

Suite 201 T: + 61 3 9929 4100
18 Kavanagh Street F: + 61 3 9929 4101
Southbank VIC 3006 E: info@cleanenergycouncil.org.au
Australia www.cleanenergycouncil.org.au
ABN: 84 127 102 443



12 May 2011

Energy2031 Directions Paper
Office of Energy
Level 9, 197 St Georges Terrace
Perth 6000

By email: energy2031@energy.wa.gov.au

Dear Sir/ Madam,

Response to the WA Strategic Energy Initiative, Energy2031 Directions Paper

The Clean Energy Council (CEC) is the peak body representing Australia's clean energy and energy efficiency industries.

Its priorities are to:

- create the optimal conditions in Australia to stimulate investment in the development and deployment of world's best clean energy technologies;
- develop effective legislation and regulation to reduce energy demand and improve its efficient use; and
- work to reduce costs and remove all other barriers to accessing clean energy.

The CEC advocates the development of policies on behalf of its members at federal, state and local government levels and promotes understanding of the industry and its potential through channels such as industry events, forums, conferences, newsletters and publications. The clean energy industry includes generation of electricity using wind, hydro, solar, biomass, geothermal and ocean energy as well as the emerging technologies and service providers in the energy efficiency sector, which includes solar hot water and cogeneration.

The CEC congratulates the Western Australian Government on developing a Strategic Energy Initiative (SEI) that will address the opportunities and challenges of the community and economy into the 21st century and lead us into an era where more energy will come from low carbon sources and more efficient use of energy in homes and businesses. The CEC welcomes this opportunity to comment on the SEI Directions paper.

The Western Australian Government's SEI needs to be deployed in a holistic way that is complemented by other national and state-based strategies and be consistent with Commonwealth policies relating to energy.

Clean energy deployment

As Western Australia has a vast resource potential for renewable energy such as wind, biomass, geothermal and ocean technologies and already has companies investing in low emission technologies, it is an optimal place to become a leader in clean energy production as it transforms into a low carbon economy.

The CEC commends the WA Government's 2031 objective to secure a more diverse mix of fuel types that includes renewable energy. The WA Government should implement policy measures that are complementary to the Federal Government's policies and are harmonised with other state government policies. A commitment to meet a state renewable energy target similar to the South Australian commitment will aid to accelerate the deployment of renewable generation.

The CEC supports effective policies being implemented which continue to support the deployment of all renewable energy projects and the attraction of clean energy investment and creation of jobs throughout rural and regional Australia. While regulatory controls are essential to ensure appropriate development they should not be so cumbersome to meet that they deter renewable energy development all together. Community and stakeholder education of the benefits of renewable energy particularly with regard to larger scale projects will support the acceptance and understanding of these technologies. Investment in the transmission and distribution network infrastructure is required to facilitate the efficient connection of new generators while avoiding any discrimination against new clean energy generation.

Support to reduce regulatory burden and increase project certainty includes:

- facilitating grid connection of renewable energy projects, placing them on a level playing field with connection of traditional energy generation sources and incentivizing network service providers to take into account generation as well as demand in their planning
- reducing over burdensome planning and regulatory regimes
- increasing certainty in connection and planning timeframes

While the more mature technologies need planning and regulatory certainty for investors to have confidence in their decision to invest, the emerging technologies also require additional policies to accelerate their development. Research and development must be supported to ensure Western Australia is at the forefront of technological breakthroughs, is able to capitalise on a growing international marketplace and to ensure the benefits of the commercialisation of the emerging technologies it has stay in the Australian market. An innovative, competitive and profitable industry will contribute to Western Australia's economic growth through high-value green jobs and export income.

Access to good information on renewable energy resource data, load and network capacity is an important first step to allow companies to make educated investment decisions. Government support is critical in the research, development and demonstration phases of

emerging clean energy technologies, where capital investment may be too high for a venture capitalist and execution or technology risk may be too high for project finance investors. Building on the Low Emissions Energy Development Fund is crucial to assist with the commercialisation of low emission technologies. Further consideration around the provision of grants and tax incentives to address the funding and equity challenges for the development and deployment of emerging clean energy technologies is also required.

Western Australia has an opportunity to build a globally recognised wave and geothermal industry, and its resources make it an ideal laboratory for the development and demonstration of such technologies. Facilitating the exploration and prospecting of these resources, the WA Government can grant immediate deductions for exploration-type expenditure incurred. In addition to these technologies, other renewable and low emission technologies, storage and enabling technologies such as fuel cells, biochar, bioenergy conversion, solar efficiency technologies and large scale solar technologies, government investment, particularly at the early stages of development, will rapidly increase the development of these emerging technologies.

