

Senate Standing Committee on Economics  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

4 June 2009

Dear Sir/Madam,

Australian Ethical Investment Limited is an ASX listed, Canberra based fund manager, specialising in environmental and socially responsible investment. The company serves more than 18,000 individual investors, with funds under management of around \$530m. Our funds have been long term investors in renewable energy industries.

The proposed Carbon Pollution Reduction Scheme Bill 2009 (CPRS) has a direct impact on several of the sectors in which we invest.

Of particular concern to us, is the fundamental lack of transition arrangements for participants in the NSW Greenhouse Gas Reduction Scheme (GGAS). The absence of appropriate transition arrangements jeopardises the waste methane generation sector - an important low emissions electricity generation industry, which should be supported by this legislation.

We believe there are simple legislative amendments that would address the waste methane sector transitional issues. These are:

1. Including waste coal mine gas generation under the Mandatory Renewable Energy Target (or an equivalent mechanism in the CPRS) would resolve the issue of that sector having invested in large scale projects on the basis that GGAS would either continue to at least 2021, or be appropriately transitioned into a national emissions trading scheme. It would also promote the expansion of this clean generation sector.

The United States intends to include waste coal mine gas generation in its equivalent scheme – the Combined Efficiency and Renewable Electricity Standard. This scheme is part of the Waxman Markey Bill which is currently before the US House of Representatives.

Waste coal mine methane is also already included as an eligible fuel source in the German legislation for Renewable Energy (EEG) which seeks to increase Germany's use of Renewable Energy to between 25% and 30% by 2020.

2. Grandfathering (either within the MRET or CPRS) banked NGACs and NGACs expected to be created by landfill gas generation to 2012, would resolve that sector's transitional issue by giving effect to the legitimate commercial entitlements and expectations of those GGAS participants.

3. It is absolutely critical that transitional arrangements for this sector be tied to the passage of the CPRS legislation so as to avoid adverse financing implications for existing waste methane businesses. Failure to do so puts large scale existing abatement projects at risk of closure as a result of financing reviews timed to take place upon enactment of the CPRS legislation.

Australian Ethical Investment strongly supports the establishment of a national emissions trading scheme. However, low emission power generation industries such as the waste methane generation sector need to be promoted by the legislation rather than put at risk.

We would welcome the opportunity to discuss these issues with you in more detail.

Yours sincerely,



Martin Halloran  
Chief Investment Officer, Australian Ethical Investment Limited