Renewable Energy (Electricity) Amendment Bill 2010

House of Representatives

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Sharon Grierson MP

Sharon Grierson (Newcastle) (1:21 PM) —I rise today to speak in support of the Renewable Energy (Electricity) Amendment Bill 2010 and related legislation. It is interesting to note that electricity consumption in Australia accounts for more than one-third of national emissions. At the same time, Australia has a wealth of renewable resources—some of the world's best wind resources, higher average solar radiation per square metre than any other continent and huge potential in geothermal and wave technologies. The development and harnessing of renewable energy is a crucial part of our nation's low-carbon future and has also been a crucial part of the work of the Rudd government. But to best harness these resources we do need a workable policy framework, which we find in the legislation before the House today.

The purpose of this bill is to separate the Renewable Energy Target Scheme into two parts. I guess we can call them big RET and little RET, but they are the large-scale renewable energy target, LRET, and the Small-scale Renewable Energy Scheme, SRES. By differentiating between the schemes, we can ensure greater certainty for large-scale renewable energy projects and the installers of small-scale renewable energy systems such as solar panels and solar hot water heaters. This package is just one of a suite of Rudd government policy initiatives that encourages a switch to clean energy. It will further strengthen our commitment that the equivalent of at least 20 per cent of our nation's electricity will come from renewable sources by the year 2020.

The two parts of the scheme will work as follows. The LRET will encourage the deployment of large-scale power generation using energy sources such as wind, solar, biomass and geothermal. The LRET annual target will be set at four million renewable energy certificates per year less than the current targets to take into account the estimate of the deployment of small-scale technologies, reaching 41 million renewable energy certificates by 2020. Existing banked renewable energy certificates will only be eligible, though, for use in the LRET, the large-scale projects. It is good to see that we have now given some certainty around those targets and for the larger-scale projects. We know that the public have had an amazing interest in taking up renewable opportunities in their homes, but we are now being more strategic about encouraging large-scale opportunities for industry.

The small-scale target, SRER, will continue providing support to households, businesses and community groups who install renewable energy systems like rooftop solar panels and hot water systems, through the creation of a new small-scale technology certificate. There will be no overall limit on the creation of those certificates and the price will be fixed at $40 through the creation of an optional clearing house. This would mean a household installing an average sized 1½-kilowatt system, and receiving the solar credits multiplier, would receive certificates worth around $6,000.

To reach these targets, we need to see support from both ends of the scale—individual households and large energy users and providers. In particular, the degree to which the 20 per cent target is reached is dependent on the uptake of small-scale systems by households, small business and community groups, but large-scale take-up can make a big difference. In a promising sign, already this scheme is gaining popular support from the energy sector. Only days after its announcement, AGL announced that it had entered into conditional arrangements for the construction of the 365-megawatt capacity Macarthur wind farm in south-west Victoria. In fact, according to AGL, it is estimated that the enlarged renewable energy target under the Rudd government has already seen an eightfold increase in plans to build green generation in Australia—predominantly at this stage in wind power.

Speaking at a recent utilities conference, AGL's group general manager for merchant energy, Jeff Dimery, said that the small-scale RET program implemented under the Howard government was estimated to lead to just 1,200 megawatts of new renewable generation being developed this decade—but now, with the expanded RET, AGL expects at least 9,500 megawatts of renewable generation to be constructed by 2020, along with a $30 billion investment in new power production. That is good news. Similar improvements are forecast in the outlook for gas generation. This is a direct result of these policies, and I congratulate the Minister for Climate Change, Energy Efficiency and Water, Senator Wong, on the success of these incentives.

As Mr Dimery points out, if we are to see these forecasts become a reality, the government must win safe passage of these RET legislation amendments through the Senate. We need to see action in passing this legislation through the Senate now. Industry certainty, industry benefit, is the outcome that is at risk. These sentiments are shared by many in the renewable energy sector who feel that investment will remain frozen until these amendments are passed. According to Pacific Hydro manager of government affairs, Andrew Richards, it is 'mission critical' for the renewable energy sector to see this legislation passed. Similarly, AGL chief executive, Michael Fraser, has warned that the failure to pass this legislation before our next federal election would result in a 'loss of investment, loss of jobs and a stalling of investor confidence'. This is something we cannot afford. Already, Australia is at risk of falling behind the rest of the world in investment in renewable energy. A study by Bloomberg New Energy Finance projected that global investment in renewable energy would reach a new record of US$154 billion in 2010, up more than a quarter on last year. Australia also recorded a record investment of US$1.02 billion, but this represents only 0.8 per cent of the total global investment, even

though our share of the GDP is 1.3 per cent and our share of global greenhouse gas emissions is 1.5 per cent.

It is a promising sign to see companies like AGL forecasting some positive figures and positive take-up by the energy sector around our policies and this legislation. When we compare the uptake of resources like wind power in Australia with other countries we can see that there is still a lot more to be done. Denmark, for example, with almost 5½ million residents squashed into an area roughly the size of the Hunter Valley, where I come from, is aiming for 50 per cent of its overall power output to come from wind farms by 2020. That is an amazing statistic to contemplate. Environmental conditions there are very different, but it is good to see such positive projections. Worldwide, new wind installations continue to grow at 30 per cent per year globally. From 2013, it is anticipated the world will install more than the entire Australian annual electricity demand just in wind power. I note, too, that in Spain we are seeing a greater take-up of solar resources. I had the great pleasure of visiting a solar plant in Nevada. It was only a small plant by megawatts, but I note that in Spain the same company and others are delivering much larger generation plants of up to 150 megawatts. That is good to see as well, particularly as where I come from we are doing some groundbreaking research in solar thermal power.

