

I am pleased to be able to provide this submission to the Climate Change Authority regarding its review of the Renewable Energy Target (RET) scheme. My particular area of concern is the Large Scale Renewable Energy Target (LRET). I am strongly supportive of the LRET and urge the Climate Change Authority to leave the scheme broadly unchanged from its current form.

The LRET is working – please just leave it alone:

After many years of tinkering and tweaking, the LRET scheme has now been in place in its current form for about 16 months. After all this time, we have at last seen industry confidence return to the LRET and a genuine commitment from industry to make the LRET work.

In just the past few months we have seen the announcement of several major wind farm PPAs being signed and the announcement by Meridian Energy of their commitment to construct the Mt Mercer wind farm without a PPA. These projects represent a significant investment by the companies involved. Continued confidence in the LRET will be the critical factor that ensures there is significant ongoing investment.

My occupation involves utility scale renewable energy projects. I have observed processes to try and obtain PPAs for these projects and can confirm that the price competition between project developers / projects is intense. Only the most cost competitive projects are getting PPAs, meaning that only the lowest cost projects are being delivered. The LRET is a market based mechanism, and it is working.

Changes that will drive even more confidence in the LRET:

If the Climate Change Authority is committed to driving the rollout of renewable energy, there are some changes that could be made that will increase confidence in the LRET and will drive even greater investment.

- Keep increasing the target beyond 2020: Why not 22% by 2022, or 25% by 2025? Experience in South Australia has shown that the NEM can absorb this level of renewable energy without undue impacts on system stability and without the need for back up gas or coal fired generation.
- Stretch the LRET beyond 2030: The only argument for ending the LRET is that by the end of 2030, renewable generation will be able to compete against non-renewable generation, so it won't be needed. But this same argument can be used to justify continuing it. The LRET is a competitive, market based mechanism, so if renewable generation can compete against non-renewable generation, then the price of LGCs will fall to zero and there will be no cost of continuing the scheme. But if renewable generation cannot compete against non-renewable generation beyond 2030, then these projects face an uncertain future. By extending the scheme there will be extra risk protection for renewable energy producers, ensuring that investment in these areas continues.

I would be happy to provide further information on my views if required.

Kind regards

Anthony Yeates
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