AUSTRALIAN CONSERVATION FOUNDATION
INCORPORATED ABN 22 007 498 482

FLOOR ONE, 60 LEICESTER STREET CARLTON VIC 3053
phone ■ 03/ 9345 1111 // facsimile ■ 03/ 9345 1166
email ■ acf@acfonline.org.au // web ■ acfonline.org.au

24 July 2009

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

Submission to Inquiry into the Renewable Energy (Electricity) Amendment Bill 2009 and a related bill

Dear Secretary

We appreciate the opportunity to make a brief submission to your Committee. Our submission is as follows.

> *"We know the country that harnesses the power of clean, renewable energy will lead the 21st century"* – President Obama, Address to Joint Session of Congress, 24 February 2009

A 20 per cent RET is good; 25 per cent would be better for jobs and investment

The Renewable Energy Target (RET) legislation should be strengthened and passed as a matter of national priority.

The proposed 20 per cent RET legislation would create tens of thousands of new jobs and stimulate billions of dollars of investment in renewable technologies.

Potential delays in the introduction of a carbon price signal under the CPRS make it all the more important for Parliament to pass an improved RET in August 2009 – to give a clear signal to business and investors. A 20 per cent RET is good; but a 25 per cent RET would be better.

A stronger 25 per cent RET:

- is achievable – 212 renewable energy projects *already* planned across Australia would deliver *more* renewable energy than is required by a 20 per cent RET.[1]
- will create more jobs - renewable energy projects currently in the pipeline are expected to deliver over 26,000 new jobs by 2020, with most of these in regional Australia.
- would position Australia to capture a larger share of the booming global renewable energy market and create hundreds of thousands more clean energy jobs. Our joint research with

[1] Leading energy consultants McLennan Magasanik say 212 Australian renewable energy projects, worth 26,200 jobs and $31 billion of investment, are already committed or planned. MMA's list of large-scale grid-connected projects would produce around 38,913 GWh of electricity, around 7,500GWh in excess of what is required for the expanded RET target and green power sales (after excluding power generated under the existing RET program and solar hot water). *Regional Employment and Income Opportunities Provided by Renewable Energy Generation* (May 2009) MMA.

the ACTU[2] found that jobs in Australia's renewable energy sector could grow from a current base of 20,000 to a workforce of 375,000 by 2030. This projection includes export-driven jobs growth, based on a scenario where Australia seeks to capitalise on its strengths to secure a share of the booming global market for renewable energy products and services.

These are well-paid jobs, many of which would be located in rural and regional Australia. They cover a wide range of skills and professions including:

- **Trade/technical:** Builder, electrician, linespeople, fitter/mechanic, systems controller, renewables installer, plant technician, metalworker, crane operator;
- **Managers/professionals:** Engineer, power station operator, project manager, production/performance manager, system designer, system manager, foreperson (construction).

Case study – Pacific Hydro

Pacific Hydro has invested over $1.5 billion in renewable energy projects in Chile over the last four years, when the previous government's renewable energy target wound down. Its most recent project in Chile will create 4000 jobs. The company invests $200 million in renewables in Australia, but says that could increase tenfold if the Renewable Energy Target and emissions trading scheme come into force.[3]

An improved RET would deliver more jobs and investment

Parliament needs to fix loopholes in the RET before it is passed into law. Key loopholes include the exemptions for big polluters and the 'phantom credits' for solar rooftop installations.

ACF strongly opposes any 'browning down' of the RET by, for example, allowing so-called 'clean coal' or waste coal mine methane projects to generate Renewable Energy Certificates.

ACF calls on the Senate to make the following improvements to the RET legislation before approving it.

ACF-proposed improvements to the RET	
Improvement	**Rationale**
Increase the RET target to 25 per cent renewables by 2020	A higher target will deliver more jobs and investment. An RET of 25 per cent by 2020 would deliver at least 16,600 new jobs and at least $33 billion in new investment.[4]
Remove exemptions for emission-intensive trade-exposed industries	Current exemption makes household and small business pay an annual subsidy to big polluters that would (according to COAG) reach $300 million in 2020. Current exemption also provides no incentive for big polluters to invest in renewables [see attached previous ACF submission on this topic for further detail].

[2] ACF and ACTU, *Green Gold Rush: How ambitious environmental policy can make Australia a leader in the global race for green jobs*, available online: www.acfonline.org.au/greencollarjobs

[3] *Pacific Hydro closes Chile deal,* Giles Parkinson, The Australian, (1 Jun 2009)

[4] *A Bright Future: 25 per cent Renewable Energy for Australia by 2020* (April 2007), ACF, Greenpeace and CANA.

