



14 September 2012

Submissions
Climate Change Authority
GPO Box 1944
Melbourne, Victoria 3001

Geodynamics submission to Review of the Renewable Energy Target Scheme Issues Paper

Geodynamics is Australia's leading geothermal exploration and development company, pioneering the development of Enhanced Geothermal Systems (EGS) technology. We welcome the opportunity to provide comments in response to the *Review of the Renewable Energy Target Scheme Issues Paper*.

Geodynamics believes the Renewable Energy Target (RET) is a critical long term policy for supporting the development and deployment of renewable energy in Australia and the achievement of the nation's emissions reductions targets. Since its introduction in 2001 the RET has played a substantial role in delivering investment in renewable technologies, and has contributed to and been a catalyst for driving the cost of renewable energy in Australia down, through increasing industry capability leading to improved performances in the renewable sector. The benefits of the RET are being seen most significantly through the lower emissions intensity in the electricity generation sector and reductions in the costs of renewable energy technologies. Thus the RET is achieving its objectives at an affordable cost to Australian consumers.

Geodynamics is a member of the Clean Energy Council (CEC) and supports the key points addressed by the CEC in their submission:

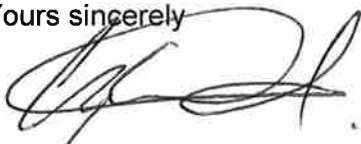
- The RET has been highly effective in delivering additional large and small scale renewables into the Australian energy sector at an increasingly lower cost.
- The cost of the RET is small and getting smaller, particularly when weighed up against the benefits in terms of energy diversity and security, reduced energy demand and wholesale energy prices, investment and jobs, and carbon abatement.
- The RET is an investment-grade policy that can deliver 20 per cent of Australia's energy from renewable energy sources by 2020, if it is left unchanged.
- Massive amounts of investment have already been made on the basis of the current policy settings. These investments, and Australia's credibility in attracting global capital for energy infrastructure, will be damaged if the RET is changed.

- The RET has undergone regular reviews since its inception, each time resulting in the slowing or deferment of investment. RET reviews every two years are unnecessary and present the single greatest risk to the achievement of the 20 per cent target by 2020 (particularly when the review is willing to consider changes to the overall target itself and not just the operation of the RET scheme).

Geodynamics supports the CEC's position that the uncertainty surrounding the RET through the review processes will only serve to delay investment and jeopardise the 2020 targets. Without policy certainty the investments in long term energy projects with long assets lives will not be realised. Constant review is not reform.

In conclusion Geodynamics strongly supports the continuation of the RET in its current form and retention of the fixed LRET target of 41,000GWh in 2020, believing it is a vital policy underpinning and driving emission reductions and sustainable deployment of renewable energy technologies in Australia. Geodynamics looks forward to the results of the Climate Change Authority's review. If you wish to discuss Geodynamics submission further please feel free to contact me on (07) 3721 7500.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Geoff Ward', written over a light blue horizontal line.

Geoff Ward

Managing Director & CEO