Submission to the Clean Energy Corporation: Renewable Energy Target

Background:

GetUp is thankful for the opportunity to submit its position regarding the Review of the 20% Renewable Energy Target (RET).

GetUp represents a community of more than 616,000 members, the vast majority of whom care deeply about developing the renewable energy market and facing the threat of climate change head-on. In the past year GetUp members have taken more than 1 million actions related to asking for stronger measures addressing climate change and moving Australia closer to a 100% renewable, clean energy future and in a 2012 annual survey of GetUp members ranked investment in renewable energy as the #1 priority members wanted GetUp to campaign on.

Overview:

Australia is primed to be a global leader in the renewable energy sector. We are a lucky country, with an enviable abundance of sun, wind and other renewable resources. Australians have an enterprising spirit and it's time for our Government to provide us with the leadership and frameworks needed to drive the clean energy economy.

Fortunately, strengthening our commitment to a 100% renewable energy future doesn't require a sea change in public opinion or even a concerted effort – Australians are already there. By and large, Australians love renewable energy and realise its potential more and more each year.

Australia is already experiencing an unprecedented upswing in renewable energy usage. For example, the price of solar energy has decreased 75% in the last four years alone.[1] Community energy initiatives such as Hepburn wind also illustrate the popularity and willingness of community engagement around investing in renewable energy projects.

Internationally, we are also seeing rapid growth. In 2011, a record $260 billion was invested in clean energy worldwide.[2] In 2011, clean energy investments outweighed global fossil fuel investments for the first time ever as global prices of coal and gas rose rapidly and the cost of renewable technologies decreased. There are also significant costs benefits to catching up to the rest of the world in renewable energy development. If we count health and environmental costs, new solar and wind in the EU are already a cheaper choice than coal.[3].

The period from 2020 will see renewables overtaking conventional energy on price in markets around the world, according to the US Department of Energy and McKinsey & Company.[4]

Therefore, a strong post-2020 RET has the potential to create early savings in total energy costs for Australia, as well as stimulating a growth sector and contributing to climate mitigation.

The timing of the RET review is fortuitous as it can take into account not only global trends but also Australia's unique ability to capitalize and excel in this emerging market. However, we risk missing the moment unless we set ambitious targets and goals now. Moreover, a strong target is required to avoid the worst forecasted impacts of climate change.

GETUP LTD
ABN: 99 114 027 986

PO Box A105
Sydney South, NSW, 1235
info@getup.org.au
www.getup.org.au

There are also practical reasons for acting fast and aiming high. We are in the fortunate position of being able to create a competitive advantage in the international energy market. Multinational companies like Samsung want to invest billions to help us get there, but only if the RET remains strong.[6] It's a race to a 100% renewable future and right now we're not even close to winning.

The good news is we can be, but we need adequate frameworks in place. The Australian Renewable Energy Agency (ARENA), the Clean Energy Finance Corporation (CEFC), and the RET can ease the transition to a clean energy future, maximise investor confidence and decrease uncertainty. We are relying on these schemes to lead the way in driving a smoother and more rapid transition away from fossil fuels.

GetUp is concerned that the RET is threatened by recent calls from industry groups for a weakened target or, in some cases, no target at all. We're also aware that with the failure of the failure of the Contract for Closure scheme, the RET is even more vital in facilitating the transition away from fossil fuel reliance and toward more sustainable renewable energy investment.

That's why **GetUp is calling on the Climate Change Authority (CCA) to ensure that the RET is strengthened and that the targets go beyond 2020, so that we can effectively increase the proportion of electricity derived from renewable sources, reduce the emissions associated with producing electricity and increase investor certainty in renewable energy infrastructure.**

Therefore, we propose the following:

1. Stimulate aggressive growth by encouraging that the RET remain stable and fixed up until 2020 and then increase to at least 50% by 2030 in order to incentivise project development, strengthen the grid and pave the way to eventual 100% renewable energy.

Raising the RET

- The RET should be raised to maximise investor confidence in new and existing technologies, and to drive a smoother and more rapid transition away from fossil fuels. Raise the RET so we can trail blaze in a market we have the natural resources to dominate.
- Raising the RET is more important than ever given the failure of the Contracts for Closure scheme. It is the most effective pathway towards weaning Australia off its unsustainable addiction to coal.
- To remain competitive globally, Australia needs to keep pace with other developed nations. Germany recently set their renewables target to 45% by 2030 [7] while Scotland raised their target from 50% to 100% by 2020.[8]
- A strong RET fuels market growth and stimulates local economies. Wind energy recently accounted for 58% of energy in South Australia, which "help(ed) provide farmers and local business owners in regional areas with extra income." Additionally, "the state enjoyed not just by far the cleanest energy in the country, but also the cheapest, with average prices over the day at $43/MWh, compared to more than $52/MWh for NSW."

