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24 May 2010

Committee Secretary
Senate Standing Committee on Environment, Communications and the Arts
PO Box 6100
Parliament House
Canberra ACT 2600

Sent via email to: eca.sen@aph.gov.au

Re: Renewable Energy (Electricity) Amendment Bill 2010

Dear Secretary,

Infigen Energy welcomes the opportunity to make a submission to the Senate Standing Committee on Environment, Communications and the Arts with respect to the Renewable Energy (Electricity) Amendment Bill 2010 and related bills.

Infigen Energy (ASX:IFN) is Australia's leading specialist renewable energy business. Infigen has five major wind farms in Australia with a total capacity of 508MW and the future growth of the business is focused on Australia. Infigen also owns and operates US and German wind energy businesses taking its aggregate wind energy business interests to 35 wind farms with a total capacity of 2,194MW. Infigen is based in Sydney and listed on the Australian Securities Exchange with a current market capitalisation of approximately A\$0.7 billion.

Infigen has reviewed the draft legislation and is fully supportive of the changes proposed to the Renewable Energy Target (RET) legislation. The Government and Department of Climate Change are to be commended for the proposed significant enhancements to the effectiveness and efficiency of the RET scheme. We have every confidence that the deployment of large utility scale, renewable energy projects and small residential scale applications will thrive once these changes are legislated.

The key benefit of these changes is the establishment of regulatory certainty for the renewable energy industry. Large, utility scale generators, like Infigen can make investment decisions with certainty about the size of the target to be achieved by the liable parties under the Large Scale Renewable Energy Target (LRET) component of the scheme. Small scale technologies also have certainty with regard to the value of Renewable Energy Certificates (RECs) which previously has fluctuated significantly.

Importantly, the proposed changes maintain the inherent efficiency and cost effectiveness of a technology-neutral RET scheme for utility scale renewable energy projects. The market based mechanism encourages the most cost effective projects and technologies to be built to satisfy the LRET, thereby minimising scheme costs.

Infigen strongly supports the draft legislation, as written, and does not advocate any changes. In addition, Infigen considers that it is of paramount importance that these changes are legislated in the current Parliamentary sitting. Billions of dollars of investment and thousands



of jobs in regional Australia are relying on this important legislation being adopted by the Parliament. In this regard, McLennan Magasanik Associates (MMA) recently analysed the regional employment impacts of a successful RET scheme. MMA forecast that over 25,000 new jobs would be created---the majority in regional areas, where they are especially valuable.¹

It is also noted that in the absence of a Carbon Pollution Reduction Scheme, or any other mechanism to price greenhouse emissions, an effective RET scheme is the single most important parliamentary initiative for greenhouse gas emission reductions in Australia. The proposed amendments to the RET will underpin a sustainable utility scale renewable energy industry in Australia with associated investment, employment, training and education benefits for many regional areas.

Infigen notes, and is encouraged by, the Coalition's strong in-principle support for the proposed changes to the RET scheme. Infigen now urges the Government and the Coalition to work cooperatively together to finalise the proposed amendments so that the national interest objective to achieve 20% of Australia's electricity supply from renewable sources by 2020 can be fulfilled at least cost.

A representative from Infigen appeared to give evidence before the Senate Economics Legislation Committee in August, 2009 with regard to the Renewable Energy (Electricity) Amendment Bill 2009. Infigen would again be pleased to appear before this Senate Committee hearing and provide further evidence if/as required. Jonathan Upson will contact you in this regard later this week.

In conclusion, Infigen considers the passage of the proposed amendments to the RET legislation should be an urgent priority for the Parliament to ensure continued growth of Australia's utility scale renewable energy industry. Immediate passage of the amendments will be highly beneficial to job creation in regional areas, clean renewable electricity generation (large & small), and to Australia's greenhouse gas emission reduction efforts. We look forward to the legislation being favourably considered by this Committee and the Senate.

If you have any questions with regard to this submission, please contact the undersigned.

Sincerely,

Miles George
Managing Director

¹ McLennan Magasanik Associates - *Regional Employment and Income Opportunities Provided by Renewable Energy Generation* for the CEC, May 2009