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Climate Change Authority
GPO Box 1944
Melbourne VIC 3001
Via Email: submissions@climatechangeauthority.gov.au

14 September 2012

Dear Sir/Madam,

Re: RET Review Issues Paper

Thank you for the opportunity to make a submission regarding the RET Review.

RES is a global renewable energy developer, owner and operator with over 25 years of experience. RES has constructed and/or developed more than 6,000 MW of wind farms to date. Outside of Australia, RES is also involved in other sources of renewable energy including small and large-scale PV, heat pumps, building-integrated renewables and large scale biomass power stations. In Australia we have a large pipeline of wind farm development sites. Our most advanced projects are the 61 turbine Taralga site in the Southern Highlands of NSW and the 75 turbine Ararat project in regional Victoria. Both projects are fully consented and will shortly move into the construction phase. They represent a considerable investment in clean, secure energy generation in Australia and the creation of local economic benefits for communities around those wind farms. Further information on RES may be found at www.res-australia.com.au.

RES' comments are restricted to the operation of the LRET scheme. Apart from the current oversupply of LGCs RES believes that the current LRET scheme is operating well and that any further changes will exacerbate uncertainty. RES supports the points made by the Clean Energy Council's submission particularly in relation to 'change fatigue' and investment certainty. There have already been a number of consultations and changes to the RET scheme. Any further changes from the RET Review will not assist the industry. The 21 months since the inception of the LRET scheme has seen some certainty restored and this has resulted in investment activity picking up over the past six months with a number of renewable energy transactions taking place. The mere mention of the RET Review however is again creating uncertainty with some market participants postponing decisions for 6-9 months pending its outcome. In this context RES strongly advises against making any further changes to the LRET scheme even where there may be an arguable case for minor changes.

RES does not seek to respond to all of the questions posed in the Issues Paper as we largely concur with the case put in the Clean Energy Council submission. However we have selected some of the key questions relevant to us and provide responses as below:

Are the existing 41,000 GWh LRET 2020 target and the interim annual targets appropriate?

To achieve the existing target will require an additional ~7000MW of capacity, most of which will be wind power and represents an investment of \$13.8 billion between 2012 and 2020 (source: Clean Energy Council Letter to the CCA 11th September 2012). Given the planning and construction lead times for large infrastructure projects this will be a challenge but it is achievable if there are not ongoing periods of destabilisation caused by reviews of the existing target. The industry is well placed to meet the existing 41,000 GWh target and interim annual targets provided a long term stable RET policy is in place.

In the context of other climate and renewable policies, is there a case for the target to continue to rise after 2020?

There could be arguments for being more ambitious beyond 2020 but RES is mindful of the importance at this time for policy stability and does not recommend any changes at this stage. An increase in the target beyond 2020 should be considered once there is more certainty around the long term carbon pricing mechanisms. This review should take place in advance of the 2020 target to provide the industry with certainty for continued investment.

Should the target be a fixed gigawatt hour (GWh) target, for the reasons outlined by the Tambling Review, with the percentage being an outcome? Should the target be revised to reflect changes in energy forecasts? How should changes in pre-existing renewable generation be taken into account?

The Tambling Review Panel gave a compelling explanation as to why a fixed GWh target is appropriate. Recent history has shown that long range forecast demand is subject to frequent change with factors such as weather patterns, energy efficiency schemes and the state of the global/national economy all having a significant impact. To make the 2020 target fluctuate with ever changing demand forecasts is a recipe for uncertainty and investment decision paralysis. The supply side of renewable generation is also uncertain, again driven by climatic conditions. To change the target based on a drought affecting hydro dam levels or a relatively low wind year is again a recipe for uncertainty. RES strongly recommends that the fixed target be maintained.

What is the appropriate frequency for reviews of the RET? What should future reviews focus on?

Biennial reviews of the RET are too frequent if the scope is as wide ranging and fundamental as the current review. The annual targets are absolutely fundamental to investor confidence. To be discussing the annual targets every two years does not send a positive message to the industry and will lead to investment paralysis. If the biennial reviews are to continue they should address the day to day operation of the RET. Fundamental issues such as the level of the targets are more appropriately discussed every five years.

Again we thank the Climate Change Authority for the opportunity to put forward our views. After many years of consultation, debate and legislative change the time has come to provide some stability for renewable energy participants to get on with the task of building a sustainable energy future. Accordingly we request that the annual fixed GWh targets to 2020 remain unchanged and that the RET Review be speedily concluded.

Yours sincerely,



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