

7 November 2012

Ms Anthea Harris
 Chief Executive Officer
 Climate Change Authority
 GPO Box 1944
 Melbourne Vic 3001
 By email: Enquiries@climatechangeauthority.gov.au

Dear Ms Harris

This letter is provided in response to the CCA’s Renewable Energy Target Review Discussion Paper. Visy has reviewed the paper and provides the following feedback.

Ref.	Discussion paper position	Visy’s feedback
Chapter 2 R.1 p. 41	The preliminary view of the Authority is that the frequency of scheduled scheme reviews be amended from every two years to every four years, so that the next review would be in 2016.	The review period should be a maximum of 3 years to enable costs to be regularly considered and to make up for the lag in implementing findings of reviews.
Chapter 4 R.2 p. 75	The preliminary view of the Authority is that the form of the target should continue to be expressed in legislation in terms of a fixed gigawatt hour level [41 000 GWh].	It is imperative that the target should be relative to total electricity consumption, to properly reflect the electricity market’s dynamics and to attenuate otherwise unmitigated price increases. The current target of over 25% in relative terms is inconsistent with the Minister’s efforts to slow price increases. Investment certainty is important, however uncertainty about underlying energy prices already exists and must be managed by proponents. Regular reviews at 2-3 year intervals will support management and re-aligning the floating target.
Chapter 5 R. 5 p. 85	The preliminary view of the Authority is that the Small-scale Renewable Energy Scheme should remain separate to the Large-scale Renewable Energy Target.	SRES should be excluded from the RET and funded by government separately. This is because the drivers and market response to the SRES are separate from those of the RET. This will help to stop the price pressures on the cost of electricity for consumers that the SRES places on the system.

Ref.	Discussion paper position	Visy's feedback
Chapter 9 R.12 p. 104	The preliminary view of the Authority is that large electricity consumers should be able to opt in to assume direct liability for Renewable Energy Target obligations. The Authority will consult further with participants and the Clean Energy Regulator on a workable model for opt-in arrangements.	Visy agrees. This is an important initiative to allow large users to manage their costs under these schemes directly, and the GGAS showed how this can be successfully implemented.
Chapter 7.1 p. 119	The REE Act specifically states that fossil fuels and materials or fossil fuel waste products derived from fossil fuels are not "eligible renewable energy sources". This effectively means that these sources cannot be added through regulations, to do so would require an amendment to the REE Act.	Under the same logic as the inclusion of waste coal mine gas, it is important to change the definition to enable waste-derived fuels to be included, such as municipal solid waste, even if part of the fuel stream is non-biogenic or not organic in nature. As articulated in Visy's September submission ¹ , <i>this is because, as well as a significant component of the waste being organic in nature (and thus, as is presently the case, qualifying for REC-creation), the source of the fuel is itself demonstrably renewable; that is, able to be supplied in perpetuity.</i>
Chapter 7.1.2 p. 122	A key issue for the Review is whether there are additional sources that should be made eligible.	Renewable energy in the form of heat from co-generation and solar thermal should be recognised as well as electricity as a covered activity because: <ul style="list-style-type: none"> • It contributes to baseload renewable generation • It mitigates electricity cost inflation • It has high energy efficiency • Network investment can be deferred • Precedents exist, e.g. UK's Renewable Heat Incentive

Visy would welcome an opportunity to expand on any of these points with the CCA, and looks forward to being a continued contributor to policy development in this important area. Please contact Royce De Sousa on 0419 217 085.

Yours sincerely



Bill Hurditch

¹ <http://climatechangeauthority.gov.au/sites/climatechangeauthority.gov.au/files/SUB-RET-2012-33.pdf>