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### **Comments on the treatment of electricity-intensive, trade-exposed industries under the expanded national Renewable Energy Target scheme**

The Western Australian Sustainable Energy Association Inc. (WA SEA) is the peak industry body for sustainable energy in WA.

WA SEA is building relationships with businesses that aspire to be more sustainable in their own energy use, or are providing the commercial solution to climate change through their products and services inclusive of businesses offering or using services and products that manage or offset greenhouse gas emissions in transition to sustainable energy use, or indirectly through their actions adopting more sustainable energy practices in their own business. WA SEA has a strong reputation in Western Australia for authoritative commentary on a broad range of issues around energy efficiency and sustainable energy.

Many businesses are acting to support the development of the best policy outcomes for the industry by becoming WA SEA members. WA SEA has over 215 industry members from a diversity of enterprises including the majority of the key energy players in Western Australia. This range of companies, businesses, organisations and individuals are involved in sustainable energy practices and including energy efficiency across government, business and the community in: infrastructure; architecture and design of buildings and homes; transport; performance of appliances, vehicles, machinery, and industrial processes; use of renewable energy generation including passive use and solar hot water.

WA SEA is the only business peak body actively supporting action on sustainable energy in Western Australia.

Information about our activities (including our submissions and Media Releases) can be found on WA SEA's website: [www.wasea.com.au](http://www.wasea.com.au).

WA SEA Corporate members



This is WA SEA's response to the Working Group Discussion Paper regarding the Treatment of electricity-intensive, trade-exposed industries under the expanded national Renewable Energy Target scheme:

## **2.1 Should Assistance be provided?**

WASEA believes that, with one exception, there is no case for assistance to be given to electricity intensive, trade exposed industries.

According to the figures given in the "Preliminary Analysis of Electricity Intensities by Industry" (Attachment A of the Discussion Paper) the burden on revenue for the predicted 2020 targets is less than 0.4% for all industries other than for aluminium.

The exception therefore should be specific to aluminium smelters and must be in the form of free RECS for a period of less than five years. Over that period, strong partnerships between government and the smelters must yield structural reforms that deliver a more sustainable approach to energy delivery for the production of aluminium in Australia. Some extension to this time might be considered if significant gains are made in this time.

There are far greater economic variations in all remaining industries than a 20% increase in electricity costs over a ten-year period. This burden is negligible compared to the value that the increased investment in renewable energy projects will bring to the Australian economy and employment. Investing in renewable energy will create new business, new employment opportunities, and diversify our industry base for a more sustainable economy in Australia. In addition renewable energy will diversify the electricity industry making it less dependent on imported fossil fuel and enhance quality and security of electricity supply.

Many of these opportunities will of necessity be spread across the regions in rural Australia - building, supplying and maintaining regionally distributed renewable energy generation plant, and for land required to be dedicated to wind farms and solar farms.

Recent job losses demonstrates what happens with trade-exposed industries when the demand for their products is reduced as a result of the downturn – an economy built on sustainable energy projects will be more resilient and less exposed to the foibles of energy sensitive global commodities markets.

Investing in renewable energy (generally more labour intensive) addresses issues of energy security provides long-term sustainable industries with stable employment opportunities.

It is also WASEA's view that with proper energy management in place, including effective energy auditing, the net result would be an increase in revenue for these electricity-intensive industries.

## **2.2 Design approach**

In the case of Aluminium, the revenue burden is estimated at 4% for the 2020 target. It is assumed that the bulk of the energy is consumed in the smelting process and hence this is where the largest percentage of reduced revenue would occur.

### **WA SEA 2030 VISION**

30% energy generation from sustainable sources and 30% reduction of existing use through energy efficiency by 2030

### **WA SEA - the peak body for sustainable energy in Western Australia**

WA SEA promotes the development and adoption of sustainable energy technologies and services that minimise the use of energy through sustainable energy practices and maximise the use of energy from sustainable sources.

It is WASEA's view that only the smelting industry be given assistance in the form of "free issue of RECs" (as per "Option 3.") for a period of less than five years.

RECs acquired for this purpose would be purchased by the government from generators that can be directly attributed to supplying the smelting process.

This process will bring transparency to the long term energy supply contracts that these smelters operate, encourage investment in local renewable energy projects to bolster local employment, and encourage the smelters to improve energy efficiency (due to the limited assistance period).

It also creates a more robust local economy if, like many other trade exposed industries have seen, a drop in export values results in closure of an operation. The renewable energy and jobs its supports will be more than easily redirected to other users in the local energy network.

Yours sincerely



Dr Ray Wills

Chief Executive

Western Australian Sustainable Energy Association Inc. (WA SEA)

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