



Clean Energy Finance Corporation
Expert Panel Review Submission

December 8, 2011

Dear Ms Broadbent,

ParracaN recommends that the review panel report should begin with a reminder of why the Clean Energy Future legislative package exists. The generation of greenhouse gases (particularly CO₂) by human activity is having detrimental effects on our climate and is threatening our environment, our food production, our economy and our way of life. As well, Australia generates more carbon pollution per capita than any other developed country in the world and as Sir Nicholas Stern said 'the economic cost of inaction or delayed action on climate change far outweighs the cost of action now'.

Ultimately, to change this situation Australia must fund power projects that generate no greenhouse gases and must expedite their implementation in this 'critical decade'.

As such, I believe the review panel needs to prioritise the following key issues:

1. Funding for Clean Renewable Energy Must Take Precedence.
2. Access to Funding Must Allow For Community and Public Ownership.
3. Installation of Renewable Energy Needs To Be Expedited.
4. We Must Develop a Sustainable Energy Industry in Australia.
5. The CEFC Must Provide a Long Term Electricity Cost Model
6. The appropriate board structure, representation and skills

1. Funding for Clean Renewable Energy Must Take Precedence

Renewable energy, particularly wind and concentrated solar thermal, can and should provide network wide, base load power with existing technologies. There is no requirement for a transition technology. Mined gas is not renewable and not clean. Any funding towards this technology slows the introduction of renewable energy and slows the reduction of greenhouse gas generation. As the ultimate goal is to stop the generation of greenhouse gases, any decision prioritisation system should calculate the carbon emissions in tonnes per megawatt hour of energy generation and prioritise all projects based on minimising this.

2. Access to Funding Must Allow For Community and Public Ownership

Independent of the current political environment, access to these funds should be available to community groups, local and state governments. Distributed, small scale renewable energy aligns well with community ownership, the CEFC needs to ensure that these community groups have access to funding support. At the same time, there is need for large scale power generation for industry. To facilitate large scale power investment, the CEFC should consider cooperative funding with ethical and green superannuation funds, the generation of Green bonds by governments and the support of local and state government funded projects. A national feed in tariff could be installed and should be recommended by CEFC to the government. A feed in tariff of \$200/MWh for large-scale renewable energy projects would lead to an increase in the cost of electricity of approximately 2% across the nation or about 0.4c/kWh. This is very affordable for the average Australian.

3. Installation of Renewable Energy Needs To Be Expedited

As previously stated, there is a clear financial imperative to act now as it will be cheaper than

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acting later in lowering carbon emissions. As such, focus must be put on existing proven renewable energy technologies and installation now. The speed of development and implementation has a direct consequence on how much emission will be stopped as the renewable power replaces other dirty power technologies. Large-scale renewable energy projects such as wind and Concentrated Solar Thermal with molten salt storage should be given priority funding over gas, R&D and proof of concept projects.

4. We Must Develop a Sustainable Industry in Australia

Preference should be given to projects that generate knowledge, skills and long term green jobs in Australia. There is a clear need to ensure the industry is sustainable and developing local industries that can manufacture and support the renewable technologies is a critical success factor to any projects. At the same time, a consideration must be given to the just transition of jobs from closure of the current dirty power technologies.

Planning the total power supply to the network to ensure minimal oversupply and price shocks is also critical in growing a sustainable renewable industry.

5. The CEFC Must Provide a Long Term Electricity Cost Model

A significant barrier to investment in renewable energy is that first solar thermal project construction will be relatively expensive, even though the cost will decrease dramatically for additional projects due to the accumulation of expertise and economies of scale. It is therefore important to consider cost effectiveness over the long term and to include consideration of environmental and health savings. Also problematic to the attempt to raise finance now, is that individual project income and competitiveness initially is relatively low, but will increase significantly over the medium term as electricity and carbon prices continue to increase. The CEFC could help facilitate this financing and remove a significant hurdle by providing or endorsing an industry trusted model for the price of electricity over the medium term. This would also provide incentive to industries further down the power pipeline to improve efficiency and justify significant technology upgrades.

6. The appropriate board structure, representation and skills

The Chair of the Board and the CEO should have extensive knowledge and experience of the clean renewable energy industry, especially in solar and wind energy. At least one seat should be filled by a renewable energy expert with an appropriate background in renewable energy and grid management.

In summary, the Australian Government has made several international and political commitments to reduce Australia's carbon emissions and it sees this corporation as a significant tool in achieving these goals. This is the critical decade to reduce emissions and these commitments can only be achieved through urgent support and commitment to 100% renewable energy now.

Regards,

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