

Renewable Energy Target Review
Department of the Prime Minister and Cabinet
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Submitted online at www.retreview.dpmc.gov.au/online-submissions

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Dear Review of the Renewable Energy Target Expert Panel members,

We agree with the statement at page 9 of the call for submissions that increasing electricity prices are disproportionately felt by low-income households. This is, of course, a core issue for the community services sector. We do not agree however, that an effective response is to abolish the Renewable Energy Target.

Figure 1 illustrates the near doubling, in real terms, of average electricity prices for households over the last five years.

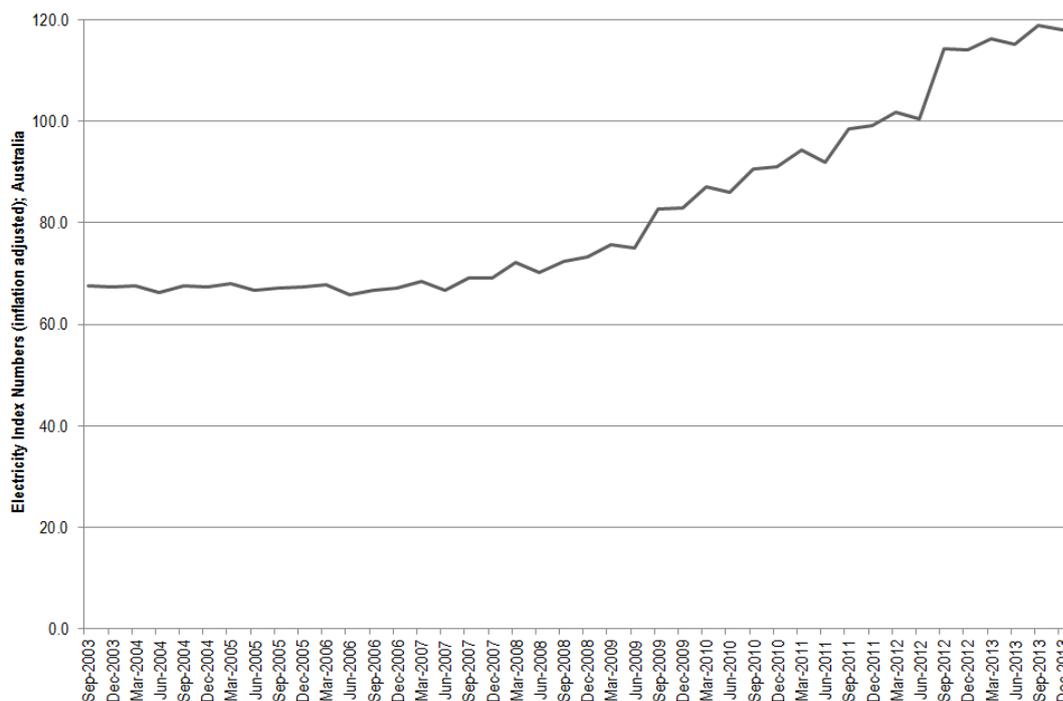


Figure 1: Electricity Price Index (inflation adjusted), Australia 2003-13.
Source: ABS 6401.0 Consumer Price Index, Australia

There has been much commentary as to the basis for these rises. It is clear that there are a number of contributing factors across the electricity supply chain. The RET is one of these.

We acknowledge that the RET mechanism sits outside the National Electricity Law (NEL), however, it is important to consider how the RET fits with the NEL's overarching objective, the National Electricity Objective (NEO), of promoting "...efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity".

Of particular relevance is the reference to the long-term. According to the Bureau of Resources and Energy Economics, around 70% of electricity generation in Australia in 2011-12 was from coal. Another 20% came from gas and just under 10% from renewables. The much discussed uplift in east coast gas prices over the next few years (as prices rise to match 'export parity') can only be expected to moderate this proportion of gas. A longer term view must incorporate consideration of a diversity of supply options. Energy Policy must therefore continue to support renewables or commit Australia to becoming even more reliant on coal.

In our view, to abolish the RET would be a short-term response to long term and systemic issues that demand a more sophisticated public policy response. Mechanisms such as income support and the concession regimes are far more efficient ways to address energy poverty, debt and disconnections.

We thank you in advance for your consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on 8305 4211 or via jo@sacoss.org.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ross Womersley', with a large, sweeping flourish at the end.

Ross Womersley
Executive Director