

29 October 2009

Renewable Energy Sub-Group Secretariat  
Department of Climate Change  
GPO Box 854  
Canberra, ACT 2601

By email: RET@climatechange.gov.au

Dear Sir/Madam

**Re: COAG Review of Specific RET Issues**

Pacific Hydro welcomes the opportunity to provide the following submission to the COAG Review of Specific Renewable Energy Target (RET) Issues. The Review is timely given the recent collapse of the Renewable Energy Certificate (REC) price which is hampering large-scale renewable energy investment in Australia.

The specific issues addressed within the terms of the Review were decided in the April COAG meeting, before the full impact of the stimulus package rebates for solar and heat pump hot water could be assessed. It is now clear that these interventions in the market have caused a significant distortion which has led to the spot price slump we have seen in recent weeks.

In the current conditions it is unlikely that any new large-scale renewable energy projects will be built in the next three to four years, aside from those associated with desalination plants. If untreated, this could lead to a recession of the wind energy industry in Australia and a movement of investment offshore to markets which are more attractive.

Pacific Hydro has therefore responded to the COAG Review in the context of this situation and strongly recommends that no amendments are considered by COAG unless they address the REC oversupply and support the REC price to recover.

We would welcome the opportunity to continue to work with COAG to address these critical issues for the development of Australia's renewable energy industry.

Yours sincerely



Lane Crockett  
General Manager, Australia/Pacific

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