ENERGY-VISIONS

Renewable Energy Resourcing

Energy Visions Pty Ltd · PO Box 570 · Cottesloe WA 6911 · Australia

Professor Peter Newman
Director, Sustainability Policy Unit
Policy Office
Department of the Premier and Cabinet
15th Floor, 197 St George's Terrace
PERTH WA 6000

30 April 2002

Lodged by E-mail:
sustainability@dpc.wa.gov.au

SUBMISSION TO THE SUSTAINABILITY POLICY UNIT

Focus on the Future: Opportunities for Sustainability in Western Australia
A consultation paper for the State Sustainability Strategy for Western Australia

Dear Prof. Newman,

Energy Visions, based in Western Australia, appreciates the opportunity to enclose our submission to the Premier's Sustainability Policy Unit on the above.

Energy Visions is a potential developer of renewable energy projects, an industry member of the Renewable Energy Access Working Group (REAWG) and a member of the Sustainable Energy Industry Association (SEIA) Australia. SEIA has a membership base employing some 6,000 people Australia-wide.

Our submission focuses on implementing private renewable energy projects in WA identifying impediments while recommending solutions to implement renewable energy generation for the benefits of the economy of this state.

Our intent is to provide valuable input into this state's sustainable development and into projects that are of a truly sustainable nature for the community. Our focus is on creating new renewable energy projects benefiting both the state in light of greenhouse gas abatement liabilities and WA's sustainable energy industry.

Trusting this is of assistance in achieving a sustainable future for the State. Should you wish to discuss the issues raised in greater detail, please contact the undersigned.

It is acknowledge that this entire submission is intended to be a public document.

Yours faithfully,

Raoul Abrutat
Managing Director

Energy Visions Pty Ltd
ACN 096 838 005
PO Box 570
Cottesloe WA 6911
Australia

Mobile +61 407 938 422
Tel +61 8 9384 2220
Fax +61 8 9286 4449
abrutat@energy-visions.com.au
www.energy-visions.com.au

This Submission focuses on the Renewable Energy implementation under the Sustainability Strategy for WA

Renewable Energy Access

We are extremely concerned that a workable Renewable Energy Access regime after 2.5 years of consultation with industry remains undelivered by this State. This prevailing situation is threatening approved or proposed projects holding up project bankability because WA is perceived as "sustainability resistant" by the renewable energy investment community nation-wide and overseas.

The following solutions are recommended to allow renewable energy ventures to succeed in Western Australia:

1. Create a level playing field for private renewable energy generators compared to the State's own generator, Western Power Corporation.
2. Remove legislative barriers: the Electricity Corporations Act 1994 requires Western Power Corporation to implement the access regime. This is an unworkable mechanism in fostering the implementation of renewable energy generation.
3. Disaggregate Western Power Corporation at least to the extent that the networks division is entirely independent of the vested interests of the generation and retail divisions.
4. Allow that private generators can fully operate under the National Green Power Accreditation Program addressing customer choice.
5. Remove 10 MW project cap and 35 MW aggregate market cap (renewable energies are limited at around 1% of the existing fossil fuel-fired power station capacity) in order to stimulate renewable energy generation for the private sector allowing utilisation of economies of scale.
6. Address at the very least the Federal Government's 2% Mandatory Renewable Energy Target (2% MRET) requiring additional 250 MW of new renewable energy generation be implemented in Western Australia by the year 2010:

   WA's industry needs to be assured that this renewable energy capacity is actually built in Western Australia. Especially regional areas of Western Australia such as the Mid West where wind farms are most likely to be implemented would benefit from such measure.

   Otherwise renewable energy generation will be built over east and credit sold to Western Australian liable parties through Renewable Energy Certificates (RECs). All employment benefits associated with the development of renewable energy generation would be lost to eastern states' projects.
7. Create incentives for renewable energy projects along the level of assistance the fossil fuel industry receives through eg. State Agreement Acts.
8. Create a simple access regime removing cross-subsidies in network access charges:

   The access regime sends the wrong price signals. The proposed access charges for residential customers are in the order of 5 - 6 ¢/kWh. Considering that a household uses minor network assets (ie. power line from the street to the house) the costs are disproportionate and prohibitive compared to major electricity users where the obvious use of the network occurs utilising transmission infrastructure for prices in the order of 2 - 3 ¢/kWh.

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9. Create a clear market differentiation for renewable energy in order to encourage renewable energy. This can be achieved by:

   (i) Aggregation of customer loads.

   (ii) Establish full retail contestability for renewables (ahead of fossil fuel).

   (iii) Cost-neutral incentives:

   - Fiscal Incentives, such as investment incentives (investment tax incentives, accelerated depreciation) and production incentives (production tax credit),
   - Environmental Regulations such as emissions standards and emission taxes and the
   - Elimination of subsidies for fossil fuel.

   (iv) Consider avoided costs.

   (v) Social obligation as an overriding philosophy on long-term sustainability in delivering new renewable energy generation.

10. Appropriately address the socioeconomic benefits of renewables when evaluating the real costs of fossil fuel versus Renewable Energy while reviewing the regime and its network access charges, namely:

   (i) Employment opportunities.

   (ii) Regional development.

   (iii) Private sector investment.

   (iv) Avoided social costs – among the full cost to society from fossil sources are damage to human health, to crops, fishery and forestry (eg. through acid rain, change in rainfall pattern, shifts of agricultural zones, stratospheric ozone depletion), to the environment and to buildings.

   (v) Efficiency gains and associated avoided cost of generation through distributed generation.

   (vi) Emissions offset.

   (vii) Improved environmental outcomes and resources conservation.

Renewable energy in the form of wind energy suits the Government's current style of infrastructure planning. Relatively small and low cost capacity can be added as frequently as required.

This greatly reduces the need for 20 year long-term infrastructure up front costs freeing capital for use in more areas where there is also need.

Your chosen symbol for sustainability is wind energy, ie. the Albany Wind Farm. As modern wind technology has its origins in private initiatives back in 1979 in Europe this creates the expectation that private sector will play an equal role in wind energy utilisation in WA as well.

Your consideration of the issues above will ensure the timely development of renewable energy generation in Western Australia.

Yours faithfully,
*Raoul Abrutat (*Managing Director)

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