

22 March 2006



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Dear Brian,

**Re: Invitation for expressions of interest for a common use arrangement for the supply of electricity to certain public authority sites in the South-West Interconnected System**

On behalf of the Western Australian Sustainable Energy Association (WA SEA) Inc. thank you for the opportunity to comment on the above stated Expression of Interest document.

WA SEA Inc. is the peak body of the Western Australian sustainable energy industry which promotes the growth and supports the development of the industry. WA SEA Inc. has over 60 individual and company members representing a broad spectrum of the sustainable energy industry.

WA SEA Inc. has advocated for a number of years that the Government uses its purchasing power to stimulate the development of renewable energy in WA.

While it is pleasing to see the Expression of Interest document requires retailers to provide a minimum amount of electricity from renewable sources the level set is disappointingly low and I wish to make the following brief observations:

1. For renewable energy to be generated at a price competitive with that from a typical fossil fuel power station, projects of a similar scale need to be built. That is renewable energy generators need to leverage the economies of scale traditionally afforded only to fossil fuel. The tender process does not recognize this fact. Under this tender process a fossil fuel generator can build a large scale fossil fuel power station off the back of the government's +500GWh pa (95%) fossil fuel requirement. However, the small amount allocated to a renewable generator (29GWh pa) means that a project of a economical scale can't be built and thus renewable energy is not cost competitive.

*Mission:*

*'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.'*

2. For the reasons outlined in 1 above WA SEA Inc. recommends the Government aim to source 100% renewable energy and set a small minimum level for fossil fuel. This would also send a clear signal to retailers that the government is keen to see the development of renewable energy and would further encourage retailers to use their buying power to promote the development of renewable energy projects.
3. For that percentage of electricity that is to come from fossil fuel the tender should ensure that it is generated from low GHG emission sources such as combined cycle gas or where the retailer/generator has a carbon offset program. This will help protect WA tax payers from the risk associated with high GHG intensity sources of generation given that it is expected that carbon intensity will be priced into electricity within the contract period. As is already the case in other parts of the world.

If you wish to discuss this matter further, please do not hesitate to contact Johanna Gastevich on (08) 9328 8411.

Yours sincerely



Matthew Rosser  
Chair  
Western Australian Sustainable Energy Association (WA SEA) Inc.

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