewable energy generation.</p> <p>Up to \$14 million has also been committed for improved wind forecasting. This would allow wind to play a greater role in the National Electricity Market and assist planning for new wind farms. \$20 million has also been committed to the development of advanced storage systems for electricity, which will assist in dealing with the problem of intermittency in renewable energy supplies, which is a key impediment to the wide uptake of these technologies.</p> |
| 3 | MRET to be enhanced to support continued development of the renewable energy industry after 2007. | <p>Government has announced its commitment to improve the operational and administrative efficiency of MRET including through increasing opportunities for bioenergy and solar technologies (see responses to Recommendations 17, 19-22 below).</p> <p>Funding levels for renewable energy have also been boosted with the Government committing \$209 million in <i>Securing Australia's Energy Future</i> to develop renewable energy technologies with commercial potential, improve energy storage technologies for intermittent generation, improve wind forecasting capability and demonstrate solar technologies as part of a Solar Cities trial. Renewable energy will also be eligible for the \$500 million Low Emission Technology Demonstration Fund.</p> |

¹ This table has been taken directly from the Department of the Parliamentary Library, Bills Digest No. 109 2005-06, *Renewable Energy (Electricity) Amendment Bill 2006*, 27 March 2006, pp 14-20.

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| 4 | A review to be undertaken with a view to raising the level of research and development (R&D) in renewable energy. This review to consider whether MRET should, or could, be used as a vehicle to stimulate more investment in renewables R&D. | The Government reviewed this issue in the development of the White Paper and announced in Securing Australia's Energy Future that it will set aside \$100 million to fund renewable energy, development, demonstration and commercialisation and \$34 million towards funding R&D of wind forecasting and electricity storage technologies. Government also has in place a suite of programmes through the \$8.3 billion Backing Australia's Ability packages to support R&D more generally, which is accessible to renewable energy. Reducing and capturing emissions in transport and energy generation is a goal under the national research priorities. |
| 5 | Australian Government renewable energy industry development programmes to be reviewed with a view to improving the integration and focus of programme support and that the funding levels be maintained on an ongoing basis. | These programmes were reviewed in the development of the White Paper, and Securing Australia's Energy Future outlines a comprehensive set of measures to address impediments to further development of the renewable energy industry. Funding levels have been boosted with the Government committing \$209 million to develop renewable energy technologies with commercial potential, improve energy storage technologies for intermittent generation, improve wind forecasting capability and demonstrate solar technologies as part of a Solar Cities trial. Renewable energy will also be eligible for the \$500 million Low Emission Technology Demonstration Fund. |
| 6 | MRET targets to continue to be expressed in gigawatt hours (GWh) and not as a percentage of overall electricity demand. | Government reconfirmed its commitment to the MRET at the current level of 9500 GWh in Securing Australia's Energy Future. |
| 7 | Interim targets prior to 2010 and the 9500 GWh target for 2010 to remain unchanged. | Government reconfirmed its commitment to the current MRET in Securing Australia's Energy Future. |
| 8 | MRET targets to continue to increase beyond 2010 at a rate equal to the rate before 2010, and to stabilize at 20,000 GWh in 2020. | The Government stated in Securing Australia's Energy Future that it will continue to support the uptake of low emission energy from renewable sources through the MRET but will not extend or increase the target. |

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| 9 | The end date of the measure to be extended beyond 2020 so that renewable energy from projects commencing after 2005 receive Renewable Energy Certificates (RECs) for a full 15 year period. | The Government stated in Securing Australia's Energy Future that it will continue to support the uptake of low emission energy from renewable sources through the MRET but will not extend or increase the target. |
| 10 | Pre-existing generators and projects commissioned before the end of 2005 to receive RECs until 2020, after which they should be set new baselines. | The Government stated in Securing Australia's Energy Future that it will continue to support the uptake of low emission energy from renewable sources through the MRET but will not extend or increase the target. |
| 11 | The shortfall charge to remain fixed at \$40 per megawatt hour (MWh) until 2010 and to be indexed to the Consumer Price Index between 2010 and 2020. | The Government stated in Securing Australia's Energy Future that it will continue to support the uptake of low emission energy from renewable sources through the MRET but will not extend or increase the target. |
| 12 | A review of the Act to be initiated by the Minister if a decision is taken to implement a defined, economy-wide greenhouse abatement scheme, or in the event of more than 15 per cent of the overall liabilities being met by shortfall charge payments over two consecutive years. | The Government will continue to monitor the operation of the Renewable Energy (Electricity) Act 2000. |
| 13 | The Act to be amended to enable publication of baselines by the Office of the Renewable Energy Regulator (ORER). | The Government agrees with this recommendation. |
| 14 | Electricity generation reported to ORER in Electricity Generation Returns for any compliance year to cease to be eligible generation after 10 October of that calendar year. | The Government agrees with this recommendation. |
| 15 | The Act to be amended to enable ORER to publish: <ul style="list-style-type: none"> a) Total eligible generation that occurred in the market in that year b) Total number of RECs created that year c) Total actual market liability for the year d) Total number of RECs surrendered to offset that liability e) Individual shortfalls and the proportion of those shortfalls relative to their liability. | The Government agrees with this recommendation. |

