

**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	1
<b>Program:</b>	1.1		
<b>Division/Agency:</b>	Executive		
<b>Topic:</b>	CPRS Deferral Decision		
<b>Hansard Page ECA:</b>	40		

**Senator ABETZ asked:**

**Senator ABETZ**—Yes, and we want to know when you were told and by whom. We are not making any criticism that you were not involved in that decision; all we want to know is when you were told and by whom.

**Mr Leeper**—If you want me to be precise, I would have to take that on notice.

**Answer:**

In the course of the day and the evening of 27 April 2010, Mr Leeper became aware of material that suggested that a decision had been made to defer the Carbon Pollution Reduction Scheme (CPRS). The first of these was an informal (i.e. not official) transcript of the Prime Minister's doorstep media conference at Nepean Hospital; the second was an online article posted by the Sydney Morning Herald at 2.21pm; the last was an internal email sent to Mr Leeper by a departmental officer at approximately 9.00pm that night that contained confirmation of a decision to defer implementation of the CPRS.

**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	2
<b>Program:</b>	1		
<b>Division/Agency:</b>	Executive		
<b>Topic:</b>	Advice to Staff		
<b>Hansard Page ECA:</b>	34-35		

**Senator BIRMINGHAM asked:**

**Senator BIRMINGHAM**—We will move beyond whatever point shortly before the announcement was made that you were informed, at least for now. However, when did you communicate that information to the rest of your department?

**Senator Wong**—He personally?

**Senator BIRMINGHAM**—When was it communicated, how and by whom, if we would like to get there?

**Dr Parkinson**—Can I take that on notice? I will give you the answer. I know the answer. I am just trying to get the dates right in my own head. I think it would have been 28 April, so the day after the Prime Minister's announcement. I think that would be the day on which I communicated it formally to the department. Can I caveat that? I will check and get back to you.

**Senator BIRMINGHAM**—By what means? Was it by email, staff meeting?

**Dr Parkinson**—I will check this, but my recollection was that I had a meeting with my SES and it was subsequently followed up later with an email to staff later in the week about the issue, just as part of the normal traffic, but I addressed my SES and they then advised their staff. Just allow me to caveat that slightly. I will have to go back and check that.

**Senator BIRMINGHAM**—Certainly. In terms of the details, if you could take those details on notice.

**Dr Parkinson**—I am fairly sure I am right, but I just want to be 100 per cent.

**Senator BIRMINGHAM**—Who communicated what information to—

**Dr Parkinson**—Communication was definitely from me to the staff. The first format was me to the SES, and the SES then to the staff. I think I followed up later in the week with a broadcast email to staff, but I will check that.

**Senator BIRMINGHAM**—Okay. If you could: who, when, what medium—and if it was an email or a written brief that went out to staff, if you could provide a copy of that to the committee as well, that would be appreciated.

**Answer:**

The all staff notification was tabled at the Hearing.

**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	3
<b>Program:</b>	1.1		
<b>Division/Agency:</b>	CSMD		
<b>Topic:</b>	Cabinet Meeting		
<b>Hansard Page ECA:</b>	30		

**Senator ABETZ asked:**

**Senator ABETZ**—When was the last cabinet meeting closest to the time of the announcement that we are talking about?

**Senator Wong**—I would have to take that on notice.

**Answer:**

The last Cabinet meeting prior to the Prime Minister's announcement on 27 April 2010 was held on 21 April 2010.

**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	4
<b>Program:</b>	1.1		
<b>Division/Agency:</b>	CSMD		
<b>Topic:</b>	Cabinet Meeting		
<b>Hansard Page ECA:</b>	31		

**Senator ABETZ asked:**

**Senator ABETZ**—Was there a cabinet meeting on the day that the announcement was made?

**Senator Wong**—I would have to take that on notice.

**Answer:**

Yes, a Cabinet meeting was held on 27 April 2010.

**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	5
<b>Program:</b>	1.1		
<b>Division/Agency:</b>	CSMD		
<b>Topic:</b>	Advice to Cabinet		
<b>Hansard Page ECA:</b>	27		

**Senator BIRMINGHAM asked:**

**Senator BIRMINGHAM**—Was the department asked to provide that advice?

**Dr Parkinson**—Departments do not get to lodge advice in front of cabinet without there being a formal process. The fact that the department provided the minister with advice and members of cabinet with advice by itself says that we were asked for advice.

**Senator BIRMINGHAM**—By whom were you asked?

**Dr Parkinson**—By the minister and by members of the cabinet.

**Senator BIRMINGHAM**—When were you asked to provide this advice or input?

**Dr Parkinson**—I would have to take that on notice. We were asked a number of times over a period for pieces of advice, so I would have to take on notice when we were asked for advice at various times.

**Answer:**

Advice from the Department on the deferral of the CPRS was provided to Cabinet several times between 1 March 2010 and 27 April 2010 when the announcement was made.

