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

AGEA's Submission to the Committee's Inquiry into the Renewable Energy (Electricity)
Amendment Bill 2010 and Related Bills

The Australian Geothermal Energy Association ("AGEA") is the national industry body representing the major geothermal energy explorers, developers and equipment and service providers. AGEA is very supportive of the fundamental imperative behind the Renewable Energy Target (RET) Scheme which is to develop a market for additional renewable energy projects in order to expand and develop the renewable energy industry in Australia.

AGEA notes that geothermal energy is possibly the only energy technology currently on the horizon in Australia or indeed, anywhere in the world, with the following combination of national interest benefits:

- Massive world class resource (in Australia)
- Potential lowest cost generation technology
- Emissions free
- Baseload
- Potential integration with other technologies (eg. solar and gas)
- Scalable (up to massive) for on and off grid projects
- Australian R&D leadership – jobs - export expertise
- Direct Use – massive potential to displace use of grid power, particularly in the Perth Basin
- Potential for lowest environmental footprint

It is on this basis that AGEA believes that the playing field should not be tilted against the entry of emerging technologies like geothermal into the RET Scheme.

Two issues remain of considerable concern to the geothermal industry as it moves through the early stages of developing projects using this range of technologies and practices in relation to the broader policy behind the RET being:

- **Space in the Scheme** in later years for emerging technologies or technologies not yet established in Australia including geothermal energy; and
- The **eligibility of geothermal direct use projects** under the RET which displace coal fired electricity rather than generate emissions free electricity.

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Details of these concerns are fully laid out in the attached Submission that AGEA made in April this year to the Department of Climate Change and Energy Efficiency's call for Submissions to the proposed changes which are detailed in the Bills that are the subject of the current Inquiry.

AGEA notes that a number of Government Ministers have publicly commented on the importance of the geothermal energy industry's contribution to the RET and have argued that the Target could not be met without geothermal energy's contribution.

At the present time the industry is facing a considerable challenge in gaining the interest of the private capital market to invest in the early stages of project development in Australia. Utilities are also slow to invest in geothermal energy as they see more value in developing projects using technologies available in the market now in order to acquit internal liabilities under the RET Scheme.

Feedback from the private capital market focuses on 2 issues over which the Federal Government has considerable control:

1. As there is no dedicated funding program for the development of large scale geothermal projects (as there is with solar and clean coal) the market does not see the capital funding from Government to offset the risk in investing in the early stages of projects; and
2. The market is concerned that RECs will not be available to assist in project financing as the current design of the RET Scheme favours existing technologies, predominantly wind, potentially blocking out geothermal and other emerging technology projects from accessing the Renewable Energy Certificate (REC) revenue.

AGEA appreciates the opportunity to contribute to the Committee's consideration of the proposed changes to the RET Scheme and would be happy to discuss any part of this Submission or provide any further clarification or information should it be helpful to the Committee's consideration of the matters raised herein.

Yours sincerely

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