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

BY EMAIL: economics.sen@aph.gov.au

Dear Committee Secretary

Inquiry into the Renewable Energy (Electricity) Amendment Bill 2009 and the Renewable Energy (Electricity) (Charge) Amendment Bill 2009

GE Energy Australia welcomes the opportunity to lodge a submission with Senate Economics Legislation Committee regarding the provisions of the Renewable Energy (Electricity) Amendment Bill 2009 and the Renewable Energy (Electricity) (Charge) Amendment Bill 2009.

GE supports the Government's objective of increasing the renewable energy target from 9,500 gigawatt-hours (GWh) in 2010 to 45,000 GWh in 2020. This would imply that at least 20 per cent of Australia's electricity comes from renewable sources by 2020.

However, we remain concerned about the omission of Waste Coal Mine Gas (WCMG) within the expanded Renewable Energy Target (RET) Scheme. This omission can easily be addressed by amending the Bill. A suggested draft amendment is attached for your consideration.

Recommendation:

Include Waste Coal Mine Gas as an eligible fuel in the Renewable Energy Target Scheme



Benefits of inclusion of Waste Coal Mine Gas in the RET

- ***WCMG is a 'zero-rated' fuel source***

Using WCMG for power generation creates the same carbon footprint as flaring the gas, as proposed in the CPRS. Therefore the alternative disposal of WCMG by using it for power generation creates no additional greenhouse gas emissions. In this regard, WCMG generation can be classified as a “zero-rated” fuel source from a greenhouse perspective and therefore this waste achieves the same benefits as renewable energy power stations. In addition, using the existing 215 MW of WCMG generation also offsets the requirement to burn other fossil fuel such as coal to generate electricity. Australia’s existing WCMG power stations produce 215 MW, saving 1.6 million tonnes CO₂-e per annum.

- ***Consistency in regulatory treatment of WCMG and landfill methane***

WCMG and landfill methane are similar gases but WCMG is excluded from the expanded RET Scheme. Power stations using waste methane from landfill sites will lose the State-based New South Wales Gas Abatement Certificates in the CPRS, yet these landfill generators will remain eligible for the Government’s expanded RET Scheme. WCMG has the same characteristics and benefits as waste landfill gas and therefore both these waste gases should receive the same treatment in the RET.

- ***Global definitional consistency***

WCMG is a fossil fuel but can be classified as a “regenerative” or “waste” fuel because it will continue to be available while coal continues to be extracted from the earth. This approach will avoid any definitional issues of classifying waste coal gas as “renewable”. This approach has international precedent with the German Green Party and Social Democrats adopting this position by including WCMG as an “eligible fuel” in Germany’s equivalent of the expanded RET.

- ***WCMG will complement and not displace other renewable energy projects:***

The expanded RET requires approximately 10,000 MW of new power generation capacity to fully satisfy the Government’s 20% target by 2020. This is an enormous target that will be very difficult to achieve, therefore the inclusion of WCMG in the expanded RET will provide another source of certificates that contribute to the achievement of the annual targets at relatively low cost. However, the total potential for these WCMG generators is only a maximum of 400 MW which is a very small fraction of the total build program in the RET and therefore will have *no impact* on other renewable energy projects. Importantly, the revenue from Renewable Energy Certificates will be used to operate and maintain the WCMG power stations and will *not* provide additional revenue to coal mining



- **Alignment with International Policy**

It is important to note that there is strong international precedent for WCMG Renewable Scheme eligibility in France, Germany and the US. For example, the German Legislation on Renewable Energy (EEG) which was ratified on 15th October 2008 by the German Parliament includes WCMG as an eligible fuel. Further, as recently as 21 May 2009, the American Clean Energy and Security Act of 2009 was approved by the Energy and Commerce Committee with this Act also including WCMG as an eligible fuel. *Under the proposed CPRS and expanded RET Australia is now out of step with global precedent*

- **WCMG will assist Australia in outperforming its Kyoto targets**

By including the contribution of WCMG within the proposed expanded Renewable Energy Target, our industry has the potential, with funding available, to increase its contribution to fugitive emission abatement from the present level of 6.5 million tonnes of CO₂-e per annum—to over 12 million tonnes of CO₂-e per annum, or 2% of Australia's total emissions. This would increase Australia's total abatement of fugitive emissions from 8 million tonnes of CO₂-e per annum (see "Tracking to the Kyoto Target 2008-2012") to 14 million tonnes of CO₂-e per annum—which would be a 75% increase during the Kyoto commitment period of 2008-12. We are not aware of any other industry that can make such a positive contribution to reducing Australia's emissions—if provided with the appropriate incentive.