**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	6
<b>Program:</b>	1		
<b>Division/Agency:</b>	CSMD		
<b>Topic:</b>	CPRS Deferral Decision		
<b>Hansard Page ECA:</b>	42		

**Senator BIRMINGHAM asked:**

**Senator BIRMINGHAM**—Minister, where were you on 27 April?

**Senator Wong**—I would have to check my diary, but I think I was in Sydney.

....

**Senator BIRMINGHAM**—Were you asked to be with the Prime Minister for the announcement?

**Senator Wong**—I am not going to go any further into these details. I was not with the Prime Minister at the Nepean Hospital announcement. I believe I was in Sydney on that day, but I will check my diary.

**Answer:**

Minister Wong was in Sydney on 27 April 2010.

**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	7
<b>Program:</b>	1		
<b>Division/Agency:</b>	ETD		
<b>Topic:</b>	Representations		
<b>Hansard Page ECA:</b>	47		

**Senator BIRMINGHAM asked:**

**Mr Comley**—The department has had representations from carbon sink providers who have suggested that is one potential solution to the problem they perceive. It is not so much a legislative issue. As part of the CPRS framework the government made a decision to not allow exports of credits until at least 2015. What they are effectively asking for is the transfer of an AAU, an assigned amount unit, out of Australia to the international markets, so that would fall within a policy of not exporting at the moment. It is a policy decision that the government has made to date.

**Senator BIRMINGHAM**—Have those representations been made to the department and not to you at present, Minister?

**Senator Wong**—I will have to take that on notice, meaning they may well have been. I cannot recall every representation that is made to me on climate change.

**Senator BIRMINGHAM**—Is the government considering such a policy change or have any decisions or discussions been made surrounding it?

**Senator Wong**—I do not know that I can reasonably add to Mr Comley's answer on that.

**Senator BIRMINGHAM**—If you could take on notice any details of discussions, that would be appreciated.

**Answer:**

Yes, there have been representations both to the then Minister for Climate Change, Energy Efficiency and Water, Senator the Hon Penny Wong, and the Department regarding forest sequestration. Companies have highlighted that the Senate's decision not to pass the Carbon Pollution Reduction Scheme (CPRS) means a decline in domestic demand for abatement. Carbon sink providers are therefore seeking ways to generate offset credits from forestry projects in the absence of the CPRS, which could be used in the Australian voluntary carbon market or the international carbon market.

The Government has made an election commitment to implement a Carbon Farming Initiative, which will allow farmers and landholders to receive credits that can be sold in Australia's voluntary carbon market or exported.

**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	8
<b>Program:</b>	1.1		
<b>Division/Agency:</b>	CSMD		
<b>Topic:</b>	CPRS Deferral		
<b>Hansard Page ECA:</b>	Written		

**Senator BIRMINGHAM asked:**

1. Was the decision to defer implementation of the Carbon Pollution Reduction Scheme (CPRS) taken by a meeting of the full Cabinet?
2. If so, when?
3. Was a submission by the Department considered at this meeting?
4. If so, was that submission circulated to other departments for comment prior to the meeting?
5. If so, to which departments and which, if any, provided comment?

**Answer:**

1. No.
2. Not applicable.
3. Not applicable.
4. Not applicable.
5. Not applicable.



**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	9
<b>Program:</b>	1.1		
<b>Division/Agency:</b>	CSMD		
<b>Topic:</b>	CPRS Deferral		
<b>Hansard Page ECA:</b>	Written		

**Senator BIRMINGHAM asked:**

1. Was the decision to defer implementation of the CPRS taken by a meeting of the Strategic Priorities and Budget Committee (SPBC) of Cabinet?
2. If so, when?
3. Was a submission by the Department considered at this meeting?
4. If so, was that submission circulated to other departments for comment prior to the meeting?
5. If so, to which departments and which, if any, provided comment?

**Answer:**

1. Yes.
2. 21 April 2010.
3. Yes.
4. Yes.
5. The submission prepared by the Department of Climate Change and Energy Efficiency on the deferral of the CPRS was circulated to the Department of the Prime Minister and Cabinet, Treasury and the Department of Finance and Deregulation.

**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

**Outcome:** 1 **Question No:** 10  
**Program:** 1.1  
**Division/Agency:** ETD  
**Topic:** Power Stations  
**Hansard Page ECA:** 75

**Senator LUDLAM asked:**

**Senator LUDLAM**—I do not want to get hung up on the definition of what is proposed and maybe that is what is happening here. Are you able to table the chart or graph, the reference that you are reading from?

