

Committee Secretary
Senate Economics Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia
Dear Committee Secretary
RE: [2008]

Dear Senator Alison,

I trust that by now you have had the opportunity to read and understand my paper on the systemic double accounting of renewable energy and associated greenhouse benefits.

Things appear to have become worse with the NGERS Taskforce committed to a physical approach to assigning the greenhouse benefits of renewables to the grid (standard electricity customers), whilst at the same time turning a blind eye to GreenPower and RECs contracts whereby customers claim the benefits a second time.

The Department of Climate Change have avoided reform of Scope 2 electricity emission factors evident from their Q&A section on Tech Guideline submissions. Now renewables are almost certainly destined to be a severely disadvantaged lame duck as we head towards emissions trading.

The NGERS Taskforce concealed proper debate in their discussion papers and virtually hid the issues around double accounting of low emissions energy products.

With the accounting approach proposed there is no pricing mechanism possible that can prevent renewable energy customers from having carbon costs loaded into their renewable energy price. The biggest electricity users in the state will get a free ride to lower emissions due to the diluted state emissions factors partly paid for by voluntary customers and in South Australia's case, mostly paid for by consumers in other states.

GreenPower will eventually lose its credibility. Potential large scale renewable energy customers such as water utilities trying to run desal plants might as well not bother with accredited renewable energy as there will be no greenhouse reduction benefit because it has already been given to others.

The really big electricity users can continue to say "the so called green grid" does not yet exist

The key problems with renewable energy trading will also apply to your an efficiency trading scheme. When market sellers sell something they need to understand that they cannot then own or claim use of the thing they have sold. Secondly, the market frameworks need to be able to recognise and adjust to this sale.

It is bad enough with renewable energy and associated greenhouse benefits being poorly defined, but would be next to impossible with selling efficiency.

If a household makes an efficiency saving and sells this on, then the household should not then get the benefits reduced carbon liabilities via their electricity bill. Of course this could not be possible so a benefit is then available to the householder and the party that the efficiency benefit is sold to, creating a double count.

I support the concept of a rapid improvement in efficiency, but believe that this should stay with the owner of the efficient system."

Tim Kelly