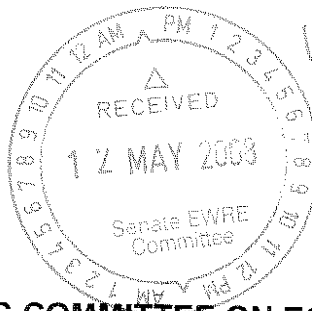


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Clean Energy Council

## SENATE STANDING COMMITTEE ON ECONOMICS

### Inquiry into

### The National Market Driven Energy Efficiency Target Bill 2007 [2008]

### Renewable Energy Legislation Amendment (Renewable Power Percentage) Bill 2008

#### THE CLEAN ENERGY COUNCIL:

The Clean Energy Council (the Council) is Australia's clean energy industry peak body, formed in 2007 through the merger of the Australian Business Council for Sustainable Energy (BCSE) and the Australian Wind Energy Industry Association (Auswind). With a membership of over 450 businesses, the Council covers a quarter of Australia's total electricity production including gas, wind, hydro and bioenergy; and the spectrum of business in the low-emission energy and energy efficiency sectors including solar PV, solar hot water, biomass, geothermal and cogeneration. Our members are committed to tackling climate change through developing financially viable businesses and a robust clean energy industry.

#### GENERAL COMMENTS ON THE BILLS:

The Council;

- supports the intent of both these Bills, but has some minor issues with the detailed approach taken in both Bills. The intent of the Bills is not well defined in that they are not part of a comprehensive policy framework for climate change;
- supports the early introduction of an Emissions Trading Scheme;
- strongly believes that complementary measures are needed, to support a successful ETS, and develop technologies through to full deployment.

These would include:

- significant additional Research and Development (R&D) funding of key areas including:
  - renewable energy technologies;
  - energy efficiency innovations; and
  - other low emission energy emerging technologies.
- an expansion of the Renewable Energy Target to meet the Labor Government's announced objective of achieving 20% renewable energy production by 2020;

- nationally consistent, appropriately priced, feed-in tariffs paid for gross generation for solar PV and other small scale renewable energy generators;
- a national energy efficiency target to reduce the growth in electricity demand by a minimum of 30TWhr; and
- further regulations to overcome barriers to energy efficiency that are not price-based.

## **ENERGY EFFICIENCY:**

1. A comprehensive, coordinated framework of government policies will be required to deliver the energy efficiency promises made during the 2007 election campaign.
2. These should include the following items:
  - **A national energy efficiency target**
    - to drive Australia to the forefront of OECD energy efficiency improvements (as announced during the election campaign); and
    - to reduce the growth in electricity demand by one third so that, by 2020, energy consumption by is reduced by at least 30TWh.
  - **A “white certificate” energy efficiency trading scheme**
    - to assist in addressing market barriers to energy efficiency by setting a target for accredited energy savings through a certificate system;
    - is applied to the electricity and gas sectors; and
    - is a nationally consistent approach that incorporates all existing state demand-side schemes.
  - **A national energy efficiency fund**
    - to be created with revenues from the auctioning of permits and used to support energy efficiency measures that are not easily incorporated into a white certificate scheme.
  - **Minimum energy efficiency standards and information disclosure for new and existing buildings**
    - Standards to be raised to ensure all cost effective energy efficiency measures are incorporated into new buildings and progressively into existing buildings at the time of sale and/or renovation.
  - **Industry capacity building**
    - Skills training to be rapidly expanded to meet the expected growth in the energy efficiency industry.
  - **Electricity industry regulatory reform**
    - Regulation of the electricity sector, particularly of monopoly network businesses, will need to be reformed to provide incentives and remove any disincentives to:
      - investment in customer energy efficiency, and
      - reward utilities for helping their customers to save energy.
  - **Energy Efficiency Roadmap**
    - To further identify the opportunities and barriers over the wide range of energy efficiency options.

## **RENEWABLE ENERGY TARGET:**

1. Government election promise was to:
  - set a 20% Renewable Energy Target (RET) for Australia to reach by 2020
  - which is equivalent to increasing the Mandatory Renewable Energy Target (MRET) to 45,000GWh pa
  - bring existing state-based targets into a single national scheme
2. A RET allows renewable energy to be deployed earlier than would occur under an ETS alone, thus reducing the long term costs of meeting Australia's emission reduction targets and reducing the cost of renewable energy as the market grows.
3. The current MRET design has worked successfully and has delivered significant investment in new renewable energy projects.
4. Many projects are ready and waiting for construction
5. Only minor amendments needed to the MRET law for the new RET to begin, this could be implemented quickly.
6. These amendments are:
  - A change to the target to rise from the 2008 target 6,800GWh in a linear trajectory to 45,000GWh in 2020, and then continuing at that level until 2035; and
  - increasing the penalty price to a level above the marginal cost of abatement that is maintained in real terms, which will support the industry meeting the measure.