



**Conservation Council
of South Australia Inc**

**Renewable Energy Target
(RET) Scheme Submission.**

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Conservation Council of South Australia Inc (CCSA) is the peak conservation body for South Australia, representing over 55 of the State's environment and conservation organisations.

CCSA is an independent non-profit, non party-political, community based organisation which provides resources, advice and representation for the SA environment movement, and which leads many of the key conservation campaigns in SA.

CCSA is known for its success in developing long term community development, education, and on-ground environmental restoration programs.

CCSA regularly liaises with Local, State and Federal Governments, Government agencies, media, educational institutions, NGOs, unions, industry, business and other groups on matters relating to the environment and social justice.

As a community organization, much of what CCSA achieves is through a large network of skilled volunteers from all walks of life – for its office, on-ground, governance and campaign activities.

CCSA is committed to a healthy environment for South Australia.

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Opening Comments

The **Conservation Council of South Australia (CCSA)** welcomes this opportunity to make a submission into the Renewable Energy Target (RET) scheme and the treatment of RATE RET-affected (emissions-intensive) trade-exposed industries.

CCSA believes Australia is at a crossroads. According to the best available science, we face a 'perfect storm' as the impacts of climate change, the global financial crisis and a sustainability crisis all converge.

Any one of these three will have significant impacts across the board in all facets of the Australian (and global) economy, society and environment. Business-as-usual is no longer an option if we are serious about addressing these interrelated phenomena and proactively making the transition towards a truly sustainable nation in the years and decades ahead.

The Federal Government was elected just over one year ago on the back of a rising tide of public concern around climate change and its potentially devastating impacts. These have been documented in great detail by many commentators (eg Brook, Karoly, Flannery, Hansen *et al*) and do not need to be reiterated here.

What is important is that the Federal Government takes action in the most effective way that addresses climate change mitigation through reducing our greenhouse gas emissions, in tandem with concerted international action.

In this regard we can't afford not to act. To fail to take up this challenge now will condemn our children and their descendants to a much-reduced quality of life, on a planet that we will barely recognise.

CCSA believes that difficult decisions will need to be taken and vested interests confronted; what is good for the big polluters' economic bottom lines is NOT what is in the best interests of the planet, nor our population. It is in this context that we offer our comments and feedback below for your consideration.

CCSA has several major concerns with the proposed format of the RET. Whilst this scheme has enormous potential and the underlying aim (to boost the production of renewably generated electricity) is wholeheartedly supported, it could even be counter-productive, if it is not structured appropriately right from the onset.

In many respects, like the proposed national Carbon Pollution Reduction Scheme (CPRS), the design of the scheme is critical. A poorly designed scheme is potentially worse than no scheme at all.

We have set out our comments below to cover the following key areas:

- The Renewable Energy Target
- The interaction between the RET and the CPRS
- RET and Feed-in-Tariffs (FITs)
- Phase-out date
- Suitability of biomass as part of the RET
- Suitability of nuclear energy as part of the RET
- Shortfall Charge
- Review of the Scheme

The Renewable Energy Target (RET)

The role of the RET should be to drive a transition towards an ecologically sustainable, renewably powered Australia. Polluting fossil fuels like coal and oil and to a lesser extent natural gas must be replaced by non-polluting alternatives that do not contribute to climate change, economic dependence on foreign sources or reserves, or depletion of our natural capital.

Fortunately Australia is blessed with an abundance of natural renewable energy resources. These include wind (the most commercially mature technology), solar photovoltaic (PV), solar –thermal (enough potential energy in this resource to power the entire world many times over) wave power (just half the Australian coastline could supply an estimated ten times our total current consumption), biomass/biofuels, energy from waste and geothermal resources.

Whilst individually, each may have issues (such as intermittency or storage), when combined as part of a diversified, decentralised generation capacity, these renewable sources could easily supplant our traditional dependence on fossil fuels.

Given the contribution Australia's current stationary energy generation makes towards our climate-changing greenhouse gas (GHG) emissions, it is essential that we move away from sourcing our electricity from filthy, polluting coal as soon as possible.

CCSA notes with great interest the proposal from former US Vice-President Al Gore for a goal of zero–emissions power in the USA by 2020. Whilst this is undoubtedly ambitious, it puts our current target of a paltry 5% cut in our emissions (based on 1990 levels) to shame.

CCSA believe the RET as it is currently envisaged does not contribute significantly towards the goal of replacing fossil fuel powered stationary energy generation.

Nor will it drive any substantial investment in renewable energy generation.

As previously stated, a poor scheme is worse than no scheme, and there are several aspects of the current framework that are definitely counterproductive and of major concern.

The target of 20% by 2020 is quite inadequate. South Australia (admittedly an exception given its strong development of wind power) is already well on its way to achieving this target by 2014. Other organisations have called for much stronger targets, ranging from 40-100%.

The interaction between the RET and the Carbon Pollution Reduction Scheme (CPRS)

The interaction between the RET and the Carbon Pollution Reduction Scheme (CPRS) is one of concern. It is assumed that the RET will be phased out as unnecessary, with the CPRS providing a strong price signal on greenhouse gas pollution. Unfortunately, this is by no means certain.

The CPRS severely limits the effectiveness of voluntary action – a major concern that is partly why many environment groups have chosen to oppose the scheme.

As the NSW Independent Pricing and Regulatory Tribunal (IPART) noted: *“additional measures to reduce emissions in sectors covered by the [CPRS] scheme would not result in an increase in emissions abatement ... the emissions avoided through undertaking an additional measure would result in an equivalent increase in emissions elsewhere.”*¹

In effect, this means that a 10% emissions reduction achieved by a RET target would give emissions-intensive industries covered by the CPRS such as cement, steel and aluminium manufacturing the space to actually increase their emissions by about 6%².