If you would like further information about any of the matters raised in this submission, please call Ardele Blignault 02 8915 6948 or email her on ardele.blignault@ge.com.

Sincerely

A handwritten signature in black ink, appearing to read 'Steve Sargent'.

Steve Sargent
Chief Executive Officer
GE, Australia and New Zealand

Proposed Amendments

Renewable Energy (Electricity) Act 2000

Part 1—Preliminary

5 Definitions

(1) In this Act, unless the contrary intention appears:

1997 eligible renewable power baseline has the meaning given by section 14.

accredited power station means a power station accredited under Division 3 of Part 2.

Agriculture Department means the Department responsible for administering the *Primary Industries Levies and Charges Collection Act 1991*.

arrangement means:

- (a) any agreement, arrangement, understanding, promise or undertaking, whether express or implied and whether or not enforceable, or intended to be enforceable, by legal proceedings; and
- (b) any scheme, plan, proposal, action, course of action or course of conduct.

Australia, when used in a geographical sense, includes all the external Territories.

Australian Greenhouse Office, if that Office does not exist, means the Department responsible for administering the *Environment Protection and Biodiversity Conservation Act 1999*.

authorised Commonwealth contractor means a person who:

- (a) provides, or proposes to provide, services to the Commonwealth under a contract; and
- (b) is authorised, in writing, by the Regulator for the purposes of this definition.

carried forward shortfall has the meaning given by subsection 36(2).

carried forward surplus has the meaning given by section 38.

certificate means a renewable energy certificate created under Division 4 of Part 2.

coal mine waste gas means coal mine waste methane gas combusted for the purpose of generating electricity.

document includes a document in electronic form.

ecologically sustainable means that an action is consistent with the following principles of ecologically sustainable development:

- (a) decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations;

Part 2—Renewable energy certificates

Division 1—Preliminary

17 What is an *eligible renewable energy source*?

(1) The following energy sources are *eligible renewable energy sources*:

- (a) hydro;
- (b) wave;
- (c) tide;
- (d) ocean;
- (e) wind;
- (f) solar;
- (g) geothermal-aquifer;
- (h) hot dry rock;
- (i) energy crops;
- (j) wood waste;
- (k) agricultural waste;
- (l) waste from processing of agricultural products;
- (m) food waste;
- (n) food processing waste;
- (o) bagasse;
- (p) black liquor;
- (q) biomass-based components of municipal solid waste;
- (r) landfill gas;
- (s) sewage gas and biomass-based components of sewage;
- (t) coal mine waste gas;
- (u) any other energy source prescribed by the regulations.

(2) Despite subsection (1), the following energy sources are not eligible renewable energy sources:

- (a) fossil fuels;
- (b) materials or waste products derived from fossil fuels.

[Regulation 7 of the Renewable Energy (Electricity) Regulations 2001 (Cth) specifies that "fossil fuels" means, inter alia, "wastes associated with, or produced from, extracting and processing coal". If subsection (1) is amended to include coal mine waste gas as an eligible renewable energy source, then Regulation 7 would also need to be amended to carve out coal mine methane or waste gas from the definition of fossil fuels]

Regulations

(3) For the purposes of this Act, the regulations may provide that an energy source referred to in subsection (1) or (2) has the meaning prescribed by the regulations.

(4) For the purposes of this Act, the regulations may make provision for and in relation to limiting the meaning of an energy source referred to in subsection (1).

(5) For the purposes of this Act, the regulations may make provision for and in relation to extending the meaning of an energy source referred to in subsection (2).