



22 March 2006

Renewable and Distributed Generation Working Group
Department of Industry
Canberra ACT

To whom it may concern

RE: IMPEDIMENTS TO THE UPTAKE OF RENEWABLE ENERGY

Roaring 40s would like to thank you for the opportunity to comment on the issues paper *Impediments to the Uptake of Renewable and Distributed Energy*.

Roaring 40s is Australia's largest wind energy developer, launched in November 2005, after the announcement of a joint venture between Hydro Tasmania and CLP Asia. Roaring 40s has projects in Australia, New Zealand and China, and is seeking to expand within these markets to become the leading renewables developer in Asia and Oceania.

In relation to the discussion paper, Roaring 40s advocates an approach whereby barriers to a greater market share for renewable energy are reduced and regulatory and connection issues are managed in a manner that promotes a level playing field. Roaring 40s encourages the Ministerial Council on Energy to pursue outcomes that can be implemented in the shorter term, while a further mechanism to compliment the MRET measure is determined.

Roaring 40s submission regarding the issues paper is attached with this correspondence. If you have any need for further clarification please contact Garth Heron on (03)6213 4340 or email garth.heron@roaring40s.com.au.

Yours sincerely

Mark Kelleher
Managing Director

In response to the points raised in the discussion paper:

3.1 Renewable and distributed generation (R&DG) remains generally higher cost than conventional sources

The cost argument is relative. A more level “playing field” would be in place if the emission effect costs were treated as an economic measure, like in other countries, and reflected in the production costs of fossil fuelled generation.

Current programs and policies, as referred to in the discussion paper, are an attempt to balance the “playing field”, however they have failed to get sufficient traction to sustain a renewable energy industry and, as a result, we are seeing a continued decline in the market share for renewable energy in Australia.

Part of the failure of current measures could be attributed to design, where many of the measures are driven by tax revenue rather than by a balanced industry cost transaction. Other designs could be considered, including a concept floated in NSW whereby a generator that wants to expand a fossil fuel based plant (eg. coal plant) could only do so if it also invests an equal amount in renewable fuel sourced generation.

3.5 Government project approvals processes can be complex and inconsistent across jurisdictions

In our experience, much of the difficulty comes from the complexity of balancing local, state and commonwealth processes. Some suggestions for improving the current arrangements include:

- Time limits for local governments for reviewing development applications. For example, they have to be approved or otherwise within 6 months;
- Co-ordination of state processes for consistency across states; and
- Simplification of state processes, including better co-ordination with existing federal requirements

4.2.4 Network connection regulations, including technical standards, can be complex, unnecessarily onerous, or non-existent for small and medium scale R & DG

Recently, further complications were introduced associated with jurisdictional issues and imposed connection requirements, specifically aimed at wind generation, by ESCOSA in South Australia. This should have been the role of, or at least co-ordinated by, the National Electricity Regulator.

5.1 Increasing levels of intermittent and decentralised R&DG in the future may require changes to the way in which the network is managed

The issue of meeting consumer demand with increasing levels of intermittent generation is an important challenge for the electricity sector. Some work is already being done in the area that may constitute alternative solutions, including:

- Wind forecasting systems to enable dispatch of wind generators as semi-schedulable generation;
- Storage technologies including batteries, Compressed Air Energy Storage (CAES) and pumped hydro; and
- Regulation of wind output with linked gas generation facilities

There are many instances in Australia and overseas where high levels of intermittent renewable generation are used to displace fossil fuel generation in both large networks and Remote Area Power Supplies. Roaring 40s supports the development of models that enable high penetration of renewable energy into the market.