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**SUBMISSION TO RENEWABLE ENERGY TARGET SCHEME DRAFT REGULATIONS
(DECEMBER 2009)**

This information has been prepared on behalf of the plantation products and paper industry by A3P. A3P appreciates the opportunity to make a submission.

A3P's major interest relates to the impact of increased costs associated with the expanded Renewable Energy Target (RET) Scheme on the pulp & paper and panelboards industries. However, A3P also has fundamental concerns regarding:

- The transition from the Mandatory Renewable Energy Target (MRET) to the RET and the enormity of the increase in the target between the two schemes;
- The doubtfulness of the RET encouraging the sustainable development of reliable renewable electricity; and
- The need for measures to encourage renewable sources for energy other than electricity (such as liquid transport fuels and heat for industrial and domestic uses).

These topics have been detailed in other submissions.

With respect to the RET draft Regulations, A3P would like to raise two specific points of concern.

Use of Partial Exemption Certificates (PECs)

A3P is concerned about the lack of any requirement for liable entities to pass on the benefits they obtain from PECs to their customers undertaking EITE activities. The commentary alludes to EITE entities voluntarily providing copies of the PECs they are issued to electricity retailers, but there is no language in the draft Regulations requiring electricity retailers to pass on 100% of the exemption they would receive from the Government, back to the EITE entities that voluntarily handed over the PECs.

This leaves EITE entities exposed and at the mercy of electricity retailers, who could lawfully withhold part or all of the benefit of the PECs from their EITE customers. There also appears to be no requirement on the electricity retailer to honour PECs; they could feasibly refuse to accept them and instead pass the full cost of electricity price increases on to all customers. A3P suggests the Government includes firmer

requirements on electricity retailers in the RET Regulations, such that EITE entities can be confident that the PECs issued them will be honoured by electricity suppliers and that they will receive the full amount of the exemption to which they are entitled.

Tissue Paper Manufacturing Activity Definition

A3P understands that the Government is unwilling to set baselines for Tissue Paper Manufacturing because of the failure of one company that undertakes this activity in Australia to provide the necessary data.

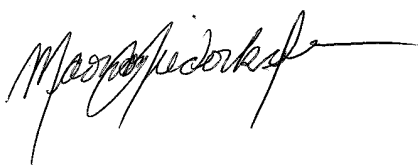
Under the draft RET regulations, EITE entities are required to apply for PECs for eligible activities. Companies undertaking the Tissue Paper Manufacturing activity are currently unable to obtain a final emissions intensity determination, and are therefore ineligible to apply for PECs. An A3P member who has cooperated fully with DCC in the provision of data and information during the development of the CPRS and RET would be exposed to the full cost increase on its power use if this situation remains unresolved before the deadlines to apply for PECs.

A3P urges the Government to address this issue by obtaining the necessary information or reaching a conclusion in the absence of the information. One uncooperative company should not be allowed to increase uncertainty for those companies that have provided the requested information. Companies must rely on the CPRS EITE activity definitions as the basis for seeking RET EITE assistance, and this issue must be resolved well in advance of the deadline for applying for PECs for the first year of the RET (31 October 2010).

As a member of AIGN, A3P supports written contributions made by AIGN on behalf of Australian mining and manufacturing industries to this debate.

Thank you for accepting our comments on the RET Draft Regulations. A3P would appreciate the opportunity to participate in further consultations and discussions. If you have any questions please contact me on 02 6273 8111 or at marion.niederkofler@a3p.asn.au

Yours sincerely



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