The CEC is pleased that the WA Government has recognised the importance of developing training courses in state institutions to provide sufficient skills and training to ensure the industry is able to deliver the projects required to reduce its dependence on fossil fuels.

Distributed generation

Government support in the form of improved planning processes around distributed generation is a welcome initiative by the WA Government. A clear commitment from the Federal and state governments on the policy framework surrounding small-scale renewable energy systems is required to provide the long-term certainty needed to encourage uptake. This includes a clear commitment from the WA Government on the funding and timeframes around its feed-in tariff scheme. The WA Government should also advocate for nationally consistent policies that promote harmonisation and easier delivery of measures between states such as a national feed-in tariff.

The CEC applauds the WA Government on its initiative to facilitate community-based energy cooperatives to meet local demand. Policy mechanisms to promote this include community grants and legislative and contractual framework allowing:

- Buildings appropriate for small-scale solar installations (such as apartment blocks) to rent out their large rooftops for PV systems;
- Clarify rights and responsibilities in situations where solar PV is installed on buildings with a shared roof space; and
- Metering and contractual arrangements to adequately cater for situations where there are several individual investors concerned with the one connection point.

Off-grid renewable energy technologies

Off-grid renewable energy systems are of particular importance to Western Australia given its significant proportion of remote communities and mining sites that are not connected to the

grid. Off-grid locations coupled with large users such as mines, remote communities and agricultural stations are facing rising costs of diesel and transportation of fuel. Renewable energy provides these users with an alternative power source without relying on such global fuel price increases or new grid connection costs.

In line with the WA Government's commitment to developing edge-of-grid solutions and encouraging local energy supply, policy support mechanisms should include: lower tax rates or depreciation rates that would improve the viability of renewable energy over fossil fuel based generation; grant funding similar to that provided by the now closed RPPG and loans for renewable energy projects.

Typically the support required in terms of co-contribution from the Government for any off-grid grant program would need to be a 1:1 ratio with private investment. The administration of such a program should ensure that project application timeframes allow sufficient time for developers to deliver applications for the optimal projects to be progressed through the funding rounds. It is often the case that larger, integrated projects which could potentially deliver greater returns require longer planning timeframes.

The WA Government should look to capitalise on the Federal Government's commitment to address some of the barriers to investment in off-grid and edge-of-grid areas in the Mid-West and Pilbara regions of Western Australia. This work presents a wonderful opportunity for the WA Government to work the Federal Government on promoting its vast renewable energy resources and unlocking the solutions to greater investment in the region.

Leading energy efficiency initiatives

The Western Australian Government has produced many outstanding initiatives that have benefited the Western Australian community. The CEC commends the WA Government for its objective of developing long term energy efficiency targets for the State that are coordinated with the national target and strategy.

The CEC would like to see the WA Government support the development of a national energy efficiency scheme that brings together the existing state schemes under one set of rules which will reduce confusion, reduce transaction costs and improve the delivery of energy efficiency measures to end users. This should be a tradable mechanism to ensure least cost such as a white certificate trading scheme. Any national scheme should replace existing state schemes rather than add an extra layer of compliance.

The CEC also supports the establishment of a national Energy Efficiency Authority, the implementation of a broad based education campaign and mandatory assessment and disclosure of all buildings. The CEC would like to see the WA Government working with the Federal Government where appropriate to establish these initiatives.

As previously recommended in its response to the SEI issues paper, the CEC recommends an energy efficiency strategy that:

- Provides a long-term signal of the importance of energy efficiency to the economy by indicating the level of energy efficiency improvement it is hoping to achieve by 2030. It should also ensure that there is a robust method of measuring and evaluating progress.
- Identifies the areas where significant demand growth is forecast and develops the appropriate policies to support the deployment of energy efficiency technologies.
- Ensures all energy efficiency policies deliver savings for consumers and overcome pricing barriers. Policies should include specific support to low income families.
- Includes supportive regulation and minimum standards to drive energy efficiency in the areas of new buildings, renovated buildings and retrofitting of existing buildings. The Government needs to lock in real energy savings in the built environment by introducing an energy saving guide for appliances and Star rating for new buildings in Western Australia.
- Engages consumers and encourages behaviour change to reduce energy consumption as well as incentivising the uptake of energy efficiency technologies. This should include providing consumers with the data and information they need to make informed decisions about their energy use. Consumers need easy access to the suite of energy efficiency measures available and the range of rebates and other support available to them.
- Is supported by robust standards, audits and verification to ensure the installation of quality equipment and service.

Closing

The Clean Energy Council looks forward to working with the Government on developing policy which will complement the direction of the Strategic Energy Initiative paper.

If you have any further questions please contact Felicity Sands via telephone on 03 9929 4100 or by email, felicity@cleanenergycouncil.org.au

Yours sincerely

<signed

Russell Marsh

Policy Director