



17/4/2008

The Senate Committee Inquiry
Renewable Energy Legislation Amendment (Renewable Power Percentage) Bill 2008
Parliament House
Canberra
ACT 2600

Dear Sir/Madam,

I would like to commend the new federal government on their proposed legislation to increase the renewable energy target to 20% of Australia's energy mix by 2020.

The existing MRET was a much diluted version and has essentially been in credit, achieving its 2010 target in 2006. The price of RECs fell to \$14.00 when the Howard government was returned in 2006. Due to regulatory risk and the greatly reduced return on RECs the renewable energy sector has stalled and has led to a significant slow down in the uptake of large renewable energy projects over the last two years. Changes in policy (regulatory risk) whether actual or perceived contributes to instability, inhibits forward planning and introduces elements of uncertainty into business projections at the very time when the sustainable energy industry needs to be fostered.

To create a stable investment environment for industry to grow the expansion of the RET target needs to begin in the 2008 year. The Renewable Energy industry has an expectation that the state based schemes will be immediately morphed into the federal 20% target using the existing MRET eligibility criteria. Historically Solar Water Heating has made up 20% of the RECs created and must remain rewarded through these environmental instruments for us to achieve these ambitious new targets.

I have been in the Renewable Energy industry for over fifteen years and was Sales and Operations Manager for a company called Power Solutions Australia during the introduction of the Remote Renewable Power Generation Program which was released in 2002. The failure to introduce the program in an orderly and expeditious manner almost sent every renewable energy company in Australia to the wall. PSA was actually mentioned in Parliament as the situation was perilous for the whole industry, whilst government was completely unaware.

Large projects take years in the pipeline, due to planning, public consultation, environmental impact statements and approvals. Industry desperately needs evidence based policy to give stability particularly as we move to an ETS which will have far reaching, somewhat unknown and sometimes perverse affects and outcomes.

Bringing the target forward can only have positive affects:

- Encourage the Australian renewable energy industry
- Give surety to the solar water heating industry
- Promote local manufacture and investment through ability to plan

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- Deliver an earlier outcome to emissions reductions before the ETS
- Add stimulus for new renewable energy technology development

Greenbank Australia is the single largest independent environmental instrument aggregator and trader in Australia. I employ ten people here in Melbourne and my business is incredibly sensitive to the existing MRET policy and any future variations or policy changes. Government needs to be conscious of the issue of regulatory risk and how difficult it is for SME in what is becoming a volatile market. These are just some of the outstanding policy positions that are currently affecting industry:

- The NSW Greenhouse Gas Abatement Scheme has hit rock bottom for various reasons the main one being the looming ETS.
- Emissions trading scheme itself
- VRET has only had ~ 100 VRECs when in fact needs 193K for 2008
- VRET solar water heating not included
- VEET the legislation not written yet
- Photo-voltaic rebate program is running out of funds (PVRP)
- Queensland energy efficiency initiatives
- Queensland feed in tariff-is it net or gross metering
- ACT feed in tariff
- SA feed in tariff
- Will solar water heating be included in the expanded RET
- Others too many to mention

Whilst we appreciate the scope of some of these tasks the feed back industry is getting is that the State bodies are waiting to be morphed into federal targets and schemes, whilst the federal agencies are waiting on some content from the State bodies so all can be considered before writing a structured national policy. This differential will cause another hiatus in good policy development and delivery which in turn will hinder the growth and stability of the renewable energy industry.

Yours sincerely,

Fiona O'Hehir
Chief Executive Officer

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