

13 November 2012

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

Dear Sir/Madam

Stanwell Corporation Limited (Stanwell) welcomes the opportunity to comment on the Renewable Energy Target (RET) Review Discussion Paper released by the Climate Change Authority (the Authority).

Stanwell recognises the role the RET has played to date in delivering renewable energy. However, as identified in our submission to the RET Review Issues Paper, Stanwell considers there to be a number of necessary amendments to improve the efficiency of the RET scheme, particularly given the issue of rising energy costs for consumers.

Stanwell is largely disappointed with the draft recommendations put forward by the Authority in its Discussion Paper. Specifically, draft decisions to maintain:

- the existing Large-Scale Renewable Energy Target (LRET), both in terms of the gigawatt hour approach and the actual target itself, and
- a separate Small-Scale Renewable Energy Scheme (SRES), are considered sub-optimal from our perspective.

Stanwell maintains the view that the fixed LRET target of 41,000 gigawatt hours per annum has the potential to materially impact the efficient operation of the wholesale electricity market and contribute to the rising electricity prices for consumers, given the need for a substantial increase in more costly renewable generation. Further, demand forecasts over the short to medium term continue to be revised downwards.

In the event that the fixed output target approach is retained, Stanwell reiterates its supports for a one-off reduction in the target to reflect the material reduction in forecast electricity demand. Stanwell does not consider that such a reduction would negatively impact on renewable energy developments currently being considered.

While Stanwell acknowledges the need to minimise the level of regulatory and policy uncertainty, an announced change from this review process would have provided adequate lead time to new investors.

While continuing to support the cessation of a specific SRES, Stanwell welcomes moves to control the costs associated with the uncapped SRES. In the event the scheme is retained, we support a reduction in the threshold for small-scale solar PV systems and discounting of the number of certificates created under the scheme.

If you wish to discuss any of these issues further please do not hesitate to contact me on (07) 3228 4352 or Mr Peter Tolhurst, Market Regulation Advisor, on (07) 3228 4163.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'T. Mills', is positioned below the closing salutation.

Tanya Mills
General Manager Portfolio Trading