Remove solar hot water and promote through other direct measures	Incentives for solar hot water are best delivered through other direct measures, such as rebates. Solar hot water could take up to 15 per cent of the new investment required by the RET,[5] crowding out new renewable energy generation technologies.
Account for 'phantom RECs' created through the solar photovoltaic (PV) 'multiplier' Promote Solar PV more effectively via a national 'feed-in-tariff'	Promotion of solar PV is commendable but shouldn't be allowed to undermine the total renewable energy installed. For example, every unit of renewable energy created by solar PV would stop 4 units of renewable energy from other sources from being required. Phantom credits cause problems for the GreenPower scheme, undermine the confidence of almost a million consumers.
Make pollution reductions under the RET additional to the CPRS target (cap)	Enable Australia to meet a stronger pollution reduction target and ensure pollution reductions under the RET do not get counted twice under the CPRS.
Make the Budget's $1.3bn for solar power stations additional to the RET	To ensure these landmark solar projects do not simply crowd out other renewable projects that will be promoted by the RET.
Remove native forest wood waste as a source of renewable generation	To ensure the RET does not promote the destruction or degradation of our native forests.
Renewables Australia to develop a roadmap for Australia to move to 100 per cent safe and reliable renewable energy, with timelines and measures to remove existing barriers	Australia has the potential to develop a safe and secure 100 per cent renewable energy system, based upon our massive and diverse renewable energy resources. Achieving this goal would: make Australia a clean energy superpower, exporting technology and expertise; make Australia more energy independent; and reduce our exposure to fluctuating fossil fuel prices.

Yours sincerely,

Phil Freeman

ACF climate change campaigner

p.freeman@acfonline.org.au
0438 043 049

[5] MMA (May 2009), op. cit. See page 3. Between 4000 and 5500 GWh out of a total 35500 GWh of new generation would be taken up by solar hot water.

AUSTRALIAN CONSERVATION FOUNDATION
INCORPORATED ABN 22 007 498 482

FLOOR ONE, 60 LEICESTER STREET CARLTON VIC 3053
phone 03/ 9345 1111 // facsimile 03/ 9345 1166
email acf@acfonline.org.au // web acfonline.org.au

13 February 2009

Shayleen Thompson
First Assistant Secretary
Strategies and Coordination Division
Department of Climate Change
GPO Box 854
CANBERRA ACT 2601

Submission on Exposure Draft Legislation for the Expanded National Renewable Energy Target

Dear Ms Thompson,

We appreciate the opportunity to make a brief submission in response to Council of Australian Governments (COAG) Working Group on Climate Change and Water Discussion Paper 'Treatment of electricity-intensive, trade exposed industries under the expanded Renewable Energy Target scheme'.

There should be no exemptions or assistance packages to industry as a result of the Renewable Energy Target (RET) scheme. Every sector in Australia must contribute to the transition to a low carbon economy. Any exemptions or assistance packages will unevenly and unfairly shift costs from industry to households.

There is no public policy justification for assistance to Australia's most polluting industries, including the aluminium sector, as a result of the RET – particularly in the context of excessive assistance to industry proposed in the Carbon Pollution Reduction Scheme (CPRS) White Paper.

Emissions intensive industries will already receive over $3 billion a year in free permits and other benefits unless the flaws in the proposed CPRS are amended. Analysis by financial advisors Innovest (see attached) found that in just the first year of the CPRS companies in the aluminium smelting sector are set to receive $939 million per year while alumina refiners will receive $251 million. Rio Tinto alone would receive $462 million, Alcoa $170 million, Norsk Hydro $116 million and Alumina Ltd $113 million. All these figures are expected to grow year on year and in 2015 the aluminium industry will be receiving $1.6 billion in free permits. This represents a massive transfer of wealth to private interests with little public policy benefit.

The CPRS White Paper notes that the key rationale for providing assistance to emissions-intensive trade-exposed (EITE) industries is to: "reduce the likelihood of carbon leakage in the period before broadly comparable carbon constraints are applying internationally" (Policy Position 12.1). However the RET discussion paper provides no assessment of whether countries Australia competes with, for example in the aluminium sector, currently have comparable renewable energy policies or electricity prices.

The EU, China, USA and many other nations have substantial policies to support renewable energy growth.[1] Australia has some of the cheapest electricity prices in the world.[2] Further, reportedly a number of electricity-intensive industries have long term electricity price contracts that would shield them from potential price rices. There is no justification for assistance or exemption if Australia's renewable energy policies are similar to many other countries.

Exempting industries will directly transfer the cost of the RET to other sectors including households. There must be a very clear public benefit in order to justify this. However there is little strong evidence to suggest an exemption from the RET (or an assistance package) will be a clear driver in how the exempt sectors choose to invest. Other factors including access to raw materials, access to markets and even exchange rate fluctuations are likely to have much bigger impacts on these industries.

ACF urges the Federal Government to protect the public interest over the interests of emissions intensive businesses and ensure there are no exemptions or assistance packages resulting from the RET.

Yours sincerely,

Tony Mohr
Climate Change Program Manager

Attached:

Innovest Strategic Value Advisors Research Note: The impact of industry assistance measures under the Carbon Pollution Reduction Scheme - White Paper update

---

[1] Australian Conservation Foundation, Greenpeace Australia Pacific, et al. (2007). A Bright Future: 25% Renewable Energy for Australia by 2020, Available at: http://www.acfonline.org.au/uploads/res_a_bright_future.pdf

[2] Ibid.