The RET scheme and/or the CPRS scheme must be modified to ensure such perverse outcomes do not occur.

RET and Feed-In Tariffs (FiTs)

CCSA has consistently recommended and supported the introduction of a uniform national gross feed-in tariff (FiT) scheme that rewards those who generate renewable energy back into the grid. This measure has been shown to be one of the most successful drivers behind the stimulation of the renewable energy industry in Germany. There it has underpinned substantial investment and job creation in the industry.

CCSA supports as a complimentary measure to a RET, a uniform national FiT established around the industry-preferred position of gross metering.

Such a FiT would:

- drive substantial investment into a wide range of renewable generation technologies
- be widely applicable (ie not just to residential households)
- provide surety - through a long term (~20 year) guarantee of payments
- aim for a premium of between 3-5 times the standard tariff
- catalyse employment and training opportunities in the sector.

A FiT along these lines would be a useful complimentary measure to a RET.

¹ IPART (Dec 2008) “Review of NSW Climate Change Mitigation Measures” pg 28

² CAG Submission on draft Renewable energy Amendment Bill 2009, p4

A FIT would replace any Renewable Energy Certificates (RECs) given to owners of such systems and would be a preferred alternative to the 'Solar Multiplier' that is planned as part of the Solar Credits Scheme due to commence in 2009-2010.

Concerns have also been raised that that scheme will have perverse outcomes, such as actually **reducing** the amount of renewable energy installed. To counter this, CCSA agrees there should be an increase in the annual target by the same amount as the augmented REC multiplier.

Phase-out date

CCSA does not believe it is appropriate to set a mandatory phase-out date for the RET, irrespective of the performance of the scheme.

The current timeline suggests 2030 as the phase-out point for the RET, with a very limited and fixed target of 23,000GWh.

Both of these clauses need to be revised to reflect the urgency and importance of this measure. The RET should continue as long as it is working effectively to increase the proportion of renewable energy in the mix – with the ultimate goal being 100%.

Similarly, the target itself should not be fixed, but should retain the flexibility to be revised upwards if circumstances (or the science) dictate.

Suitability of biomass as part of the RET.

CCSA strongly opposes the inclusion of native forest wood "waste" as an eligible renewable energy source.

CCSA does not believe that native forest logging / management is sustainable, and as such should not be encouraged, or subsidised, by being included under the RET. Major concerns also lie around the substitution of arable land producing food with crops grown specifically for biomass. Consequences such as deforestation, land clearing and increased water use are all typical.

CCSA is not opposed to the use of biomass *per se*, particularly when it is sourced from agricultural waste products that would be burnt, or disposed off in landfill anyway. Under such circumstances generating renewable energy is a sensible and useful solution.

Suitability of nuclear energy as part of the RET

CCSA opposes the inclusion of nuclear energy as an eligible renewable energy source.

Nuclear energy brings with it a whole host of problems and concerns. The extreme capital cost of the construction and de-commissioning of the plants aside, unresolvable questions remain around the safety and emissions associated with the mining, milling, transportation and processing of uranium fuel. Intractable waste remains problematic and safety concerns around weapons proliferation, terrorism and sabotage are impossible to ignore.

Uranium remains a finite resource and one that is a technological dead-end in comparison to the unlimited scope of the entire suite of renewable energies.

The Treatment of RATE (RET-Affected Trade Exposed) Industries

CCSA considers financial compensation for emissions-intensive trade exposed industries is not warranted. These industries have been on notice since 1997 at least, that a carbon-constrained future is necessary and inevitable. Using taxpayers' funds to compensate polluters transposes the 'polluter pays principle' into one that rewards large emitters.

Under the CPRS, it is proposed that large emitters will receive substantial compensation. This will reduce any economic price signals to moderate emissions and improve efficiencies. Further insulating these companies from the necessary increase in the cost of emitting carbon pollution weakens the overall Australian response to addressing climate change.

Shortfall Charge

To avoid companies not complying and simply writing off the cost of any fines as simply a business expense, it is important that the shortfall charge to be imposed in the case of non-compliance is substantial enough to provide an adequate disincentive. Compliance must always be the preferred option. Shortfall charges should be regularly adjusted in line with current circumstances to ensure they remain effective.

Review of the Scheme

CCSA believes the RET scheme should be periodically reviewed every five years, as recommended by the Australian Network of Environmental Defenders Offices (ANEDO).³

Conclusion

CCSA's believes that Australia's energy future must be an ecologically sustainable, low-carbon and renewably generated. We have the knowledge, skills and wherewithal to do so. The current global financial crisis offers us the perfect opportunity to restructure our infrastructure on a large scale.

Fortuitously, much of Australia's power generation capacity is in need of upgrade, overhaul or replacement over the next decade or so. As a country that aspires to 'cleverness' this provides an ideal opportunity and challenge for our policymakers, industry leaders and community to seize the day today, to create a better future for tomorrow.

The Renewable Energy Target scheme offers an almost unprecedented chance to make a real difference to our greenhouse gas emissions and to take a leadership role internationally ahead of the UN climate talks in Copenhagen.

CCSA urges the government to get it right and deliver the best possible stimulus it can to the renewable energy sector, via the creation of an effective, responsive and ecologically sustainable piece of legislation.

Should you require further information or clarification on any point raised in this submission please contact CCSA on campaigns@ccsa.asn.au or ph (08) 8223 5155

³ ANEDO Submission on the Renewable Energy target scheme – exposure draft legislation 13/2/09.