



Renewable Energy Target Review
Climate Change Authority

Via Email: enquiries@climatechangeauthority.gov.au

19 November 2012

Dear Sir/Madam

Thank you for the opportunity to provide further comment on the Renewable Energy Target Review Discussion Paper, October 2012, following consultation with your agency on 15 November 2012.

The Australian Sugar Milling Council (ASMC) supports, in principal, the recommendations made by the Climate Change Authority in the discussion paper for the following sections:

- Chapter 3 - ASMC welcomes the proposed extension of review frequency from 2 years to 4 years.
- Chapter 4 - ASMC welcomes the policy certainty for invested renewable energy generators intended by maintaining current structural settings for LRET
- Chapter 5 - ASMC has no specific comment to make on the small scale Renewable Energy Scheme
- Chapter 6 - ASMC supports the recommendations on the liability and exemption framework, with the noted exceptions/caveats highlighted below (recommendations 12 and 20.)
- Chapter 7 - ASMC supports all recommendations around eligibility of renewable energy under the RET, with the exception of recommendation 24, as articulated below.
- Chapter 9 - ASMC has no specific comment on the small-scale administrative issues covered in this chapter.

ASMC would like to clarify its position in relation to recommendations 12, 20, 24 and 29:

Recommendation 12

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.

ASMC supports this recommendation, but seeks greater clarity regarding the threshold for opt -in large energy users. Mills, although renewable generators for part of the year, import electricity for the remaining portion of the year. Under the current arrangements, mills typically sell the majority of their renewable electricity certificates to their local retailer; and are then charged a RET liability component in their delivered electricity from the retailer. In effect, retailers are acquitting a mill's liability with a mill's RECs, and profiting from the exercise. ASMC suggests a threshold of 1 GWh per liable entity would allow most mills to acquit their own REC liability, should they choose to explore the option.

Recommendation 20

The preliminary view of the Authority is that there is no strong case for the exemption from liability under the Renewable Energy Target for self-generation, and that the exemption should be removed for new self-generation (but retained for existing self-generators).

The ASMC broadly supports this concept, but seeks clarification around the concept of “new self-generation”. All of Australia’s sugar mills operate with a RET legacy baseline, set under the precursor to the RET, the Mandatory Renewable Energy Target. Hence when mills expand generation capacity, the facility’s existing baseline is retained. Expansion is typically based on infrastructure upgrades to burn the existing resource more efficiently.

Hence ASMC supports the recommendation on the basis that **new self generation refers to new sites/projects commencing with a zero baseline**, not existing accredited generators who may chose to expand or upgrade their facilities, and consequently continue to carry a legacy baseline. It is worth noting that some mills struggle to exceed their baseline in most seasons, on the basis that overall crop yield (and therefore bagasse available for generation) peaked in the period under which their baseline was set.

Recommendation 24

The preliminary view of the Authority is that without a clear process for ensuring that inclusion of wood waste from native forests would be ecologically sustainable that it should not be reintroduced to the RET.

ASMC does not support this recommendation. Biomass cogeneration is not a low cost form of electricity generation, with composition of biomass dependent on proximate waste resources. In the case of the sugar industry, majority of electricity generation derives from bagasse, with native wood waste used at some mills sites, where available, to extend generation activities; occurring only where the wood waste has low value. Hence the premise that eligibility of native residues drives land clearing, while theoretically possible, is absurd in practical implementation. Cogeneration of native residues is the last point in the value chain before incineration for disposal.

It continues to be ASMC’s view that native residues should be eligible under the Act, or at least continue to be eligible for generators demonstrating existing arrangements for use at the time changes were made to the legislation.

Recommendation 29

The preliminary view of the authority is that no change should be made to the Renewable Energy Target framework to promote diversity.

ASMC does not support this recommendation. In its current format, the RET does not capture biodiesel as an eligible fuel source. This omission seems to be through lack of sector interest to date, rather than legislative conflict. Several mills have back up diesel generation capacity on their sites, particularly utilized during the flooding and cyclone seasons, often powering townships. While no mills currently use biodiesel, many are



exploring, particularly where considering carbon liability, the option to source and use biodiesel in the near future. Therefore ASMC argues that the RET framework's diversity should be enhanced to include biodiesel.

Thank you once again for the opportunity to comment on the discussion paper. Should you have any queries regarding the comments in this submission, please contact Sharon Denny, Manager for Industry Development and Government Relations on Ph (07) 3231 5003 or Sharon.denny@asmc.com.au.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Dominic Nolan", written over a light grey rectangular background.

Dominic Nolan
Chief Executive Officer
Australian Sugar Milling Council