

21 October 2011

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Mr Palethorpe,

Clean Energy Council Submission to the Senate Inquiry into the provisions of the Australian Renewable Energy Agency Bill 2011 and the Australian Renewable Energy Agency (Consequential Amendments and Transitional Provisions) Bill 2011

The Clean Energy Council (CEC) is the peak body representing Australia's renewable energy and energy efficiency industries.

Its priorities are to:

- Create the optimal conditions in Australia to stimulate investment in the development and deployment in Australia of the world's best clean energy technologies;
- Develop effective legislation and regulation to improve energy efficiency; and
- To work to reduce costs and remove all other barriers to accessing clean energy.

The CEC works with members and the government to identify and address the barriers to efficient industry development in the energy efficiency and stationary energy sector. The clean energy industry and its members contribute to the generation of electricity using wind, hydro, solar, biomass, geothermal and ocean energy as well as other emerging technologies and service providers in the energy efficiency sector including solar hot water and cogeneration.

Consistent with approaches taken around the world, a robust policy framework in Australia to reduce greenhouse emissions must include:

- A price on carbon;
- support for the rapid deployment of proven clean energy generation;
- acceleration of the development of new and emerging clean technologies; and
- encouragement of more efficient use of energy.

Without these four planks the commercialisation of clean energy technologies will stall, adding to uncertainty within the energy market and delaying the transformation of Australia's energy sector and adding further costs to this transformation.

The CEC strongly supports the introduction of legislation to establish the Australian Renewable Energy Agency (ARENA), bringing together the Australian Centre for Renewable Energy (ACRE) and the Australian Solar Institute (ASI). These two organisations have greatly added to the body of knowledge surrounding the challenges facing the research, development and deployment of clean energy technologies in Australia – taking a more consultative approach with industry, which has been widely welcomed.

The establishment of ARENA provides an opportunity for consolidation of the various programs currently spread out across the two agencies and develop a more co-ordinated approach to policy development and program delivery.

The CEC urges the Government ensure this amalgamation does not affect the delivery of programs currently out for expressions of interest for funding.

The Emerging Renewables and the Solar Flagships program particularly have been through extensive consultation processes and have funding allocated to them; however the deployment of those funds into on-ground projects remains critical for many projects and technologies to remain in Australia. In many cases several innovative Australian made and owned technologies and companies are being forced to look internationally due to the uncertainty created by proposed changes in policies and the lack of tri-partisan agreement on how to decarbonise the energy sector.

Global investment and corresponding policy support measures being put in place to support the deployment of these technologies offshore continues to dwarf that making its way into on-ground projects in Australia. According to Bloomberg New Energy Finance, new global investment in clean energy rose 22 per cent for the second quarter of 2011 to \$41.7 billion, up 22 percent from 2010.

This has been predominately due to a jump in funding for large solar thermal plants, such as by BrightSource Energy Inc raising \$2.2 billion as well as leading solar thermal companies Newtera Energy Resources LLC and Eskom Holdings Ltd.

The CEC supports the function of the authority being:

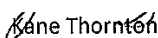
- providing financial assistance for the research, development, demonstration, deployment and commercialisation of renewable energy and related technologies;
- developing skills in the renewable energy industry;
- sharing of non-confidential knowledge and information from the projects it funds; and,
- promoting collaboration on renewable energy technology innovation with state and territory governments and other institutions, including international governments and institutions.

The CEC also supports the fund being dedicated to enabling and hybrid technologies, given the relative competitive advantage that Australia has particularly in the development of hybrid and off-grid technologies, with large energy using industries often located in remote locations. The CEC requests clarification that funds relating to the Connecting Renewables Program will be directed to clean energy project deployment by ARENA.

Finally, the CEC re-iterates to the committee the importance of the funds allocated making their way into on-ground projects to support progression through the commercialisation process over the coming 2 years. Ongoing political and regulatory uncertainty will only continue to drive investment offshore.

Australia has a proud history when it comes to research and development, making many important contributions to the advancement of science in responding to the challenges faced by society. The CEC implores the committee to consider the importance of the establishment of ARENA in supporting Australian research and industry in responding to the challenges facing the accelerated development and deployment of clean energy.

Yours sincerely,


Kane Thornton
Director Strategy & Operations