**Dr Parkinson**—I will table the names.

**Answer:**

Major recently commissioned coal-fired generators

<b>Power station</b>	<b>State</b>
Kogan Creek	QLD
Bluewaters (I and II)	WA

Major advanced coal-fired generation projects and proposals

<b>Project</b>	<b>State</b>
Callide A power station oxyfuel demonstration project	QLD
Eraring power station capacity upgrade project	NSW
HRL dual gas demonstration project	VIC
Muja A/B power station rehabilitation project	WA
Coolimba power station	WA
Bluewaters power station stages III and IV	WA

**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	11
<b>Program:</b>	1.1		
<b>Division/Agency:</b>	CSMD		
<b>Topic:</b>	Modelling		
<b>Hansard Page ECA:</b>	76		

**Senator LUDLAM asked:**

**Senator LUDLAM**—That is a helpful distinction, thank you. In that answer you have done an analysis rather than modelling of the alternative proposition that has been put to the government by the Australian Greens? You have done some thinking about what that would look like?

**Mr Comley**—We have provided some advice.

**Senator LUDLAM**—When was that?

**Mr Comley**—I would have to take that on notice.

**Senator LUDLAM**—Because you do not know or you are not sure if you are allowed to tell me?

**Mr Comley**—I do not know. These proposals have been around for some time, so we may have provided a range of analyses and advice at different times. I do not know off the top of my head exactly when that was done.

**Senator LUDLAM**—I am hoping that is not rocket science. Maybe somebody is able to look that up for us, just as to the scope and the quantity of the work that you were asked to provide?

**Senator Wong**—That goes to advice to government.

**Senator LUDLAM**—I am not asking for the advice.

**Senator Wong**—You just said the scope. That goes to advice to government. We will take the question on notice but I am just—

**Senator LUDLAM**—That will not disappear never to be heard from again. At least get back to me on timing. I am not asking for the advice itself.

**Senator Wong**—We will take the question on notice.

**Answer:**

The Department provided briefing and analysis to the Minister for Climate Change, Energy Efficiency and Water between 21 and 28 January 2010 in regards to the Greens' proposals as announced in January 2010 for an alternative approach to implementing the Carbon Pollution Reduction Scheme.

**Senate Standing Committee on Environment, Communications and the Arts  
Legislation Committee**

**Budget Estimates 2010-2011, May 2010**

**Answers to questions on notice**

**Climate Change and Energy Efficiency portfolio**

<b>Outcome:</b>	1	<b>Question No:</b>	12
<b>Program:</b>	1.1		
<b>Division/Agency:</b>	CSMD		
<b>Topic:</b>	RET		
<b>Hansard Page ECA:</b>	Written		

**Senator XENOPHON asked:**

1. Under the RET Bill currently before the House, with what justification do electric heat pumps continue to be eligible for RECs?
2. While admittedly electric heat pumps may be "better than nothing", does the Office concede that it uses electricity and is therefore not wholly renewable and therefore should not be eligible for RECs?
3. Would it be fair to argue that by awarding RECs to an electricity-powered device, it works against encouraging use of renewable energy?
4. On another matter, I understand the Government has introduced regulations to address overloading of heat pumps at locations. The Government has advised me that statutory declarations are now required and spot checks are conducted. What confidence does the Government/Agency have that this will reduce or solve this issue?
5. How many spot checks that have been conducted?
6. What have the outcomes been?
7. What assurance does the Agency have that these measures will stop such overloading from occurring?

**Answer:**

Questions 1 – 3

Air source heat pumps have been included in the Renewable Energy Target (RET) since its inception in 2001. Heat pumps, like solar hot water systems, use a renewable energy source to heat water and displace conventional fossil-fuel energy. They are eligible for Renewable Energy Certificates (RECs) for the energy they produce in heating water, with the electricity they consume subtracted. Heat pumps make an important contribution as a cost-effective and proven means of reducing reliance on electric hot water systems and fossil fuel based electricity.

Questions 4 – 7

In September 2009, amendments were made to RET regulations to deter the installation of inappropriately large commercial-scale solar and heat pump water heaters in domestic and small commercial premises. The regulations specify that RECs cannot be created for a particular solar or heat pump water heater with a storage capacity over 700 litres until a statutory declaration has been provided to the Renewable Energy Regulator that requires installers to ensure units are

appropriately sized for their intended use and that there is an intention that it remain in its original configuration and location for the life of the unit.

Since the introduction of this requirement the Office of the Renewable Energy Regulator (ORER) has checked 100 per cent of the commercial heat pump installations through its online REC Registry, given that it is not possible to create RECs without providing a copy of the statutory declaration to the ORER. The ORER has followed up around 10 per cent of these REC claims via either a telephone confirmation or a physical site inspection to confirm the installation and operation of the system.

On no occasion since the introduction of the statutory declaration requirement have the physical site inspections warranted the ORER inspectors to seek independent and expert confirmation of the hot water needs of the site in question.

Following the September 2009 regulations, there was a significant decline in commercial heat pump installations and REC creation.

Enhanced RET legislation was passed by the Commonwealth Parliament on 24 June 2010. Under the new legislation, air source heat pumps with a volumetric capacity over 425 litres are excluded from creating RECs if installed on or after 29 June 2010. This will further limit any incentive to 'oversize' heat pumps.