



Mr Peter Hallahan
The Secretary
Senate Standing Committee on Economics
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Dear Mr Hallahan

Re: Inquiry into the *National Market Driven Energy Efficient Target Bill 2007*

Thank you for the opportunity to provide a submission to the Senate Standing Committee on Economics inquiry into the *National Market Driven Energy Efficient Target Bill 2007* (the Bill).

As Australia's largest generator of renewable energy, Hydro Tasmania continues to develop additional renewable energy projects and enhance and upgrade our existing hydro-electric assets. Much of this has been made possible due to the Mandatory Renewable Energy Target (MRET).

Hydro Tasmania supports the general intent of the Bill, which is to create incentives and a market for energy savings in Australia through a mandatory energy efficiency target. Such a mechanism would work to encourage energy efficiency additional to that required through current legal or regulatory arrangements, and would be complementary to the proposed Australian emissions trading scheme.

However, Hydro Tasmania submits that such a measure should not be introduced by amending the *Renewable Energy (Electricity) Act 2000* (the MRET Act). While it is understood that the MRET Act provides a workable framework for establishing an energy efficiency target, we believe that an energy efficiency target would be better established through its own separate legislation in order to avoid confusion between the two targets and retain the integrity of each measure. This could be achieved by developing separate mirror legislation to the MRET Act and adapting / adding clauses specific to the proposed energy efficiency target.

With regard to the proposed target itself, Hydro Tasmania makes the following additional comments:

- The measure refers to an energy efficiency target of 20% by 2020. However, it is unclear what baseline consumption the 20% is referring to (eg national, energy sector only, etc). This requires clarification.
- It is unclear why liable parties under the proposed energy efficiency target are the same as the liable parties under the MRET (ie electricity retailers).

Should you have any queries regarding this submission, please contact Corinna Woolford on (03) 6230 5636 or email corinna.woolford@hydro.com.au.

Yours sincerely

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