



24 July 2009

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

Dear Sir/Madam

**Origin Submission: Inquiry into the Renewable Energy (Electricity) Amendment Bill 2009**

Origin Energy Limited (Origin) welcomes the opportunity to respond to the Senate Economics Legislation Committee Inquiry into the Renewable Energy (Electricity) Amendment Bill.

Origin is Australasia's leading integrated energy company focused on gas and oil exploration and production, power generation and energy retailing. As a major retailer with over two million electricity customers and one million natural gas customers we are one of the largest participants in the current Mandatory Renewable Energy Target (MRET). Origin has been at the forefront of delivering sustainable energy solutions to the market for many years, and currently has over 500,000 customers signed to accredited Green Power products and/or our carbon offset products. Origin is expanding its role as an investor in renewable energy technologies, including geothermal "hot fractured rocks", wind and solar. Origin was Ethical Investor's Sustainable Company of the Year 2007.

Origin continues to be a strong supporter of the proposed RET scheme. As both an investor in renewable technologies and as a direct scheme participant with retail liabilities, Origin supports a stable RET market which provides opportunities for a range of renewable energy technologies to be developed in Australia. As highlighted in previous submissions on this topic we view the RET as a transitional measure which is one part of a package of policies that will stimulate investment in renewable technologies. These include:

- The Carbon Pollution Reduction Scheme (CPRS) - the central mechanism to reduce greenhouse gas reductions, which will ultimately provide the price signal for investment over the longer term.
- Support for Research, Development and Deployment (RD&D) that is unique to the Australian market - needed to stimulate investment in technologies that are not yet ready to come to market. We support the recent announcement to provide additional funding for large scale solar generation in Australia through the "Solar Flagships" program.
- Support for transmission infrastructure and planning - to ensure that the full benefits of remotely located renewables can be captured by the market - Origin supports the AEMC Review of Energy Market Frameworks in light of Climate Change Policies in providing focus to issues such as transmission planning and investment incentives.



We view the immediate passage of the RET legislation as a high priority for the Australian energy market. In particular, the links between the RET legislation and the CPRS legislation should be removed so that the intended start of the expanded RET in 2010 is not further delayed by negotiations around the CPRS. Investors like Origin have been expecting an expansion of the RET scheme for some time, and have a pipeline of projects waiting to commence. These projects will make a significant impact on emissions reductions in Australia. However, without legislation, we do not have the required certainty to commence construction.

Further, market participants are expecting that the increase in the target (to 45,000 GWh) will be large, yet achievable. Coupled with long lead times for development of these infrastructure projects, investors are especially anxious to begin.

Besides removing the link to the CPRS, we believe that the RET legislation should proceed in its current form. We understand that there have been requests for various changes, including to eligible sources and for technology banding. Origin does not support these suggestions.

It is also worth highlighting a discrete case of how the delay in legislation is affecting business. The recent decision to end the \$8000 up-front rebate for small scale solar photovoltaic (pv) systems before its replacement has been implemented through the expanded RET has severely disrupted the solar energy industry in Australia and greatly reduced confidence in regulatory reform. Although the industry may have some orders to fulfil under the old rebate scheme, it cannot yet sell new products. Origin notes that the intention of the RET is to back-date applications under the "solar credits" scheme until 9 June, however, until the RET legislation is actually passed, businesses like Origin cannot sign up new customers to these products.

In conclusion, Origin understands that the RET as a general policy has bipartisan support. We encourage the Parliament to pass this important reform as soon as possible.

Yours faithfully

A handwritten signature in black ink, appearing to read "Carl McCamish".

Carl McCamish  
Executive General Manager Policy and Sustainability  
02 8345 5301 [carl.mccamish@originenergy.com.au](mailto:carl.mccamish@originenergy.com.au)