While 100 per cent renewable energy output in Australia may not be possible by 2020, we can still be influenced by, and take encouragement from, the efforts of other countries in showing what can be done to increase renewable energy output. We have been told by scientists and experts that clean efficient energy systems will underpin our economic success and prosperity in the future and drive our climate change response today. This is no truer than in my electorate of Newcastle and in the surrounding Hunter region. Last week a report released by the National Institute of Economic and Industry Research found that switching to an eco-friendly economy in the Hunter region would create more than 60,000 jobs. That is a significant contribution to regional employment. It may seem a very high goal at the moment, but I am pleased to say that the Hunter region, and the Newcastle electorate, is well on its way to becoming an eco-friendly economy.

In the last 18 months alone, we have seen a staggering investment in clean energy from the Rudd Labor government. At the beginning of last year, the Australian government launched the Australian Solar Institute, headquartered in Newcastle, delivering on its $100 million commitment to solar research. The Australian Solar Institute will support solar thermal and solar photovoltaic research and development, foster the necessary collaboration between solar researchers in university research institutions and industry and help forge strong links with peak overseas solar research organisations. Last year we also saw the launch of the $20 million national Clean Energy Innovation Centre in Newcastle, which assists small and medium sized businesses in becoming more energy efficient.

I must acknowledge the outgoing director, Dr Gillian Sparkes, whom I have had the great pleasure to work with over the last year. I wish her well in her new appointment to the Victorian government climate change department. I know that

her work in these initial stages, since the innovation centre's formation, has been of great benefit and will continue to benefit us for a long time to come.

More good news came for clean energy research in Newcastle in November 2009 with the opening of the new CSIRO research centre, the Renewable Energy Integration Facility, which has been established to develop new grid management technologies. Success in that area will allow greater penetration of renewables and low-emission energy resources into the major electricity networks. Setting up grids of renewable energy sources is one thing, but integrating them into a major grid is quite challenging. Such measures will also contribute to a reduction in the levels of carbon emissions in the future.

Of most excitement for Newcastle is a bid by a Newcastle based consortium for the Smart Grid, Smart City initiative. The Newcastle consortium, led by Energy Australia in partnership with AGL and includes IBM, Cisco, the National Broadband Network Company, the CSIRO Energy Transformed Flagship Program, Ampcontrol, the University of Newcastle, Newcastle City Council, Together Today Cooperative and Hunter Water, has submitted an outstanding bid for this initiative. Smart grids have the potential to transform the way we use energy in our homes and businesses and to make our existing energy use much more efficient and reliable. The Smart Grid, Smart City initiative will use a mix of innovative technologies to monitor electricity supply, manage peak demand and help both large-scale and small-scale customers make informed choices about their energy use.

By supporting the installation of Australia's first commercial scale smart grid, this initiative by the Rudd government will combine advanced communication, sensing and metering infrastructure with existing energy networks to allow combinations of applications that can deliver a more efficient, robust and consumer friendly electricity network. I think we all look forward to the day when we will have more control over how we actually use energy and how we maximise its efficiency—and the same applies to water.

Smart grids have the potential to transform energy efficiency all around this country and the world. Smart grids identify and resolve faults automatically on the electricity grid. They can automatically self-heal, manage voltage and identify infrastructure that requires maintenance. Smart grids can also help consumers to manage their individual electricity consumption and enable the use of energy efficient smart appliances that can be programmed to run on off-peak power. If successful, this would see the beginning of a technological approach that will reduce emissions, reduce energy consumption and drive down costs. I have advocated very strongly for this bid from the Newcastle consortium and I again express my confidence in its quality. I look forward to any success they may gain.

From the power plant to the power point the Rudd government is supporting action—both large scale and small—to reduce carbon pollution. The enhanced Renewable Energy (Electricity) Amendment Bill will help the fight against climate change, allow Australia to harness its vast renewable energy resources, and drive the deployment of renewable energy technologies, industries and jobs. More broadly, Rudd government initiatives, such as the $652.5 million announced in the budget for the Renewable Energy Future Fund, will further support Australia's

response to climate change. The fund will provide additional support for the development and deployment of large- and small-scale renewable energy projects and enhance the take-up of industrial, commercial and residential energy efficiency. Along with the other initiatives already mentioned, the Rudd government is supplying Australians with the tools to do their own bit to conserve energy and promote renewable energy sources, at the same time creating new clean industries and a flow-on in employment. We recognise how vitally important it is to build the foundations now that will enable our energy sector to take full advantage of the opportunities that will present themselves in an eco-friendly, carbon constrained world.

I cannot leave this debate without making some mention of the 18-month deferment of the ETS by this government. I can only say that our government is firm in its position that it remains critical to the future success of this nation to have an ETS in place. I have to register my deep regret that a bipartisan approach was never achieved. We thought we were close.

When you take an issue of such international significance, national significance and importance to the people of Australia and to the future generations of this country, you have to realise that it is bipartisanship that assists these types of policies over the line. I think all people of this country have looked for that bipartisan support and I think industry has looked for that as well. We were so close but now the time has passed. When the new Leader of the Opposition was elected it prejudiced, terribly, the bipartisan approach had appeared possible for an emissions trading scheme in this country. In making those statements I hope that bipartisanship will result and will be offered around this legislation. The Renewable Energy (Electricity) Amendment Bill 2010 and related bills are deserving of the support of everybody in this parliament. I commend the bills to the House.