

1. Appropriateness of (unadjusted) ABARE data to assess policy effectiveness

Section 2.2 states energy 'renewable energy sources represented around 8 per cent of Australia's electricity production in 2009-10'. While not questioning the integrity of this figure and / or the ABARE dataset from which it is derived, I am questioning whether this is the appropriate metric used to assess policy effectiveness. By way of example, the share of renewable energy could be increased by increasing the amount of (hydro) electricity produced by 'pump-storage' (<http://www.snowyhydro.com.au/energy/hydro/the-engineering/>). Further, I suggest an adjustment to the ABARE dataset is required to remove: (i) 'hydro' electricity; and (b) 'non-renewable' electricity associated with pump-storage to enable a more effective comparison. This adjustment is also relevant to figure 8.1.

2. Adequacy of REC Registry for Broader Government Requirements

Section 3.1 discusses the REC Registry. The data maintained by the registry lacks the 'whole of government' focus I was expecting. By way of example, it is difficult to match units on the registry to other policy uses - I have been advised by the registry that 'we don't care whether people are legitimate - all we care is that the certificates are legitimate and we can track their ownership to an entry on the REC Registry'. I can see issues associated with taxation in respect of capital gains (ATO), linking to longitudinal data (eg. ABS), assets transferring overseas (AusTrac) etc. I would encourage a review of the Registry's use and relevance outside the REC scheme itself with a view to meeting a broader set of requirements.

3. Factual Errors

The document contains several factual errors / (in my view, significant) omissions, including:

- Figure 6.1: The vertical axis of this graphs is not denominated in 'number of certificates created' (ie. this would imply the scheme has created less than the 10 million SRES certificates surrendered at end July 2012). I suspect the vertical axis is denominated in 'number of installations' (not certificates)
- Table 6.3 ignores the transitional arrangements (the 4 x multiple) as footnoted in the RET reference
- The Glossary repeats the identical SRES definition twice

I encourage improved quality assurance for future documentation

4. Clearing House Price

Section 6.5 states "it {the Clean Energy Regulator) does not have a role - or the ability to enforce broader electrical safety and building standards'. While I agree with this statement, it is inconsistent with the conclusion of the justification for the \$0.39 / certificate increase released in August 2011 (<http://www.climatechange.gov.au/government/submissions/closed-consultations/ret-registration-fee/ret-registration-fee-consultation-paper.aspx>) which stated 'the inspection regime (funded by the \$0.39 / certificate increase) promotes system/installation compliance and quality assurance which is of benefit to the system owner.' I raised this issue during the consultation period (suggesting the \$40 Clearing House cap needed to be increased to compensate for this bureaucratic charge). I maintain (and reiterate) my view - see my submission to this process for more details.

5. Transitional Arrangements

If the SRES scheme will be terminated early, transition arrangements for existing SRES certificates must be implemented. In order to ensure units purchasing capital equipment associated with renewable energy (holders of SRES certificates) and liable entities (purchasers of SRES certificates) are not disadvantaged, I suggest a scheme similar to the following:

- Closure of Clearing House to new SRES certificates occurs at the same time as closure of the SRES scheme is announced. My suggested date is 31 December 2012 for closure at end 2013;
- All installations after 1 January 2013 are no longer eligible for SRES certificates
- Sellers of SRES certificates via the Clearing House are able to withdraw them from sale without penalty (although they cannot add them in again)
- Transactions on the open market continue as usual
- The RPP for 2013 compliance year (announced in early 2013) is set to consume all certificates (existing in the open market, residing in the (closed) Clearing House and issue by RET during 2013 in respect of 2012 installations. Any certificates required above total supply are issued by RET at the Clearing House cap. Certificates remaining after the 2013 cap are purchased by RET (either via the open market or via the Clearing House)

While this scheme is broad and indicative, it highlights: (a) reasonable transition arrangements are required; and (b) the scheme will take over 12 months to close.