



**OFFICE OF
THE HON MARTIN FERGUSON AM MP
MINISTER FOR RESOURCES AND ENERGY
MINISTER FOR TOURISM**

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PARLIAMENT HOUSE
CANBERRA ACT 2600

20 JUL 2011 C11/1628

Dear Mr Holland

Thank you for your email of 13 May 2011 to the Prime Minister the Hon Julia Gillard MP, concerning the Australian Government's strategy to develop renewable energy, which has been referred to the Hon Martin Ferguson MP, as the Minister responsible for Resources, Energy and Tourism. The Minister has asked me to reply on his behalf.

In response to your queries regarding Australia's strategy to accelerate its move towards renewable and sustainable energy use, the Australian Government's activities in support of renewable energy development are outlined below.

On 10 July 2011 the Australian Government announced its Clean Energy Future Package which will provide for a smooth transition to a low carbon economy at least cost through the introduction of a price on carbon. The Package will see Australia's 500 largest emissions intensive businesses pay for the carbon emissions they produce while driving investment in renewable and low emissions technology.

As part of the Package the Government has committed to record levels of funding to support the development and commercialisation of renewable energy technologies.

The Government's new Australian Renewable Energy Agency (ARENA) will administer around \$3.2 billion in funding to support the development of innovative renewable energy technologies such as solar, geothermal and bioenergy. ARENA will incorporate \$1.5 billion in established initiatives previously administered through a range of bodies, including the Australian Centre for Renewable Energy (ACRE), the Australian Solar Institute and the Department of Resources, Energy and Tourism. In addition, ARENA will also have responsibility for directing \$1.7 billion in unallocated funds to invest in new renewable energy projects.

A new \$10 billion commercially oriented Clean Energy Finance Corporation (CEFC) will also be created to invest in renewable energy, low emission and energy efficiency technologies, including investing in the transformation of manufacturing businesses to supply these industries. The CEFC will play a vital role in unlocking significant new private investment into clean energy projects.

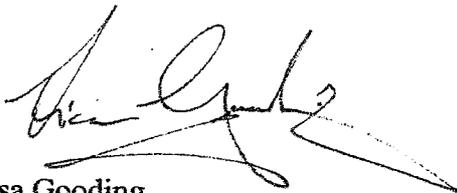
This is in addition to the Government's existing primary mechanism for stimulating investment in renewable energy over the next ten years, the expanded Renewable Energy Target (RET). The RET will ensure that the equivalent of at least 20 per cent of Australia's electricity is generated by renewable sources by 2020, and will run until 2030 when a carbon price will be robust enough to support clean energy. The RET is a mandatory market-based mechanism that is expected to generate investment in the renewable energy sector worth over \$20 billion.

Until ARENA is established, ACRE is the central point of contact for companies looking to invest in renewable energy in Australia. To guide the strategic development of renewable energy in Australia, on 5 April 2011 ACRE released its *Strategic Directions* report setting out priorities for renewable energy technology development in Australia and makes recommendations on initiatives to support renewable energy development, commercialisation and large scale deployment. This report is available at www.acre.gov.au.

The Government's Energy White Paper will set out a policy framework to maintain energy security and prosperity, ensuring that Australia continues to have a secure, competitive, efficient and sustainable energy sector to 2030 and beyond. The Energy White Paper will be based on a full strategic review across the energy sector to identify emerging trends and needs, such as a growing renewable energy sector, and plan for the future. It is expected that a draft Energy White Paper will be released over the next 12 months for public comment and finalised during 2012.

Thank you for bringing your views on renewable energy development to the Australian Government's attention.

Yours sincerely



Lisa Gooding
Assistant Adviser