



REC PRICE PROBLEM CAN BE FIXED TO GIVE CERTAINTY

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“The Commonwealth Government needs to quarantine portions of its Renewable Energy Target (RET) Scheme to fix the problem with the low Renewable Energy Certificate (REC) price and deliver outcomes in the national interest” according to Susan Jeanes, the Chief Executive of the Australian Geothermal Energy Association.

“The current problem is that the price is low because it has encouraged an influx of investment by householders in small scale solar systems. AGEA applauds the increased uptake of domestic solar appliances, this is good for the solar industry and for the households that invest in solar energy, but it acts as a deterrent for companies requiring private investment in large scale projects like geothermal energy projects. It is large projects that will produce the significant emissions reduction targets required to meet future reduction targets.

“The problem is that the RET is being required to deliver too much of the Commonwealth’s renewable energy agenda and is not yet adequately designed enough to deliver a range of new projects that are in the long term national interest.

“The Department of Climate Change’s modeling predicts that geothermal energy will take up a quarter of the target but investors need surety that the RECs will be available and at an adequate price. Further, all the funds provided for geothermal energy through the Geothermal Drilling Program (GDP) and the Renewable Energy Demonstration Program (REDP) are allocated and enough investors do not yet see an adequate pathway for the industry to grow to a point where they are confident to invest and receive a commercially acceptable return.

“Geothermal energy is the only energy technology with all the following national interest benefits:

- Baseload capability;
- Zero emissions;
- Unlimited resource;
- Internationally recognised domestic capability providing enormous export opportunities and highly skilled jobs; and
- Widely predicted to be the cheapest form of all clean energy generation sources.

“The Government can fix this problem immediately by quaranting the portion that its modeling says will occur for geothermal energy and by announcing the relatively small amount of funding that the industry needs to supplement that \$16b that needs to come from private investors to build the projects that will deliver on these predictions.

“This bottom line is that geothermal energy is predicted to be the cheapest renewable energy technology and it needs clearer policy signals from the Commonwealth Government to meet this long term, low cost potential” Susan Jeanes said today.

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