

# SUBMISSION

The Secretary  
Senate Economics Legislation Committee  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

## **Greenpeace submission to the Senate Economics Legislation Committee (the Committee) on the referral of the Renewable Energy (Electricity) Amendment Bill 2009 to the Committee.**

### **Introduction**

Greenpeace is pleased to have the opportunity to make the Committee aware of some important issues concerning the expanded Renewable Energy Target (RET) legislation. We have previously made submissions into the process of developing the policy, firstly when the options paper was released by COAG, as well as when the draft exposure legislation was made publicly available through the Department of Climate Change. The two other submissions are available from the following links and we would like them to be considered as part of this submission, as they provide important background to this submission:

<http://www.climatechange.gov.au/renewabletarget/consultation/pubs/039greenpeaceaustraliapacific1d.pdf>

[http://www.climatechange.gov.au/renewabletarget/consultation/sub\\_ret/102Greenpeace.pdf](http://www.climatechange.gov.au/renewabletarget/consultation/sub_ret/102Greenpeace.pdf)

Greenpeace has become increasingly frustrated at the failure of the Government to rectify the numerous design flaws in the RET legislation. We are concerned that the final product will be a RET that fails to deliver anything near the scale of change required to decarbonise the electricity sector.

However, we appreciate that the Committee may not have detailed knowledge of the process up to now and so we appreciate this opportunity to clarify our key points at this stage of the process, and recommend that if an opportunity is available to provide testimony to the Committee, the authors of this submission are contacted to do so.

We will make this submission brief, using it to summarise the most critical points we have in relation to the RET, as well as discuss some of the more recent developments concerning this legislation. We will refer to and provide some other relevant material that is important for substantiating our recommendations as part of this submission.

### **About Greenpeace**

Greenpeace is an independent campaigning organisation that uses non-violent direct action to expose global environmental problems and force solutions that are essential to a green and peaceful future. Greenpeace has been operating in Australia since 1977 and currently has over 100,000 supporters. Greenpeace Australia Pacific has campaigned on climate change and has been a strong advocate for clean energy solutions to climate change for over 20 years.

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**Summary of key points and recommendations from this and previous submissions**

- The REC multiplier (Solar Credits) be replaced with a strong, gross-metered Feed-in Tariff for solar PV, and that all other eligible sources within the RET are reviewed as to whether they would be better supported by Feed-in Tariffs than the RET.
- Solar hot water be removed as an eligible source from the legislation and instead, a program to require solar hot water for all new buildings and to convert all existing buildings to solar hot water be established.
- Native forest biomass be excluded as an eligible source within the RET and that the Taskforce adopt our criteria (see previous submissions) for determining suitable biomass use.
- The RET should be set at a minimum of 40% by 2020, exclusive of solar hot water, and the combination of all Australian energy policies aims to achieve as great a share of renewable energy in our electricity mix as is technically deliverable by 2020.
- The RET should be retained until it is clear that eligible sources within the RET no-longer require the support of this policy instrument to continue their intended scale and rate of deployment.
- No assistance should be provided to RATE industries on the basis that many other countries have renewable energy targets and/or a higher portion of renewables in their energy mix, assistance has not been warranted in the past, electricity customers already stand to gain economically from there being more renewable energy in the mix and assistance would contravene the polluter pays principle.
- The shortfall price be set at 200% of the REC price, adjusted annually, and shall fall to no less than \$40/MWh
- The expanded RET is de-linked from the CPRS. This refers to the passage of the RET, which should be in no way dependent on the political fortunes of the CPRS, as well as the results of the RET, which should be treated as separate from any impact from the CPRS.

**Climate change – the basis for strong renewable energy policy**

Climate change is a dominant factor in debates concerning energy. However, despite the heightened awareness of energy being the primary contributor to greenhouse gas emissions and the extremely precarious state of the global climate, this issue still appears to be a great distance from the core of debate and policy-making on energy, which is where it belongs.

The reason we bother to consider alternatives to coal-fired electricity and other polluting forms of energy production is that the planet is teetering on the verge of catastrophic climate change. This warrants as rapid a transformation away from fossil fuels and into renewable energy production as is humanly possible. Attached to this submission is a summary of the latest climate science, entitled: *Final Warning: the world's rapid descent into runaway climate change*.

At the United Nations Framework Convention on Climate Change meeting in Bali in December 2007, scientists acknowledged that in order to keep overall temperature rise to between 2-2.4°C, developed nations needed to reduce greenhouse pollution by between 25-40% by 2020. However, allowing temperatures to increase to 2°C invites economic, social, political and environmental disaster. Even an overall temperature increase of 1.5°C would put us well into the danger zone of triggering catastrophic climate change. This is one of the reasons why Australia must reduce its emissions by at least 50% below 1990 levels by 2020, if we are to preserve a safe climate for humanity.

Given that stationary energy alone contributes more than half of Australia's greenhouse pollution, the implications of reducing Australia's greenhouse gas emissions by more than half over the next decade on our energy sector are massive. This is likely to increase as the transportation sector

moves rapidly towards electrification of transport, particularly automobiles and smaller commercial vehicles. The size of emissions from energy, coupled with the potential to deliver renewable energy solutions means that we should be aiming for a 100% renewable energy supply for Australia's electricity by 2020, using the most effective mix of policies to ensure we reach this goal.

