



1 June 2010

Committee Secretary
Senate Standing Committee on Environment, Communications and the Arts
P O Box 6100
Parliament House
CANBERRA ACT 2600

Dear Committee Secretary,

Thank you for the opportunity to appear before the Senate Standing Committee on Environment, Communication and the Arts last Friday.

As there may have been a little misunderstanding at times I wanted to take this last opportunity to clarify that:

1. In the likely event that the actual sales of small scale technologies exceeded the annual target of SRES REC's (certificates) then the scheme will act as a de facto cap on further sales. It is not workable for a local manufacturer to effectively suspend or stop and start manufacturing. This is an especially high risk with the rapid changes to various regulations. Our main factories are dedicated to supplying the Australian market and we cannot stop and restart supply as an importer might.
2. The only way around this is for the more frequent setting of targets. At least quarterly.
3. A local manufacturer and supplier needs some surety of being able to on-sell the REC's (certificates) that it has provided to householders at the point of sale in a timely manner. For cash flow reasons, we cannot hold the funds until the setting of a new annual target. We do not expect that the clearing house should "operate as a bank". However we believe that a more frequent resetting of the target will enable the REC's (certificates) to be truly cleared and paid out in a reasonable timeframe.
4. The \$ 40 maximum cap price should be complemented by a minimum price (that we are able to, in turn, redeem) in order to enable some pricing confidence and to ensure that the maximum possible value goes to the householder taking up renewable alternatives.

Thank you once again for the opportunity to express our point of view to the Senate Committee.

Regards,

Matt Sexton,
CEO, Rheem Australia Pty Ltd.

