

Submission Template

COAG Review Discussion Paper 2 – Self-generation provisions under the expanded national Renewable Energy Target (RET) scheme

Overview

This submission template should be used to provide comments on:

COAG Review Discussion Paper 2 – Self-generation provisions under the expanded national RET scheme

The purpose of this discussion paper is to provide an introduction to the key issues relating to the self-generation provisions of the expanded national RET scheme, and to encourage input on these issues from individuals, businesses and organisations to inform the review process.

Stakeholders are asked to use the template provided to answer the questions posed in the discussion paper. The Department will also accept any other documents, further information, costing tables etc that are attached to the submission template.

Contact Details

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Confidentiality

All submissions will be treated as public documents, unless the author of the submission clearly indicates the contrary by marking all or part of the submission as 'confidential'. Public submissions may be published in full on the Department of Climate Change website, including any personal information of authors and/or other third parties contained in the submission. If any part of the submission should be treated as confidential then please provide two versions of the submission, one with the confidential information removed for publication.

A request made under the *Freedom of Information Act 1982* for access to a submission marked confidential will be determined in accordance with that Act.

Do you want this submission to be treated as confidential? No

Submission Instructions

Submissions should be made by **close of business 30 October 2009**. The Department reserves the right not to consider late submissions.

Where possible, submissions should be lodged electronically, preferably in Microsoft Word or other text based formats, via the email address - **RET@climatechange.gov.au**.

Submissions may alternatively be sent to the postal address below to arrive by the due date.

Renewable Energy Sub Group Secretariat
Department of Climate Change
GPO Box 854, Canberra ACT 2601

For more information phone: 02 6159 7428

Self-generation provisions under the RET

Question: In relation to current or planned remote projects:

- What are the key characteristics of these projects in terms of activities and the layout of energy infrastructure, including distances?
- What are the ownership and electricity supply arrangements for these projects, including power generation, distribution and use, and the amount of electricity generated and used?
- What impacts do the current self-generation provisions have on optimal project design, and project viability, in particular the point-to-point requirements?

WA SEA, as a member based organisation, does not undertake remote power projects, but has many members who do. As such, we are limiting ourselves to addressing the key issues faced by our members in relation to these projects and the issues faced by them.

We believe that the issues in relation to remote power generation need to equally address both resource projects as well as the needs of remote communities. The key factors include;

- **Eligibility of appropriate renewable asset exploitation**

WA SEA recognises that the variability of conditions across remote Australia dictate that different technologies (or combinations) need to be reflected in the remote generation provisions. As such it is important to remain technology neutral in assessing the eligibility of technologies for remote power generation and factors such as peak shaving and shifting technologies such as energy storage also need to be addressed. In addition to the broad issues, asset availability and location are at times dictated by the optimal positioning of the generation system to maximise its efficiency. The current provisions may act as a disincentive to remote power users taking up renewable energy technology as self-generators due to the location of the renewable energy resources and the point(s) of use. Furthermore, commercial issues such as the operation of joint venture and economies of commonly owned infrastructure, which fall outside these provisions may create a duplication of capital infrastructure for no other purpose than to avoid penalties under the current provisions.

- **Capital intensity and operational considerations**

The creation of a remote power system is capital intensive and in many cases need to take into account the need for multiple partners / joint venturers on a single project, which is not unknown in the mining industry. As such, the factors involved in self-generation eligibility become more complex than initially envisioned in the legislation. In addition to this, the owner operator and contractor models for resource businesses can change the necessary capital intensity (vs operational costs) and therefore, how power is treated can have significant impact on the project.

- **Remote communities and government involvement**

Self-generation also has the potential to affect remote communities and suffers the same issues as businesses operating off the grid, particularly where the community is controlled through a corporate structure. Self-generation in this case, also needs to consider the issues of government and private joint ventures and how this may be treated under the current self-generation provisions.

Any other additional comments