### **Principles for energy policy**

Given the critical nature of climate change, coupled with the major role that energy plays in creating greenhouse pollution, Greenpeace believes that policy-making on energy in Australia should be based on the following principles:

- Ensure that all new electricity needs are met by renewable energy and energy efficiency.
- Maximise the efficiency of energy production and consumption, allowing our economy to operate at the lowest possible energy intensity.
- Scale-up the deployment of renewable energy in Australia as early as humanly possible.
- Allow renewable energy to replace fossil fuel electricity generation as much and as fast as possible.
- Aim to turn the Australian renewable energy industry into a powerful international player and an energy export industry.
- Allow all renewable energy technologies that have commercial potential to come online.

### **The expanded RET legislation process so far**

As mentioned in the introduction to this submission, Greenpeace has involved itself in the process on the development of the expanded RET. The direction in which this policy appears to be developing is quite unacceptable. Of all the recommendations Greenpeace made in its original submission to COAG, only the matter of the low shortfall charge appears to have been dealt with. Even increasing the shortfall charge to \$65/MWh fails to guarantee the shortfall charge will act as a reliable deterrent to companies that may consider not purchasing the required number of RECs.

The announcement of the "Solar Credits" scheme was also a significant development in the RET policy. It will be clear from our previous submission to the RET policy process that we consider the Solar Credits scheme to be quite an absurd approach to developing the solar PV sector, as it acts as a faux feed-in tariff but fails to provide the long-term certainty to spur industry development that a feed-in tariff would.

Most recently, the Government announced the possibility of providing compensation to so-called RET-affected trade-exposed (RATE) industries. You will see from Greenpeace's previous submission into this process that we are appalled at the notion of RATE industry compensation. We take the view that the Government offering this "compensation" only if the Carbon Pollution Reduction Scheme (CPRS) is passed to be a politically cynical move, which has resulted in the unnecessary tying of the RET to the CPRS and effectively delaying the policy's passing. The RET is not only a complementary policy to an effective emissions trading scheme (as opposed to the fundamentally flawed CPRS), but an essential policy for developing an industry we know is essential for reducing greenhouse gas emissions to appropriate levels. There is absolutely no need to couple the passage of the RET to the CPRS.

### **The way ahead for renewable energy policy – feed-in tariffs**

A common factor amongst the world's strongest renewable energy markets is the use of "Feed-in Tariffs" (FITs) for driving the uptake of renewable energy. Greenpeace understands that renewable energy policy must ensure each technology is given the best possible opportunity to develop its market and although a certificate-based scheme such as the RET will benefit some technologies, those that are unable to acquire Renewable Energy Certificates (RECs) will miss out. Renewable energy technologies are at different stages of commercialisation and their capacity to be deployed

also varies. Technologies such as wind, hydro and biomass will be able to take the greatest advantage of the RET and, due to the unlimited banking, can “soak up” credits, leaving less space for emerging technologies with great promise to deliver large-scale baseload energy, such as geothermal, wave and solar thermal.

Although Greenpeace’s preferred method would be to use FITs for all renewable energy technologies, we have proposed an alternative solution whereby the RET is used to drive technologies most able to take advantage of the available RECs, and all other sources are excluded, being driven alternatively with FITs.

Last year, the Senate Standing Committee on Environment, Communications and the Arts had the Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008 referred to it for an inquiry. Despite its report being a glowing reference for the effectiveness of FITs around the world and their potential to develop a thriving renewable energy industry in Australia, the report concluded that the Bill should not be passed and instead be handed to COAG to develop principles for harmonising the existing schemes that are in operation in Australian State jurisdictions. Not only was this a major missed opportunity for the Federal Government to demonstrate leadership and assertiveness in developing a strong renewable energy industry for Australia, but the principles that COAG produced at their subsequent meeting amount to no significant changes being required of any existing state-based FIT policy.

We urge the Committee to once again consider the importance of using the best possible policy to develop renewable energy technologies. There remains an opportunity for the introduction of a national feed-in tariff policy that can apply to multiple technologies at various scales. This would not only allow for a more tailored approach to renewable energy policy, acknowledging the various scales of deployment and commercialisation of different technologies, but provide the long-term certainty essential for sustained industry development. The use of FITs in conjunction with the RET would also allow the overall share of renewable energy in Australia’s electricity mix to greatly exceed the percentage provided by the RET.

### **Supporting material**

In addition to this and the several other submissions Greenpeace has made into the process of developing the RET policy, we also wish to submit the following documents, which are important in demonstrating the rationale, as well as the achievability of creating a rapid transition from greenhouse-polluting sources of energy to renewable energy:

- Energy [R]evolution: A Sustainable Australia Energy Outlook
- Plan B: An Agenda for Immediate Climate Action
- Global Concentrating Solar Power Outlook 09: Why Renewable Energy is Hot
- Final Warning: The world’s rapid descent into runaway climate change
- The True Cost of Coal
- Briefing: Will Australians be starved of a renewable energy feed-in tariff?
- A Just Transition to a Renewable Energy Economy in the Hunter Region, Australia
- False Hope: Why carbon capture and storage won’t save the climate
- Reality check on carbon storage

We trust that these documents will be carefully reviewed as part of this submission.

### **Conclusion**

We recognise that the process of developing the RET is at a late stage and Greenpeace does not want to delay the provision of additional support for renewable energy, as it is core to our prescribed approach to cutting greenhouse gas emissions that renewable energy be scaled up as much as

possible. However, this RET represents a “flash in the pan” of support for renewables and is otherwise a collection of missed opportunities for renewable energy. We urge the committee to support the recommendations of this submission, in order to improve the RET as much as possible and implement it as soon as possible.

**For further information, please contact:**

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