

AUSTRALIAN CLIMATE JUSTICE PROGRAM

The Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008



19 September 2008

By email: eca.sen@aph.gov.au

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

Dear Committee Secretary,

The Australian Climate Justice Program provided evidence before the Senate Standing Committee on Environment, Communications and the Arts at 11:00am at Sydney as part of the Inquiry into the Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008.

During this hearing I undertook to provide further information regarding whether it is better for the Minister or an independent body to set the tariffs. In response, we provide the following information:

1. The institution with the best information available about the generation costs of each technology should set the tariffs.
2. In most European countries it is the Ministry in charge of energy matters who sets the tariff.
3. In Germany, the Ministry of Environment sets the tariff. However, they do so under consideration of a consultation process with almost every stakeholder. The ministry organises up to ten hearings of different groups such as the industry, the non-government organisations and the financial sector to ensure that not only the renewable energy industry is heard as they demand high tariffs by nature.
4. It is also worth noting that in Germany the proposal must pass the parliament before it becomes law. This means that it can be significantly changed in the political decision making process.
5. By way of contrast, the ministry in France and Spain decides alone, mostly in close cooperation with the industry and other governmental actors.

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6. It is important to consider if the ministry may be biased or not – particularly if the ministry favours nuclear, coal or renewable energy. While the ministry would generally be supportive of renewable energy, a bias against it could undermine the effectiveness of the law.
7. If the minister sets the tariff this may allow the setting of the tariff to be adjusted by close reference to targets.
8. We are not aware of any examples of an independent body being in charge of setting the tariffs. This does not mean that it would necessarily be ineffective.

Please contact us if you have any further questions.

We look forward to the conclusions of the Senate and to the enactment of a feed-in-tariff law by the Commonwealth.

Sincerely,

Keely Boom
Legal Officer
The Australian Climate Justice Program