

Renewable Energy Target Review  
Climate Change Authority  
GPO Box 1944  
Melbourne VIC 3001

9 November 2012

Via email : [enquiries@climatechangeauthority.gov.au](mailto:enquiries@climatechangeauthority.gov.au)

Dear Sir/Madam,

**Re: Renewable Energy Target Review**

Rio Tinto welcomes the opportunity to provide feedback on the Climate Change Authority's Renewable Energy Target (RET) Review Discussion Paper (October 2012).

From a policy perspective, Rio Tinto continues to question the justification for retaining the RET given the recent establishment of the carbon pricing scheme and at a time of increasing energy costs, global economic uncertainty and falling commodity prices. The RET overlaps and competes with carbon pricing and results in expensive carbon abatement. This represents an unnecessary and unsustainable cost pressure on business, particularly electricity intensive industries such as the aluminium industry.

Rio Tinto is disappointed that many of the issues raised by us on the issues paper have not been reflected in the subsequent discussion paper. In particular, we would like to reiterate the following:

- Rio Tinto does not support the retention of the RET target in its current form. The target under RET should be adjusted to reflect its original 20 per cent by 2020 policy commitment, taking into account the reduction in projected electricity demand. Retaining an absolute target of 41,000 GWh for the LRET and an uncapped SRES in these circumstances contributes to a disproportionate rise in energy costs across all parts of the Australian economy.
- Rio Tinto does not support the removal of the self-generation exemption provisions for new self-generation. This exemption encourages investment in low emissions power generation by removing some of the distortion that RET creates between renewable and non-renewable sources, and remains important in supporting the development of additional lower emissions self-generation capacity. As such it is our view that the self-generation exemption should be retained for both existing and new self-generation.
- Rio Tinto continues to advocate a less restrictive approach to the self-generation exemption for remote areas which would support the ongoing competitiveness of Australian resource projects and efficiency infrastructure investment.

- Partial exemption arrangements for emissions intensive trade exposed (EITE) activities are essential to preserving the ongoing competitiveness of trade-exposed and energy intensive facilities, due to the inability to pass additional costs of compliance on to customers. It is important that these arrangements are maintained into the future.
- Rio Tinto maintains its position that there is no justification for excluding one aspect of RET costs (ie the Mandatory Renewable Energy Target (MRET) component) from the exemption arrangements. The partial exemption needs to fully deal with the current excessive cost pressure of the RET on electricity intensive industry.
- Rio Tinto remains of the view that any Clean Energy Finance Corporation funded renewable energy projects should contribute towards meeting the RET target.

In addition to the points above:

- Rio Tinto supports a move to align application processes and data requirements for the Jobs and Competiveness Program and Renewable Energy Target as closely as possible, as this has the potential to reduce the administrative burden associated with these programs.
- Rio Tinto supports the concept of allowing large electricity consumers to 'opt-in' as a way of providing greater flexibility in managing compliance costs. In developing a workable model for opt in arrangements, consultation with relevant participants will be vital if the issues around increased administrative and compliance costs are to be effectively managed. Rio Tinto looks forward to being part of these discussions.

Should you have any queries regarding this submission, please contact Sue Lacey ([sue.lacey@riotinto.com](mailto:sue.lacey@riotinto.com) or (03) 9283 3152).

Yours sincerely



David Peever  
Managing Director  
Rio Tinto Australia