Minority Report Australian Greens

The *Renewable Energy (Electricity) Amendment Bill* fails to incorporate the most important recommendation of the 2003 review of the *Renewable Energy (Electricity) Act 2000*, namely, that the MRET be extended from 2010 to 2020 with an increased target of 20 000 GWh to be achieved by 2020.

This recommendation for an extended timeframe and increased target has received very widespread support from the renewables industry since 2003. Each of the industry's submissions reflected this, as acknowledged in the Committee's report.

The Government's arguments against extending the MRET, as presented in the Committee's report, are flawed.

The Committee's report makes it clear that the Government's decision not to extend the MRET is based on the recommendations of the 2002 Energy Market Review *Towards a Truly National and Efficient Energy Market* (aka the Parer report), which argued that:

1. *The MRET is a more costly measure to reduce greenhouse gas emissions than it needs to be as it focuses exclusively on renewable energy sources rather than least cost greenhouse gas abatement, such as reducing energy consumption through improving energy efficiency.* [para 2.9]

This argument fails to recognise that the purpose of MRET is to support the development of a domestic renewable energy industry so that greenhouse gas emissions can be reduced over the long term, something that will not happen in the absence of viable renewable energy sources. One third of Australia's greenhouse gas emissions come from fossil fuels used in electricity generation. How can these emissions be reduced without a cost effective viable renewable energy sector? MRET has demonstrated that it is an effective tool to encourage investment in that sector. Nothing prevents the government from also implementing energy efficiency at the same time. In fact it is essential that it does so.

2. *The MRET scheme focuses on expanding the renewable energy industry to conserve non-renewable sources, which in reality is 'not an issue' for Australia given our abundant supply of coal and large natural gas resources, and may result in unnecessary cost escalations in the price of energy.* [para 2.1]

The complete failure to acknowledge that the issue is not the extent of Australian fossil fuel, coal and gas reserves, but rather the imperative to reduce their use because of dangerous climate change, is a reflection on the narrow economic parameters of the Parer report. While the supply of coal is abundant, it is widely accepted that that future of the coal industry will depend on the price that will be placed on carbon and the capacity of the industry to develop 'clean-coal' technology, something which to date has proved impractical, unachievable and not cost-effective. With regards to gas, Australian gas reserves may last several decades at current usage rates, however, gas extraction may increase substantially as oil prices increase and as coal becomes a less favoured fuel for electricity generation. Overall, the case for developing a domestic renewable energy industry for both greenhouse gas mitigation and energy supply security reasons is overwhelming.

3. *The Energy Market Review supported the introduction of a national economy wide emissions trading system to abate the same level of emissions as intended through a number of separate schemes currently in operation. Following announcement of agreement to implement the new emission trading system, these existing schemes, including the MRET, would cease to operate. The report commented that any form of a compensatory subsidy to support the renewable energy market following cessation of the scheme should be provided outside of the energy market, thus avoiding distortion of the energy market to support the growth of a particular section of the industry.* [para 2.11]

It is agreed that the MRET and similar schemes should be replaced by an emissions trading system (with compensating subsidies), but the government has made it clear that they will not be implementing such a scheme – hence the ongoing need for the MRET.

The streamlining of elements of the energy industry and the promotion of market transparency are minor changes to the energy market. This Bill fails by omission. It fails to address the elephant in the room, the need to increase the target and extend the timeframe of the MRET scheme. Most of the submissions to the Committee supported this proposition.

The Bill should be passed with amendment to provide for the extension of MRET from 2010 to 2020 with a target of 20 000 GWh by 2020.

Senator Christine Milne
Australian Greens

Senator Rachel Siewert
Australian Greens