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Thank you for the opportunity to comment on the COAG Design Options for the Expanded National Renewable Energy Target Scheme.

The following questions and comments are for the consideration of the Working Group:

Questions/Comments:

1. The three interrelated objectives underpinning legislation do not seem to be prioritised; it is recommended that the objective 'to reduce emissions of greenhouse gases' be made the primary goal.
2. The overall 2020 target for greenhouse gas emissions reduction is too low to serve the larger purpose of addressing anthropogenic climate change; the entire Scheme should be revised in keeping with recommendations for emissions reductions targets outlined by the Garnaut Report and the IPCC's revised projections of emissions production and effects.
3. The Scheme should offer enough incentives for renewable energy industries and the consumer to ensure that non-mandatory capacity increases significantly, thereby achieving beyond the present 2020 target.
4. While the Scheme appropriately utilises large users of electricity to achieve the Government's 20% renewable energy target, no attention has been given in the Scheme to designing incentives for domestic and smaller users of electricity to switch to renewable energy.
5. If the Scheme with its present focus seems to be successfully on track to achieve the target *because of* smaller users turning to renewable energy sources, the Scheme should be obliged to continue holding large users legally obliged to source electricity from renewable sources.
6. Planned phasing out of the Scheme should be subject to review taking into account economic forces at play in the lead up to 2020 and between 2020 and 2030, thereby acknowledging the volatile and unpredictable nature of economic action on climate change and the attendant science of climate change, which is also in its initial phases.
7. Planned phase-out of the Scheme presumes the success of the ETS; however the ETS is untested, further impacts and alterations to the ETS are inevitable given local and international market reaction as well as the design of similar carbon trading schemes already underway or to come in other countries with whom Australia interacts.
8. Having set figures for GWh targets presumes stability of electricity usage among the national population; these set amounts do not take into account potential increase in energy use and/or population increase currently encouraged by both major political parties.
9. How has the cost of \$40 (or \$43) per MWh as a shortfall charge been determined? Has consideration been made of comparative future cost of fossil-fuel sourced electricity and international market forces currently at play which have inflation/recession impacts on Australia's economy?
10. Presuming the 'liable parties' are wholesale buyers of electricity, is there a definition of what constitutes the term 'wholesale'?
11. Can the general public purchase and profit from the RECs?
12. The terms, 'native forest wood waste', 'native forest', and 'forest' require stringent definition; nonetheless, it seems self-evident that under no

- circumstances should existing carbon sinks be considered eligible as biomass sources as this would run counter to the legislative objective of reducing greenhouse gas emissions.
13. How is it possible to 'bank' RECs? That is, how can 1MWh of renewable energy be banked?
 14. Presumably existing renewables-based power stations cannot create RECs retrospectively?
 15. The value of RECs for an investor would also be influenced by the proportion of subsidy or research and development funding from governments into renewable energies; the Scheme should thus recommend or require that this funding should therefore be significantly increased in following State and Federal Budgets.
 16. Overall RET is much too low to justify or encourage massive public investment in RECs or renewable energy industries.
 17. It is possible that attempting to create value of RECs for the investor may be unnecessarily complicating the Scheme and restricting achievement of what should be the primary goal of reducing greenhouse gas emissions by providing maximum, if not total renewable energy power for baseload.
 18. Perhaps monetary contributions for RECs could be deemed heavily tax deductible, similar to donations to charity organisations?
 19. What will the tax on the shortfall charge be?
 20. The shortfall charge is crucial to the success of the Scheme but is dependent on far too many market factors such as inflation or recessionary outcomes and carbon pricing; for this reason, the charge should be reviewed every two years at least in regard to pre-identified key milestones, such carbon pricing locally and abroad, greenhouse gas emissions reductions targets locally and abroad, and fossil fuel sourced electricity pricing.
 21. Capacity should be inbuilt for regular reporting to the public on the progress and efficacy of the Scheme once it is in place; also, a community information facility should be set up in recognition of the importance of input from persons who do not have vested interests which could colour the outcomes of the Scheme.
 22. Capacity should be inbuilt to encourage growth of locally based renewable energy providers, perhaps in the form of micro RETs for electorates.
 23. Capacity should be inbuilt to allow for independently sourced renewable energy users to sell power back into the grid.
 24. Overall, the Scheme appears to be dependent on too many unknowns at this stage to justify rigid conditions and an end date. The amount of liability for large users, the cost of fossil fuel sourced electricity, the cost of carbon, the ETS impacts, the impacts of economic/legislative action of other nations to address emissions reductions, the science of renewable or non-polluting technologies (ie: carbon capture and storage technologies, the science of greenhouse emissions measurement and offsetting/mitigation, inflationary/recessionary impacts from local and international market forces, are neither accurate nor reliable nor predictable since all are unprecedented. For this reason, a regular review of all aspects of the Scheme should be undertaken, ideally no less often than every two years to weigh the efficacy of the Scheme against its stated objectives and the economic environment.

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Thank you once again for the comprehensive analysis and planning apparent in the Scheme and for its honourable intentions of positively addressing the crucial need to minimise risk from human use of fossil fuels. I wish the project every success in achieving its objectives.

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