



GE

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Christine McDonald
Committee Secretary
Standing Committee on Environment and Communication (Legislation Committee)
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Canberra ACT 2600

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RE: Inquiry into the *Clean Energy Legislation (Carbon Tax Repeal) Bill 2013* and related Bills

General Electric (GE) welcomes the opportunity to contribute to the Committee's Inquiry into the *Clean Energy Legislation (Carbon Tax Repeal) Bill 2013* and related Bills.

GE participated in the development of Clean Energy Future legislation in 2011 through the Multi-Party Climate Change Committee and the Australian Renewable Energy Agency (ARENA).

In its response to the Department of the Environment on the Repeal of Carbon Tax Exposure Draft Legislation and Consultation Paper last month, GE reiterated its advocacy for a market-based approach to reducing greenhouse gas emissions particularly to the bi-partisan target to reduce Australia's emissions by 5% over 2000 levels by 2020.

GE also referred to the importance, in remaking regulations to secure GHG emission reductions, to maintain certainty for the continued operation of bipartisan measures such as the Renewable Energy Target (RET), Carbon Farming Initiative and National Greenhouse and Energy Reporting Scheme.

GE restated its preference for the Government to conjoin its proposal removal of carbon pricing legislation with its planned replacement, the Direct Action including the Emissions Reduction Fund (ERF). The Government has initiated consultation on the ERF.

Climate Change Authority (Abolition) Bill 2013

In response to the Repeal of Carbon Tax Exposure Draft Legislation and Consultation Paper, GE focused its comments on the *Climate Change Authority (Abolition) Bill 2013* and the amendments posed to Section 162 of the *Renewable Energy (Electricity) Act 2000*.

GE's submission made two recommendations:

- the Minister clarify in his Second Reading Speech on the Bill who will undertake the periodic reviews of operation of renewable energy legislation under Section 162; and
- reinstate guidance for the RET reviewer's recommendations of and the Government's response.

In his Second Reading Speech, Environment Minister The Honourable Greg Hunt MP stated:

"The Bill provides that the limited functions of the Authority that are required in the future will continue. The Bill amends relevant Acts to provide the legislated reviews of the Carbon Farming Initiative, the National Greenhouse and Energy Reporting Scheme and the Renewable Energy Target will be undertaken at the direction of the Minister. It is my intention that these reviews should be undertaken by the Department of the Environment, which has the requisite skills and expertise to do them. The Review of the Renewable Energy Target will be undertaken in consultation with the Department of Industry".

GE welcomes this clarification, and further encourages the Government to confirm the timeframe and processes for consultation of the subsequent review, which under legislation is due to be completed by December 19 next year.

GE noted and prefers the Authority's recommendation, from its first RET review last year, for future reviews of the RET to be held every four years rather than every two.

GE believes by reinstating the guidance for the *"Recommendations"* and *"Government response to the recommendations"* in the below Subsections, the Government would aid the reviewer.

It would ensure the reviewer examined the RET as described by Prime Minister The Honourable Tony Abbott said, on November 11 2013, when he said the RET review would *"be looking at is the impact of renewable energy on power prices"*. The Climate Change Authority's examined this impact – in terms of wholesale and retail prices – as part of its 2012 review.

Specifically, GE recommended the Bill should be amended to:

- reinstate current Subsections (7) to (12) of Section 162 stipulating the reviewer:
 - o *"must assess the costs of benefits"* of an action recommended to the Commonwealth Government (8);
 - o *"must not be inconsistent with the objects of this Act"* in the recommendations made from the review (11); and
 - o *"must set out... reasons for those recommendations"* if it sets out one or more recommendations (12).
- reinstate current Subsections (13) and (14) of Section 162 requiring:
 - o *"as soon as practicable after receiving the report, the Minister must cause to be prepared a statement setting out the Commonwealth Government's response to each of the recommendations"* (13)(a); and
 - o *"within 6 months after receiving the report, the Minister must cause copies of the statement to be tabled in each House of the Parliament"* (13)(b).

By requiring, through Section 11, for recommendations *"must not be inconsistent with the objects"* of the Act will ensure the RET operates in the manner as set for it by the former Howard Government addition. These objects are:

- "(a) to encourage the additional generation of electricity from renewable sources; and*
- (b) to reduce emissions of greenhouse gases in the electricity sector; and*
- (c) to ensure that renewable energy sources are ecologically sustainable."*

Clean Energy Legislation (Carbon Tax Repeal) Bill 2013

GE did not have an opportunity to comment on Schedule 5 – Australian Renewable Energy Agency (ARENA) Finances of the *Clean Energy Legislation (Carbon Tax Repeal) Bill 2013* as it was not included in the Exposure Draft.

The proposed reduction in overall funding for ARENA is disappointing, particularly after the legislation forming the Agency had bipartisan support in 2011. In addition, it is important Subsection 64(2) of the Australian Renewable Energy Agency Act 2011 allows carryover of unspent moneys from one financial year to the next.

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