

Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

24 July 2009

Dear Sir/Madam,

Australian Ethical Investment Limited is an ASX listed, Canberra based fund manager, specialising in environmental and socially responsible investment. The company serves more than 18,000 individual investors, with funds under management of around \$540m. Our funds have been long term investors in renewable energy industries.

We view the proposed Renewable Energy (Electricity) Amendment Bill as essential to drive investment in clean energy generation and associated technology in Australia.

An important low emissions electricity generation industry which should be supported by this legislation is the waste coal mine methane generation sector (WCMG). However, this type of generation is not currently listed as an eligible renewable energy source.

We strongly believe that the use of waste coal mine methane gas for electricity generation is consistent with the objectives of the Australian Renewable Energy (Electricity) Amendment Bill, and that it should be listed as an eligible renewable energy source. It is our understanding that simple legislative amendments would effect this change.

Waste coal mine methane should be included in the legislation because:

1. Waste coal mine methane is equivalent in concept to landfill gas and sewage gas, which are already listed as eligible renewable energy sources.
2. Waste coal mine methane gas generation reduces emissions of greenhouse gases in the electricity sector. This waste gas must be flared to take care of otherwise environmentally harmful fugitive methane emissions. Since the gas must be flared, it should be harnessed for electricity generation. The resulting electricity supplied by the waste methane supplants electricity that would otherwise be generated from fossil fuel sources.
3. Inclusion of waste coal mine methane generation will align the Australian scheme with the schemes of other developed nations, notably those of Germany and the United States.

The United States intends to include waste coal mine gas generation in its equivalent scheme – the Combined Efficiency and Renewable Electricity Standard. This scheme is part of the Waxman Markey Bill which was recently passed by the US House of Representatives and sent to the Senate.

Waste coal mine methane is also already included as an eligible fuel source in the German legislation for Renewable Energy (EEG) which seeks to increase Germany's use of Renewable Energy to between 25% and 30% by 2020.

4. Inclusion of waste coal mine methane as an eligible renewable energy source will promote continued investment in this important clean energy sector. Future investment will also have associated benefits for the economy and working families in regional areas, where new projects are likely to be located.

5. Transitional issues associated with the carbon pollution reduction scheme (CPRS) can be partially addressed through inclusion. The absence of appropriate transition arrangements jeopardises this clean energy sector in particular.

We would welcome the opportunity to discuss these issues with you in more detail.

Yours sincerely,



Martin Halloran
Chief Investment Officer, Australian Ethical Investment Limited