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| 16 | <p>As the treatment of wood waste from native forests raises issues outside the Review Panel's Terms of Reference, such as National Forest Policy, two options are proposed:</p> <p>a) wood waste from native forests to be excluded as an eligible renewable energy source; or</p> <p>b) wood waste from native forests to be separately identified as an independent eligible renewable energy source with the existing regulatory arrangements applying to wood waste from native forests to be retained</p> | <p>An expert panel is to be established to examine issues associated with native forest wood waste under MRET.³¹</p> |
| 17 | <p>Eligibility for plantation biomass to be redefined under 'energy crops'. Provisions to ensure plantation harvesting operations are conducted according to relevant approvals, and to deter landclearing of native forests, to be retained.</p> | <p>The Government agrees with this recommendation.</p> |
| 18 | <p>Eligibility of sawmill residues to be restricted to post-processing residues from sawmilling, veneer or other processing operations (other than woodchipping).</p> | <p>Safeguards are already in place through the ORER which has the capacity to monitor outputs of eligible sawmills and to audit companies that experience unexplained increases in product to waste ratios.</p> |
| 19 | <p>The 'primary purpose' test applying to energy crops to be removed.</p> | <p>The Government agrees with this recommendation.</p> |
| 20 | <p>All biomass material directly sourced from a licensed landfill or licensed waste transfer station, which would otherwise be landfilled, to be eligible under the municipal solid waste provisions of MRET</p> | <p>The Government agrees with this recommendation.</p> |
| 21 | <p>Photovoltaic Small Generation Units (SGUs) with a rating of not more than 10kW (or 25 MWh per annum) to be eligible to create RECs for a single deeming period of 15 years.</p> | <p>The Government agrees with this recommendation.³²</p> |

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| 22 | The threshold generating capacity for eligible photovoltaic SGUs to be increased from 10kW (or 25MWh per annum) to 100kW (or 250MWh per annum). Generators with a capacity between 10kW (or 25 MWh per annum) and 100 kW (or 250 MWh per annum) to have the option for eligibility to be assessed under either the proposed 15 year deeming provisions or under metered power station provisions. | The Government agrees with this recommendation. |
| 23 | A review to be undertaken to determine how further consideration can be given to special assistance for the Australian photovoltaics industry, either through enhancement of MRET or other measures | The Government announced support for the photovoltaics industry in Securing Australia's Energy Future. Photovoltaics will be eligible under the \$75 million Solar Cities package, the \$100 million Renewable Energy Development Initiative and the \$20.4 million Advanced Storage Technologies programme could also support PV. |
| 24 | All complete solar water heater systems installed, including replacement systems, to be eligible to create RECs to the full extent of their energy displacement capacity. | The Government agrees with this recommendation. |
| 25 | The Act to be amended to empower the Minister to make regulations to clarify the interpretation of Eligible Renewable Energy Sources or to determine the eligibility of new renewable energy sources. | The Government agrees with this recommendation. |
| 26 | Other than to accommodate Recommendations 16, 17 and 19, the list of Eligible Renewable Energy Sources contained in the Renewable Energy (Electricity) Amendment Bill 2002 to be adopted. | The Government agrees with this recommendation. |
| 27 | ORER to assess proposed generation projects with a view to providing 'provisional accreditation', on the basis of what is known at the time of the application and subject to the proponent satisfying the eligibility requirements of the Act. | The Government agrees with this recommendation. |

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| 28 | ORER to be required to assess accreditation applications within six weeks after receipt of a completed application and other necessary information. | The Government agrees with this recommendation. |
| 29 | The Act to be amended to allow any registered owner of a REC to surrender the REC to ORER, either voluntarily or against a registered liability. | The Government agrees with this recommendation. |
| 30 | Except where amendment is necessary to accommodate the Review Panel's recommendations for changes to MRET, all other provisions in the Renewable Energy (Electricity) Amendment Bill 2002 to be adopted. | The Government remains committed to improving the operational and administrative efficiency and effectiveness of MRET, as outlined in its Renewable Energy (Electricity) Bill 2002. |