



New Leadership.



FACT SHEET

Renewable Energy Fund

A Rudd Labor Government will establish a \$500 million Renewable Energy Fund to develop, commercialise and deploy renewable energy in Australia.

There is no doubt that we face a global climate change crisis. Scientists – including the CSIRO – are telling us that Australia needs to reduce emissions by 60 per cent by 2050 to avert the significant economic consequences of dangerous climate change.

Clean energy will play a critical role if we are to achieve these cuts to our emissions.

With the global market for clean and renewable energy set to be worth \$US750 billion a year by 2016, the climate change challenge also offers enormous economic opportunities to countries prepared to embrace fresh ideas.¹

With the new leadership that a Rudd Labor Government will provide, Australia can take a big slice of this booming global market.

More than 20,000 Australians are directly employed in the sustainable energy sector. A Rudd Labor Government will oversee and support dramatic expansion of these industries.

Labor's \$500 million Renewable Energy Fund will complement our \$500 million Clean Coal Fund and together help drive the investment in clean energy technologies that is needed to tackle dangerous climate change.

\$500 million Renewable Energy Fund

Labor will aim to generate \$1.5 billion worth of investment in renewable energy technologies under the Renewable Energy Fund by encouraging the private sector to contribute \$2 for every \$1 provided by the Federal Government.

The Renewable Energy Fund will aim to support renewable energy demonstration projects already underway and to expand the range of renewable technologies.

Demonstration projects take technology from the laboratory to the ground, and can help to prove a project's viability on a technical and economic basis, making them critical in attracting further investment to allow the roll-out of particular technology.

The types of projects that could be funded through Labor's Renewable Energy Fund include:

- A 20 dish solar thermal array, which could deliver more than 2,000 megawatt hours of electricity a year, depending on its location.
- A 40 megawatt geothermal power plant, which could deliver more than 260,000 megawatt hours of electricity a year and confirm the potential of geothermal energy to deliver significant amounts of zero emission power 24 hours a day.
- A 40 megawatt wave powered generator, which can potentially operate in all but calm waters, providing reliable sources of electricity along our vast coastline.
- A hybrid technology, combining renewable energy forms such as solar thermal and geothermal – to deliver increased or more reliable output.
- A new form of biomass, which transforms municipal and food waste into high value renewable base load electricity – potentially reducing landfill, cutting greenhouse pollution and providing baseload power.

Funding will be distributed through competitive grants, based on the goal of encouraging a range of technologies across a range of geographic areas.

In some cases, more than one demonstration plant might be funded for a particular technology, where the projects are seeking to demonstrate different forms of the technology.

As a starting point, a Rudd Labor Government will allocate \$50 million from the Renewable Energy Fund to assist companies seeking to develop geothermal energy – also known as 'hot rocks' technology – with the cost of drilling geothermal production wells.

Geothermal energy holds the promise of being a renewable energy source with zero greenhouse gas emissions that can operate 24 hours a day, providing critical baseload power for Australian homes and industries.

The \$50 million in funding would be provided as a dollar for dollar subsidy and be capped at \$5 million per well. Individual companies would be eligible for up to two grants each.

This initiative will help get the sector over the short-term hurdle of high drilling costs, which is delaying the ability of companies to verify the concept and resource, meaning the first small-scale geothermal power plants driven could be in place in the next four to five years.

20 per cent Renewable Energy Target

A Rudd Labor Government will set a new 20 per cent Renewable Energy Target to ensure that the equivalent of at least 20 per cent of Australia's electricity supply – approximately 60,000 gigawatt hours – is generated from renewable sources by 2020.

This new target will bring Australia into line with other developed nations including in Europe, China and many American states, and is the equivalent of powering Australia's seven and a half million homes.²

The Clean Energy Council has estimated that Labor's Renewable Energy Target will generate 50,000 new jobs and \$20 billion in investment in the renewable energy sector.

Labor's 20 per cent Renewable Energy Target by 2020 will:

- Increase the total number of gigawatt hours of renewable energy produced in Australia each year from the Howard Government's proposed target of 45,000 to 60,000.
- Cut red tape and bring existing State based targets into a single, national scheme.
- Reduce emissions by 342 million tonnes between 2010 and 2030.
- Significantly boost Australia's solar, wind and geothermal energy industries.

Labor also has a long-standing commitment to introduce an emissions trading scheme to provide incentives to cut Australia's greenhouse gas emissions.

While the introduction of emissions trading will help bring cleaner technologies into the market over time, Labor's 20 per cent Renewable Energy Target will accelerate their use, driving cost reductions by encouraging economies of scale – and achieving overall emission reductions at lower cost.

As the Australian emissions trading scheme matures, the Renewable Energy Target will no longer be required. Labor would aim to phase out this target between 2020 and 2030.

On the eve of this federal election, Mr Howard announced a low emission target of 30,000 gigawatt hours.

Mr Howard's target is a simple combination of all existing and proposed State-based renewable and clean energy targets. In other words, Mr Howard is trying to take credit for the renewable energy capacity that will be generated from targets that the State Labor Governments have set themselves because of his consistent refusal to act. These are the same State based targets that Mr Howard wanted to abolish just months ago.

Endnotes

1. Ernst & Young (2007) *Renewable Energy Country Attractiveness Indices*.
2. ABARE Australian Energy historical data series, which shows the residential sector consumed 223 PJ of electricity in 2005-06, which is equivalent to 62,000 GWh.