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Committee Secretary
Senate Standing Committee on Environment, Communications and the Arts
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Dear Stephen,

Renewable Energy (Electricity) Amendment Bill 2010 [Provisions]; Renewable Energy (Electricity) (Charge) Amendment Bill 2010[Provisions]; Renewable Energy (Electricity) (Small-scale Technology Shortfall Charge) Bill 2010 [Provisions]

This submission to the Senate Inquiry is lodged on behalf of Gove Aluminium Finance Limited. CSR Limited's 25.24% interest in the Tomago Aluminium Joint Venture Smelter is held through a 70% interest in Gove Aluminium Finance Limited. The Tomago smelter is within the bottom third of the global aluminium cost curve. It is important that this competitive cost position be retained to capture future growth and investment opportunities and employment for this world class asset. The company has the following comments.

1. Gove supports in principle the passing of the renewable energy bills by the winter session of Parliament.
2. Gove is concerned about the uncapped liability associated with the small scale technology provisions of the bill and the potential to transfer liability to the LRET scheme to meet the 20% liability. Thus if SRES is highly successful and exceeds policy objectives the LRET will not be reduced. If it falls short the LRET will be increased. This is policy, but is not provided for in the bills. Gove recommends that a provision be included in the bill to reduce LRET obligations if the SRES exceeds policy objectives.
3. The legislation does provide for some forward projections to give the market more information regarding the balance of certificates, which is a fallback position to having a capped liability. This requires the Regulator to estimate a small-scale percentage for two years. Liable entities are provided with a forward estimate of surrender quantities for the first 3 quarters. The aggregate estimates should also be made public.

The CSR logo consists of the letters 'CSR' in a white, bold, sans-serif font, centered within a solid red square.

4. Full exemption for the LRET and SRES should be provided at the 90% and 60% rates provided for in the current legislation, for the first (original) 9500GWhr. This was excluded in the original MRET scheme. In addition exemption should be provided for the increased price on this original liability. This provision was linked to the introduction of the CPRS. This has now been abandoned and therefore the linked condition has been broken. Thus the increased price cap of \$65/MWh, up from \$40/MWh for the original 9500GWhr should become eligible for partial exemption along with the original 9500GWh.

In summary, 90% and 60% EITE exemptions should apply to:

- i) Original MRET 9500GWhr
- ii) Increased default price from \$40/MWh to \$65/MWh for the original 9500GWh.
(This is not necessary if item i) is accepted.
- iii) SRES liability

Yours sincerely,



Martin Jones