

24th November 2005



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Dear Karen

**Energy Working Group Recommendations to the State of Environment Review
Panel: WA SEA Inc's Dissenting Response**

The Western Australian Sustainable Energy Association (WA SEA) Inc. accepted the invitation to participate in the State of Environment's Energy Working Group with the aim of producing a report which produced meaningful recommendations aligned with the task objectives – detailed below.

Objective¹

From the State Sustainability Strategy:

- Reduce reliance on fossil fuels and increased reliance on renewable energy
- Improve the efficiency of energy use in the Western Australian Community
- Greater awareness of the environmental, economic and social benefits of renewable energy and energy efficiency by Western Australians.

It has therefore been very disappointing to read the draft report – which is overly inclined to reiterate and defend current programs and fails to propose meaningful new initiatives.

I am concerned that the “Implications and Suggested Responses” section should be presented as a consensus report. Certainly, that is not my belief. Indeed WA SEA Inc was considering withdrawing its name from the consultative list, so strong is our objection to the Working Group's stated consensus view.

However, we have determined at this stage that, rather than dissent entirely with the process, we should make our concerns known to the State of the Environment Review Panel and seek their intervention.

Before detailing WA SEA's response to the report that is going forward to the panel, I would like to make an observation about the role of the Chair of the Energy Working Group. I believe it is unarguable that the report's authors have shaped the report and am inclined to conclude that SEDO has been disingenuous in the process of consultation with industry members of the Energy Working Group.

¹ **Energy Sector Draft Report, State of the Environment Report November 2005**

At a time when we need bold recommendations to facilitate the uptake of sustainable energy sources, the report's recommendations reflect SEDO's particular view of the world.

With respect, SEDO are not out there on the ground developing new projects. The voice of industry – which does face the daily impediments and devises solutions to go forward – is a critical one if the Government is to understand the type of policy and legislative environment that is needed to achieve the sustainability outcomes it desires for the State.

SEDO has effectively silenced this industry voice. We are very clear on what needs to be done, are aware of what works in Australia and internationally – we now need action. We do not need mealy-mouthed recommendations for further investigations.

Yours sincerely



Matthew Rosser

Chair

Western Australian Sustainable Energy Association (WA SEA) Inc.

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'On behalf of the people of Western Australia, the Association will vigorously promote the development and adoption of sustainable energy so that by the end of this decade, 30% of the State's fossil fuel use is displaced by sustainable energy practices.'

SPECIFIED IN REPORT	CHANGES RECOMMENDED BY WA SEA INC	COMMENTS
Section: Current responses		
Other mechanisms to support renewable energy include a commitment by the State Government to source 5% of its electricity needs from renewable energy. (Page 6)	<i>Replace with the following text:</i> Other mechanisms to support renewable energy include a commitment by the State Government to source 5% of its electricity needs from renewable energy. This commitment will deliver approximately 5MW of new renewable generation to the WA and support 95MW of fossil fuel generation. Four wind turbines could produce the 5MW purchased by government under this scheme.	The current state of the environment is that the Government is committed to purchasing the majority of its electricity from fossil fuel, resulting in only 5% of energy to be sourced from renewable energy sources (this equates to around 5MW). This needs to be presented in the report in an honest way – to Parliament as well as to the people. 5MW can be supplied by 4 wind turbines.
Section: Implications		
<i>Report does not mention the need for WA to prepare for carbon trading.</i>	<i>Include the following text:</i> While carbon trading is currently not operating in Australia, trading is taking place in Europe and the expectation is that Australia will follow suit and within this context Western Australian fossil fuel electricity generators face a high risk of carbon taxes impacting significantly on their cost of generation.	With the introduction of a carbon tax impending, the implication of WA continuing to be fossil fuel intensive is that these generators will be faced with the economic burden of a carbon tax. This carbon tax will be absorbed by the end user and will hence result in an increase in the end user's electricity costs. This implication reinforces the fact industry needs to implement demand side management strategies and increase the use of renewable