Extending the RET

- A longer-term target will result in cheaper energy prices over the long term, more energy market certainty, bigger and better investments, improved smart grid and demand management and substantial investment for research and development.

GETUP LTD
ABN: 99 114 027 986

PO Box A105
Sydney South, NSW, 1235
info@getup.org.au
www.getup.org.au

• Clean energy technologies have progressed rapidly in the last 5 years, as Garnaut's 2011 review made clear. [9] Solar and wind will be cheaper than fossil fuels in the next decade, so the longer term target will be a net saving to the national energy bill.
• Australia is being left behind in the clean energy race and we can't rely on yesterday's outdated technology and science if we want to benefit from the vast renewable sources we have at our fingertips.

2. Ensure the RET is informed by the latest climate science.

• The target needs to be strong enough to meet Australia's ambitions to contribute to avoiding a temperature increase above 2 degrees by 2020.

3. Consider the RET target as separate, and in addition to, the Clean Energy Finance Corporation projects. Keeping the RET and CEFC separate is the best way to realise the full potential of both important policies.

• The CEFC unlocks $10 billion of funds to be invested in innovation in clean energy, which will help pave the way for a clean energy investment boom. However, if the CEFC's projects are viewed as part of the RET there is a risk that the CEFC and RET will work in concert to actually limit investment and stall the growth of renewable energy in Australia.
• The RET currently requires the energy industry to source at least 45,000 GWh of power from renewable energy by 2020. In effect, this means that there is demand for up to 45,000 GWh of renewable energy, which provides an incentive to invest in clean energy up until 45,000 GWh of capacity is reached.
• If the CEFC were included in the RET, then its $10 billion of funding would be spent on helping reach 45,000 GWh, which in effect will displace the planned clean energy investments already underway. In other words, including the CEFC in the RET will cap clean energy investment at 45,000 GWh – whereas treating the CEFC as additional to the RET will help unleash investment over and above the existing 45,000 GWh required by the RET.
• Importantly, we are on track to reach the RET target through existing private investments. This means that treating the CEFC as additional to the RET is the most efficient allocation of government resources as it fills an investment gap in funding emerging technologies rather than displacing existing commercial investment in renewable generation.

4. Keep the Small-scale Renewable Energy Scheme separate from the LRET to ensure continued growth in solar technology.

• The introduction of the Small-scale Renewable Energy Scheme (SRES) as a separate market to the Large-scale RET, has been highly successful in driving investment in domestic solar technologies. Indeed, in 2011 Australia installed more residential rooftop solar systems than any other country.[source]
• In addition, the separation of the SRES from the LRET has assisted in driving diversity in clean energy investment in Australia, as it has created targeted market conditions for demand and supply side clean energy technologies, which have very different investment metrics.[10]

Conclusion --

The RET has the potential to move Australia significantly closer to a cleaner energy future. A strong RET can reduce emissions, increase investor certainty and help address our current global climate crisis. Lastly, it can provide market clarity and certainty and boost investor confidence.

GETUP LTD
ABN: 99 114 027 986

PO Box A105
Sydney South, NSW, 1235
info@getup.org.au
www.getup.org.au

However, it will only deliver on the above objectives if it's rooted in the most up to date climate science, ambitious enough to satisfy public desire, extends beyond 2020 and if it is fixed and separate from the CEFC.in order

[1] http://apo.org.au/commentary/climate-commission-global-climate-action-gathers-momentum
[2] ACF Australian Conservation Foundation Submission to the Climate Authority
[3] http://www.dw.de/dw/article/0,,16235063,00.html
[4] http://reneweconomy.com.au/2012/three-charts-that-show-why-solar-has-hit-a-true-tipping-point-12496, http://www1.eere.energy.gov/solar/sunshot/about.html
[5] ACF Australian Conservation Foundation Submission to the Climate Authority
[6] http://reneweconomy.com.au/2012/global-energy-giants-come-out-in-support-of-ret-55621
[7] http://www.worldwatch.org/node/5430
[8] http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Energy-sources/19185
[9] http://www.garnautreview.org.au/update-2011/garnaut-review-2011/garnaut-review-2011.pdf
[10] ACF Australian Conservation Foundation Submission to the Climate Authority

GETUP LTD
ABN: 99 114 027 986

PO Box A105
Sydney South, NSW, 1235
info@getup.org.au
www.getup.org.au