



16 April 2009

The Secretary
Senate Select Committee on Climate Policy
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Dear Sir or Madam

SELECT COMMITTEE ON CLIMATE POLICY INQUIRY INTO THE CHOICE OF EMISSIONS TRADING AS THE CENTRAL POLICY TO REDUCE AUSTRALIA'S CARBON POLLUTION

Thank you for the opportunity to provide comment to the Senate Select Committee on Climate Policy.

Roaring 40s is one of the leading wind energy developers in Australia, with a large portfolio of existing wind farm projects in Tasmania, South Australia and Victoria. Roaring 40s is a 50:50 joint venture between Hydro Tasmania and the CLP Group.

Roaring 40s notes that the terms of reference of the Inquiry are broad but primarily focus on the effectiveness of emissions trading as a policy instrument to achieve greenhouse gas abatement, and secondly on how the adoption/implementation of an ETS in Australia fits with international commitments to climate change.

With regard to the choice of emissions trading as the central policy to reduce Australia's carbon pollution, Roaring 40s believes that emissions trading is a least cost and effective long-term policy approach with the substantial strategic benefits of environmental certainty, international fungibility and policy flexibility. The opportunity to recognise a range of emissions permits through international trading should serve as a strong incentive to pursue emissions trading over alternative policy approaches. Roaring 40s has direct experience of trading emissions units through participation in the Clean Development Mechanism (CDM) which has proven an effective driver for enhancing the deployment of renewable energy projects in China and India. Mechanisms such as these have encouraged international action on climate change effectively contributing to global emission reduction efforts.

Roaring 40s is a renewable energy company currently focussed on the large scale deployment of wind energy and as such, will be particularly impacted by the clean energy policy framework adopted within Australia.

With respect to this, terms of reference 1 (a) ii seek to investigate how Australia can: *put in place long-term incentives for investment in clean energy and low-emission technology* is of key interest to our business.

While in the long-term, an effective carbon price will drive transition to low carbon fuels, in the interim additional measures are imperative. Recently, the primary driver for renewable project deployment has come from the renewable energy certificate (REC) market in Australia. This has been created through the Mandatory Renewable Energy Target (MRET) and is expected to be continued through the proposed expanded Renewable Energy Target (RET). This proven least cost industry development mechanism is similar in intent to renewable specific feed-in tariffs, sometimes chosen as an alternative policy mechanism in other countries.

Importantly, measures such as the RET can address broad public good interests, providing benefits in addition to carbon abatement such as those outlined in the Committee's terms of reference 1(e): *whether the design of the proposed scheme will send appropriate investment signals for green collar jobs, research and development, and the manufacturing and service industries.*

The continuation of support for renewables through the proposed expanded RET is fundamental to the ongoing development of renewable energy projects in Australia, particularly until a sufficient carbon price is reflected in wholesale electricity prices. As a result, while considering the range of climate change policy options available to Australia is important, it is imperative to Roaring 40s that the RET be implemented quickly and effectively as per the Government's proposed timetable.

Against this background, Roaring 40s supports a multifaceted suite of policy measures to achieve desired carbon abatement outcomes and to put in place long-term incentives for clean energy and low-emission technologies. This suite of policy measures must include fiscal support for early stage research and development, market incentive approaches for early commercial deployment (such as the proposed RET) and emissions trading to provide a transition to effectively price environmental externalities for mature technologies.

Roaring 40s believes that emissions trading, with additional measures including the expanded RET, can set the most efficient long-term market architecture to meet Australia's emissions reduction targets and establish a policy framework for long term incentives for low emission technologies. It is important to recognise that the RET provides a mechanism for fully valuing renewable energy production in the immediate term during the necessary transition to meaningful emissions reduction targets.

Roaring 40s would welcome the opportunity to provide the Select Committee with further information on this submission or any related matter. Please contact Josh Bradshaw on 03 6213 4331 or email josh.bradshaw@roaring40s.com.

Yours faithfully



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