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Address to Clean Energy Council national conference by chief executive Matthew Warren

The debate over policy measures to address climate change has hardly relented in Australia since the issue rose to prominence at the end of four years of drought in the spring of 2006. We have seen both major parties promise an emissions trading scheme, but their inability to agree on the design and other political factors saw the proposed scheme effectively blocked by one vote last year and now deferred at least until 2013.

The irony of this non-policy is that it creates more uncertainty, rather than less. Global capital markets already impose a shadow carbon price. Without certainty over what form it will take, new energy investment stalls, excepting new peak demand capacity. Meanwhile energy demand will continue to grow ahead of the creation and implementation of comprehensive energy efficiency measures.

It's a slow motion road smash, unfolding before our eyes. Except there is one measure, ready to go, that might avert disaster. That's us. Clean energy. The coalition introduced a renewable energy target in 2001 to create certainty for clean energy investment and deployment. In August last year the Rudd Government increased this target to 20 per cent of Australia's stationary energy generation by 2020 – with the coalition's support.

As it turned out, the Renewable Energy Target was well intentioned, but slightly flawed. The scale up of small scale deployment of renewable energy under the scheme, while welcomed, was crowding out industrial scale generation. There were two clean energy markets trying to operate under one set of rules. It didn't work.

In February this year after consulting widely with the clean energy industry, the Rudd Government announced its plan to split the two markets. It is currently finalizing draft legislation. The Clean Energy Council and a number of member companies have been working closely with the government to get this design repair right. Its ended up being a relatively non-controversial adjustment. One that will provide certainty to domestic scale deemed technologies like solar panels and hot water under the new small scale scheme, and a clear and uninterrupted market for investment in industrial scale clean energy projects.

The enhanced renewable energy target is attractive in two ways. It provides the certainty so desperately lacking for around \$20 billion worth of large scale generation capacity to proceed. It also creates a strong platform for the continued expansion of household scale clean energy technologies that will help immunize them from the big increases in electricity prices. These are driven almost entirely by multi-billion dollar upgrades of network infrastructure and expansion. The enhanced RET meets the fundamental aspiration of all the major parties: effective, affordable and tangible action on climate change.

Recently major greenhouse emitting companies have begun to complain about the potential cost of the uncapped, small scale scheme proposed under the reforms. The enhanced RET is not designed to impose undue burden on these industries, nor on households. Fortunately, it does not. Our modeling shows the impact of the small scale scheme on retail electricity prices will range between 0.6 per cent and 2 per cent. Much less for wholesale prices paid by big energy users. This is compared to increases of around 40 per cent driven by infrastructure upgrades and urgent re-investment in networks. We note their concerns and will share our assessment of the scheme with them.

Fixing the RET legislation should be relatively painless. Yet without these simple reforms Australia's emerging clean energy industry will atrophy. The consequences of such an impasse would be detrimental for both households and energy markets. Limited opportunity for households to reduce their liability to higher energy prices, reduced capacity to effect immediate cuts in energy demand, even less investment in new generation capacity.

With this stable RET platform in place, the CEC will accelerate progress on the suite of other reforms that will face us: getting the network investment rules right to prevent the stranding of clean energy projects not embedded in the grid like conventional power stations can be. A more dynamic approach to the use of hydro generation, increasing its value as a complement to wind, solar and other variable supply technologies. Freeing up capital to invest in emerging technologies and finding the most effective ways for governments to drive innovation. We have a Solar Flagships program in Australia. So why not an ocean energy flagship and a geothermal flagship too? It will be an important theme of our time here over the next few days.

Public support for the development and success of our industry remains overwhelming. They want to see what we can do. The Rudd government, the coalition and the greens have been strong and welcome supporters of the development of this industry. Our challenge now is to ensure this broad political and public support is transformed into swift passage of the reforms through Parliament.

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The Clean Energy Council is the peak body for the clean energy sector. It is working with all Australian governments to drive the development of clean energy sources such as solar, wind, geothermal, hydro, wave, bioenergy and cogeneration.