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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 Sucrogen™, the former sugar division of CSR Limited. The new company comprises Cane Products, which houses the renewable power assets, Sweeteners and BioEthanol. Under RET, Sucrogen™ is the 6<sup>th</sup> largest generator of RECs and has a combined renewable cogeneration capacity of 171MW of which 105MW is available for export into the grid in North Queensland. On the back of Government announcements regarding the separation of the RET into LRET and SRES, the CSR Board recently approved a \$24m investment in the Victoria mill near Ingham, to add an additional net capacity of 12MW for export.

Further opportunities for additional investment will be considered once the LRET and SRET legislation is enacted and some degree of confidence returns to this market. Investment in additional cogeneration in Sucrogen's sugar mills helps keep the industry competitive with the Brazilian sugar industry, where similar projects can be implemented under the CDM provisions of the Kyoto Treaty.

Sucrogen™

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1. Strongly supports the passage of these bills as soon as possible.
2. Has consistently opposed the inclusion of non renewable power sources in the scheme. Waste coal mine gas is not renewable and therefore should be excluded from the scheme, or at least have no new capacity added. LRET should be maintained exclusively for renewable energy and not be mixed up with non renewable technologies. Other measures should be established for non renewable but otherwise desirable carbon mitigation processes.

3. In the event that Senators form a view that waste coal mine gas should remain in the scheme then it should only be on the basis that the retailer liability be topped up to account for the increased generation from WCMG projects. In this way there is little impact on the prospects for **renewable** generation projects. This legislation in effect becomes a default mechanism for WCMG.
4. Has examined the report by ROAM Consulting to the Clean Energy Council, "Implications of the LRET and SRES modifications to the RET", 18 March 2010, which concludes that the cost impost on electricity prices at the retail level of the LRET/SRES policy is minimal. In particular for a medium wholesale price trajectory and medium case trajectory for solar hot water installation and small generation units eg photovoltaic, the SRES is expected to contribute a cost increase at retail level of 1.4% in 2011, declining to 0.3% by 2020. Similarly LRET contributes 1.4% in 2011 rising to 5.4% by 2020. This estimate embraces existing RET which is already legislated. Overwhelmingly, the cost of power at the retail level is dominated by the cost of distribution. This is estimated to be more than 7 times the cost of combined LRET/SRES, including existing RET, and would represent an increase of 60% from 2011 until 2020. Similarly transmission charges, although a smaller component of power price, will rise by over 40% over the same period.
5. Suggests the benefits of sugar mill cogeneration will save investment in transmission and may assist with lowering the prices of power during the summer time peak demand period. North Queensland is a net importer of electricity from SE Queensland. Thus savings occur by reduced transmission losses by supplying power regionally and avoiding infrastructure costs.
6. Does not support banding of certificates by technology. Apart from largely being unworkable, there are sufficient proven technologies available today to provide a cost curve of opportunities. Should new fully proven technologies emerge which are above the cost curve set by RET parameters, but are deemed desirable for other reasons of national interest, then policies appropriate to those technologies should be developed then. This could include feed-in tariffs, grants etc. There is no reason to make provision in today's RET for unproven technologies. The Bills make no provision for banding and the Company supports that position.

Yours sincerely,

Martin Jones