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		energy – both of which are carbon neutral.
<p><i>Report does not mention the availability of proven renewable energy technology to meet WA’s energy needs.</i></p>	<p><i>Include the following text:</i></p> <p>Technology has been suggested as a means by which we can address climate change with renewables now the fastest growing sector of the world’s energy mix. Current forecasts are that renewable energy technology will generate 8-12% of the world’s energy capacity by 2020. This roughly translates to a \$13 trillion annual revenue industry. Other unproven technologies such as geosequestration or injecting carbon dioxide underground are also currently being proposed to manage greenhouse gas emissions from coal.</p>	<p>Forecasting shows that renewable energy is a growing industry sector with a future high in revenue return. The implication of resources focussed towards unproven technologies such as geosequestration is that the State will be divesting resources towards an uncertain technology which is years away from application. There are a range of proven and reliable renewable energy technologies that are available now – and getting these into the grid should be the major focus of the report.</p>
<p><i>Report does not provide any positive direction for the critical role WA can play in addressing global climate change. It really fence sits here and gives no impetus for a forward-looking strategy.</i></p>	<p><i>Include the following text:</i></p> <p>It needs to be recognised that greenhouse driven climate change is a global issue and the state will benefit from acting in unison with our trading partners who are striving for real results. For example China has recently implemented new laws that will see 10% of their electricity come from renewable sources. Similarly Japan and Korea have renewable energy programs in place. There is a great deal of scope for Western Australia to partner with current</p>	<p>It needs to be clearly identified that climate change is a global issue. This statement emphasises that if fossil fuel countries such as China are able to reassess their energy policy and focus towards a sustainable energy future, then Australia which has similar capabilities should be able to act similarly. The implication of WA not working with our trading partners is that export opportunities (for example, for clean technologies) will be wasted.</p>

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	trading partners to address this issue and, concurrently, extend our own sustainable energy capability and markets.	
<p>There are first mover disadvantages for addressing climate change. If Western Australia significantly increases the cost of energy and other states and countries do not, there is a risk that industry could move off-shore or to other jurisdictions. The loss of industry to other economies would represent a significant deleterious social impact in the form of job losses and economic prosperity. (Page 8)</p>	<p><i>Statement to be omitted or replaced as below:</i></p> <p>While an argument has been put that there are first mover disadvantages for addressing climate change, this case has been greatly overstated. This viewpoint is based around beliefs that if Western Australia significantly increases the cost of energy and other states and countries do not, there is a risk that industry could move off-shore or to other jurisdictions. In that scenario, the loss of industry to other economies would represent a significant deleterious social impact in the form of job losses and economic prosperity.</p> <p>However, this argument is not sustainable in the context of this the Western Australian experience which, while experiencing unprecedented increases in energy prices in recent years, has continued to develop its industry and resources sector, grow its population and deliver desirable social and economic outcomes.</p>	<p>WA SEA Inc. is concerned that statements such as this exist in the document. If you consider the significant increases in the cost of oil and gas (for example, the price of oil is \$60+ a barrel up from \$13 a few short years ago), this has not resulted in any significant net loss to the WA economy. The use of renewable energy will not only serve to mitigate the impact of climate change, but will also generate positive social outcomes, such as employment opportunities and clear economic outcomes.</p> <p>WA is not a first mover with numerous countries already taking action to address climate change – see the example of China listed above. While other countries are working in a proactive manner, WA will simply lag behind and will suffer the most when a carbon tax is implemented.</p> <p>It is absurd to believe that industry will move offshore or to other jurisdictions within WA if the price of electricity increases slightly with the increased</p>

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		adoption of renewable energy or demand side management strategies as is implied. The introduction of a carbon tax will have a greater impact over cost than any other factor.
Section: Suggested Responses		
<i>Report does not provide a clear response on how to increase the adoption of renewable energy.</i>	<p><i>Include the following text:</i></p> <p>The Government should act to support the development of renewable energy. In Western Australia renewable energy is at a disadvantage producing less than 1% of electricity and legislation is required to ensure that this level of generation grows to a more meaningful level. The difficulty facing renewable generators was recognised by the Western Australian Electricity Reform Task Force (ERTF) who proposed that license requirements be placed on all WA retailers to source a percentage of their electricity from renewable energy (ERTF, October 2002, Recommendation 69). This proposition has not yet been enacted and to do so would greatly facilitate the achievement of government's 6% target.</p>	<p>WA SEA Inc. identifies this to be a clear measure which will address the issue of climate change as well as provide a reliable energy source. The percentage of renewable energy which is to be sourced will be an incremental target. This will ensure that the capacity is built and available.</p> <p>WA SEA Inc. believes that the suggested responses listed in the Report will not result in any tangible actions which will reduce the state's overall greenhouse gas emissions.</p>

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