

15 December 2004

Chairman
Productivity Commission
Locked Bag 2
Collins Street East
Melbourne Victoria 3003

Re: Discussion Draft on the Review of National Competition Policy Reforms

The Renewable Energy Generators of Australia Ltd (REGA) welcomes the opportunity to provide comment on the Discussion Draft on the *Review of National Competition Policy Reforms*.

REGA is an association of Australia's renewable energy industry representing 95% of the existing renewable energy generation capacity, equipment suppliers, developers and industry specialists. REGA brings together the experience and views of generators and the wide cross section of those involved in the supply of renewable energy equipment.

REGA supports the Commission's proposed reform agenda regarding the need to reduce the inconsistencies in greenhouse gas policies across Australia, and the reasons given for this need for reform. Further, REGA supports the need for this reform to be undertaken by COAG as a matter of urgency.

REGA agrees with the Commission that the divergent approaches to greenhouse gas abatement across jurisdictions, as well as the uncertainty about future policy directions, are impeding necessary investment in many parts of the economy, including that of energy generation. This is nowhere more evident than in Australia's renewable energy industry. Despite growing international commitment to well defined greenhouse gas abatement policies such as Renewable Portfolio Standards of up to 25% renewables by 2013 in the US and the EU's Emission Trading Regime which comes into force on 1 January 2005, Australia's fragmented approach provides no current or future certainty for renewable energy developers. This is undoubtedly deterring significant investment and job creation, especially in rural and regional areas in Australia. To overcome this, Australia needs clear definition as to how it will approach future emissions reduction in the area of electricity generation.

REGA also fully supports the Commission's sentiment that investment choices can have pervasive impacts on the future uptake of new technologies, with today's decisions determining the technology that will be in place for the next 30 to 40 years. Australia can ill afford to continue to build energy infrastructure that will not meet the future needs for potential international requirements for greenhouse gas emission abatement. In this context, nationally consistent and uniform greenhouse gas abatement policy is urgent.

Furthermore, REGA support the Commission's approach to appropriately phased pre-emptive policy development in the energy sector as a means for avoiding the need for 'reactive' and potentially costly energy policy intervention at a future date. REGA is also pleased to note the Commission's recognition of the growing appreciation in policy circles that managed markets can reduce the cost of meeting some important environmental and sustainability goals, and that the Commission sees the incorporation of a trading regime for greenhouse gas emissions as highly desirable.

As the Discussion Draft highlights (pp. 173), the MCE response to the Parer Review was that a holistic, integrated policy approach was required to give energy sector investors reasonable certainty about their greenhouse obligations, and that any abatement measures should be consistent with any future international emissions abatement context, while maintaining the international competitiveness of Australian Industry. REGA supports the Commission's comment that "this commitment has not translated into a firm process for dealing with the concerns raised in the Parer Review" (pp. 173), and that "COAG should immediately take a greater role in addressing fragmentation and uncertainty in relation to greenhouse gas abatement policies" (pp. 241).

If you would like clarification on any of the issues mentioned in this submission, please feel free to contact me on 0419 833 556.

Yours sincerely

Susan Jeanes
Chief Executive Officer