

10 November 2014

Mr Bernie Fraser (Chair)
Prof. Ian Chubb
Prof. David Karoly
Prof. Clive Hamilton
Prof. John Quiggin
Climate Change Authority

Via: submissions@climatechangeauthority.gov.au

Dear Members of the Climate Change Authority

Thank you for the opportunity to provide this submission to the Climate Change Authority on behalf of the members of the Australian Sugar Milling Council (ASMC).

The Australian Sugar Milling Council (ASMC) is the peak policy body for Australian sugar milling companies, representing over 95% of Australian raw sugar production. Twenty four mills continue to operate in Australia today, and are collectively the largest source of biomass based renewable electricity in Australia. This submission is supported by ASMC's six member companies:

- MSF Sugar
- Isis Central Sugar Mill Company
- Bundaberg Sugar
- Wilmar Sugar
- Mackay Sugar
- Tully Sugar

Australian sugar mills have been invested in the Renewable Energy Target (RET) since the inception of its precursor, the Mandatory Renewable Energy Target (MRET); and ASMC an active participant throughout the numerous reviews in that time. To date the industry has invested over \$600 million in expanding cogeneration capacity within the industry, with over \$300 million spent since the expansion of the scheme to 41,000 GWh. In addition, the industry has identified a further \$1 billion pipeline of potential investment in expanding cogeneration capacity and efficiency, with approximately \$300-\$400 ready to invest in the next 12-24 months, should a viable RET be maintained.

The LRET scheme continues to be a critical diversification enabler for the sugar industry, providing the first step towards advanced manufacturing, and therefore significant regional development opportunities around energy security, employment and eventually the next generation of bio-products. However, the policy uncertainty, which has characterised the lead up to every RET review, is at its worst



in the history of the RET, distorting the investment environment of existing and future projects, and in particular exposing the sector to significant sovereign risk.

I have included a series of documents that represent the work and views of ASMC members, throughout the ongoing review process of 2014. Please find attached the following documents:

- ASMC's submission to the Warburton Review
- *Renewable Electricity Generation Policies in the Broader Electricity Market Context*, August 2014 - a report prepared for ASMC by Carbon + Energy Markets (Bruce Mountain) to contextualise the claims of RET as a "subsidy"; and
- ASMC Infographic, providing an overview of the importance of the RET to the Australian sugar industry.

Should you have any further questions or wish to discuss the content of this submission further, please contact Sharon Denny, Senior Executive Officer on (07) 3231 5003, or at Sharon.denny@asmc.com.au.

Yours sincerely

A handwritten signature in black ink, which appears to read "Dominic V Nolan".

Dominic V Nolan
Chief Executive Officer