

Australian Greens dissenting report

As the author of the Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008, the Greens are pleased that the committee report is reasonably accurate in its summation of the evidence presented in submissions and hearings during the inquiry and that both the Government and the Opposition members are persuaded that a nationally coordinated approach to the introduction of a 'gross' renewable energy feed-in tariff scheme is needed in Australia.

However, the report recommendations do not reflect the overwhelming body of evidence and the discussion in the body of the report. In particular, the Greens disagree with the primary recommendation that that the introduction of feed-in laws should be delegated to COAG. If Australia is to have an effective, coordinated and nationally consistent FiT scheme within a reasonable timeframe then it should be managed by the federal government, as are similar policies such as the Mandatory Renewable Energy Target and the Carbon Pollution Reduction Scheme.

There is overwhelming public and industry support for this legislation. No one believes that the COAG process will deliver a gross feed in tariff in the foreseeable future. Since several States have recently introduced and are now defending poorly designed FiT schemes, it is unrealistic to expect the States to now amend and coordinate these laws. A new national FiT scheme managed by the Commonwealth Government can easily accommodate and eventually replace these existing State schemes.

The decision to leave it to COAG is a decision to delay indefinitely a mechanism that is the proven driver of the deployment of renewable energy. This was acknowledged most recently in the United Kingdom where FiT legislation was foreshadowed, heralding a significant shift away from their existing renewable energy target approach. With the shift towards FiTs the United Kingdom will be adopting a policy that is proving remarkably successful throughout most of Europe. Rejection or delay of this legislation is a blow to the development of the green technologies at the forefront of the Green energy revolution that is imminent globally, and will leave Australia behind both in green collar jobs and industry innovation. Leaving the deployment of renewable energy to rebates and low interest loans is a recipe for piecemeal and minimal deployment.

Areas of disagreement are detailed below.

1. Paragraph 2.39 states that "Given the complexities involved, the committee believes that the current process of negotiation through COAG to achieve a nationally consistent FIT framework is the appropriate one." The Greens would change recommendation 1 to:

Greens Recommendation 1

Noting strong industry, consumer and government support for FIT schemes, the committee recommends that the Commonwealth government introduce a gross national FIT scheme as quickly as possible.

2. Paragraphs 3.70 to 3.77 discuss degeneration of FiT payments (that is, a predetermined annual reduction in FiT rates for new projects). While the Greens agree that a predictable degeneration of FiT rates usefully provides an incentive for early investment and encourages ongoing innovation to reduce costs, it is also important is that the Minister has the option to increase FiT rates if it is determined that a technology uptake rate is too low. This approach also has the advantage of allowing the Government to take a 'learning by doing' approach since during the early years of the scheme in particular there will need to be a period of 'price discovery'. The Greens therefore disagree with Recommendation 5 which says that pre-determined tariff degeneration rates should form part of a national FiT scheme.
3. In its conclusion the committee report lists a number of matters requiring more detailed consideration. These include:
 - i. Coordinated action in light of pre-existing state and territory schemes;

The Greens view is that federal government should take charge of renewable energy development policy, just as it is doing with the Carbon Pollution Reduction Scheme, which allows the NSW Greenhouse Gas Abatement Scheme to become redundant. This Bill provides the flexibility for the Minister to make allowances for existing State schemes.
 - ii. The eligibility of different renewable energy sources;

The Greens believe that all renewable energy sources should be eligible but that the Minister should determine the FiT rate. By this mechanism the pricing will determine the attractiveness of the scheme for each technology type. It may be, for example, that wind energy receives a FIT of zero if it is judged to be adequately supported by the Mandatory Renewable Energy Target. The Greens also acknowledge the number of submissions rejecting wood waste as renewable given the controversy

surrounding its sustainability in some circumstances. We agree that these concerns are valid and must be taken into account.

iii. Tariff values available for different sizes of generator;

The Bill clearly delegates this decision to the responsible Minister.

iv. The parameters within which FIT payments will decrease over time (degression);

The Greens view, as discussed above, is that pre-set degression rates are not the best approach and that in this regard to Bill should proceed as drafted.

v. Whether and how FIT payments will be indexed;

The Greens view is that indexation is not essential, however if other parties felt it was we are willing to consider amendments to the Bill.

vi. Information management for the administration of the scheme.

The Bill clearly set out the information management requirements of the responsible Minister and the regulator.

In summary the Greens believe that the Bill should proceed, albeit with a range of sensible amendments based on information gratefully received in submissions and hearings. Finalisation of the underpinning regulations is a complex policy area which would obviously require the analytical resources of Departments including Treasury, Climate Change and the Environment, and so the Greens would welcome the earliest possible engagement of the Government on this critical and urgent policy issue.

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